

**AMENDED AND RESTATED BYLAWS  
RAPPAHANNOCK ELECTRIC COOPERATIVE  
FREDERICKSBURG, VIRGINIA**

**ADOPTED, March 27, 2024**

**ARTICLE I  
MEMBERSHIP**

SECTION 1: Requirements for Membership

Any person, firm, association, corporation, or body politic or subdivision thereof, or other legal entity who is able to enter into a legally binding contract will become a member (hereafter individually the “Member” or collectively “Members”) of Rappahannock Electric Cooperative (the “Cooperative”) upon receipt of electric and related services from the Cooperative, provided that the Member has first:

- a. Provided acceptable proof of identity and agreed to be bound by the applicable rates, terms and conditions of service as required by the Cooperative, which may be modified from time to time;
- b. Agreed to purchase from the Cooperative electric services as hereinafter specified, and
- c. Agreed to comply with and be bound by the Articles of Incorporation, as amended and restated (the “Articles”), these Amended and Restated Bylaws of the Cooperative (as amended, the “Bylaws”), the Cooperative’s membership agreement (“Membership Agreement”), and other any rules, policies and regulations as may be adopted by the Cooperative’s board of directors (the “Board” or “Board of Directors”) from time to time (all of the foregoing being known as the Cooperative’s “Governing Documents”).

As used in these Bylaws, electric services refers to “Distribution Services”, which is the delivery of electricity to the Members through the distribution facilities of the Cooperative, and the delivery of other related private utility services, including without limitation telecommunication, broadband and similar services. Members must use the Distribution Services of the Cooperative for delivery of electricity to locations within the Cooperative’s service area. Cooperative Members may choose to receive Distribution Services from other providers according to applicable laws, rules and regulations of the Commonwealth of Virginia and those adopted by the Board of Directors.

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

SECTION 2: Membership Certificates

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

Board of Directors. Such certificate shall be signed by the President and by the Secretary of the Cooperative or other designated officer, and the Corporate Seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been paid in full (if a fee is charged). In case a certificate is lost, destroyed, or mutilated, a new certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the Board of Directors may prescribe.

### SECTION 3: Joint Membership

Two individuals may apply for a joint Cooperative membership in accordance with the terms and conditions of these Bylaws. The term "Member", as used in these Bylaws and defined above, shall also be deemed to include both individuals holding a joint membership and any provisions relating to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

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

### SECTION 4: Conversion of Membership

- a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and the other individual to comply with the Cooperative's Governing Documents. Any outstanding membership certificate shall be cancelled, and a new membership certificate shall be issued by the Cooperative. The capital credits assigned to the individual shall be transferred on the Cooperative records into the joint membership account, and retirement of such capital credits shall be in accordance with the Cooperative's Governing Documents.

- b. Upon the death of either individual who is a party to the joint membership, such membership shall be converted to a single membership and held solely by the survivor of the joint membership. The capital credits assigned to the joint membership will be updated in the Cooperative records to a single membership in the name of the survivor. The estate of the deceased Member shall not be released from any debts due the Cooperative. Retirement of such capital credits shall be in accordance with Cooperative's Governing Documents.

#### SECTION 5: Purchase of Electric Services

Each Member shall, as soon as electric services are available, purchase from the Cooperative Distribution Services for use on the premises specified in the Member's application for membership, and shall pay for such services at rates which are from time to time fixed by the Board of Directors. Production or use of electric energy on a Member's premises, regardless of the source thereof, by means of facilities which are interconnected with Cooperative facilities, shall be subject to appropriate regulations as are fixed from time to time by the Cooperative. Each Member shall pay all amounts owed by the Member to the Cooperative as and when the same shall become due and payable, and shall not have the right to offset any debt owed to the Cooperative via accrued capital credits. It is expressly understood that amounts paid for electric 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.

#### SECTION 6: Inactive Status, Termination or Suspension of Membership

- a. Inactive Status: Generally, upon the voluntary disconnection by a Member, or in the event a Member ceases to reside within the territory of the Cooperative (as defined herein), then the Cooperative may designate said Member as "inactive status", all in accordance with Cooperative's Governing Documents and applicable policies and procedures.
- b. Effect of Inactive Status Upon Cooperative. Upon the establishment of inactive status of the membership of a Member, the Cooperative's duties and obligations to such Member, other than any obligation to allocate patronage capital for the period during which the Member purchased Distribution Services from the Cooperative, shall terminate, and the Cooperative may cease providing all electric services to such Member.
- c. Effect of Member Inactive Status. Other than any applicable right to receive allocated patronage capital when retired and refunded, an inactive Member forfeits and relinquishes all membership rights and privileges provided in the Cooperative's Governing Documents. In particular, an inactive status Membership forfeits and relinquishes any voting rights provided by these Bylaws. Notwithstanding anything to the contrary herein, an inactive member shall remain subject to all continuing obligations imposed by the Cooperative's Governing Documents. In this regard, the inactive status does not release the inactive Member from any debts, liabilities or obligations owed to the

Cooperative. Upon a Member's inactive status with the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative will return to the inactive Member any remaining deposit paid by the inactive Member.

- d. Suspension of Membership. The Cooperative may suspend a Member's voting or other rights in the event of any of the following:
  - i. Member fails to maintain a status of "good standing" with the Cooperative, as provided in the Cooperative's Membership Agreement;
  - ii. Member fails to comply with the Cooperative's Governing Documents;
  - iii. Member commits intentional interference or damage to the Cooperative's electric distribution services or facilities; or
  - iv. Member causes any imminent hazard or danger to the Cooperative's equipment or personnel; or
  - v. Member commits any other adverse action or omission the Cooperative deems detrimental to the Cooperative.
  - vi. Any suspension action by the Cooperative will be in accordance with the Cooperative's Governing Documents, and after proper notice to the Member and opportunity to cure the same.
  
- e. Termination: If a Member fails to pay the Cooperative for Distribution Services when due and upon collection notice and failure to cure the default, or the upon the withdrawal, death, or cessation of existence of a Member, the membership of such Member shall thereupon terminate, and the membership certificate of such Member shall be terminated. Termination of membership in any manner shall not release a Member or their estate from any debts owed to the Cooperative. A terminated Membership forfeits and relinquishes any voting rights provided by these Bylaws, and the Cooperative is released all of further obligations.
  
- f. Good Standing: For purposes herein the term "good standing" means a Member is current on all of the Member's applicable financial obligations with the Cooperative, and is not otherwise in violation with the Cooperative's Governing Documents.

#### SECTION 7: Provision of a Member Publication

On behalf of the Membership and for purposes of providing pertinent information about the Cooperative, the Board of Directors is authorized to produce or subscribe to a Member publication or publications for the purpose of informing the membership about the ongoing activities of the Cooperative. The cost of such Member publication shall be paid for by the Cooperative.

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

### SECTION 1: Property Interest of Members

Upon the full dissolution of the Cooperative, and after all debts and liabilities of the Cooperative shall have been paid, and all capital furnished through patronage shall have been retired as provided in these Bylaws, then the remaining property and assets of the Cooperative shall be distributed among the Members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all Members during the ten (10) years next preceding the date of the filing of the certificate of dissolution.

### SECTION 2: No Member Liability for Debts of the Cooperative

No Member shall be liable or responsible for any debts or liabilities of the Cooperative.

## **ARTICLE III MEETINGS OF MEMBERS**

### SECTION 1: Annual Meeting

Subject to the determination of and conditions set by the Board of Directors, and in accordance with Section 8 and/or Section 9 of this Article III, the annual meeting of the Members shall be held during the month of August or soon thereafter at such place (if any and unless virtual, telephonic or other means of communications) and time as selected by the Board of Directors and which shall be designated in the notice of the meeting, for the purpose of electing Board members, as provided herein, receiving reports for the previous fiscal year and transacting such other business as may come before the membership at the annual meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. The failure to hold an annual meeting at the time stated in or fixed in accordance with these Bylaws does not affect the validity of any corporate action, and shall not cause a forfeiture or dissolution of the Cooperative. At all meetings of the Cooperative, both annual and special, and except as otherwise provided in these Bylaws, will follow Robert's Rules of Order (latest edition).

### SECTION 2: Special Meetings

Special meetings of the Members may be called by resolution of the Board of Directors, or upon a written request, specifying the purpose of the special meeting, signed by any three (3) Board members, by the Chair of the Board, by the President, or by petition of no less than two and one half percent (2 ½%) of the total number of Members in good standing, with no less than the whole number equivalent of one-ninth (1/9) of the minimum of said percentage of Members being from each board region, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The place (if any and unless virtual, telephonic or other means of communications) and time of special meetings of the Members shall be designated by the Board of Directors and shall be specified in the notice of the special meeting.

Notwithstanding the foregoing, any written request submitted to the Cooperative by the Members for purposes of calling a special meeting shall include the following before it may be accepted by the Cooperative:

- a. Written submission to the Secretary of the Cooperative of clear and concise language regarding the purpose of the special meeting;
- b. The submission of a written petition requesting a special meeting in a form approved and provided by the Cooperative and that includes at a minimum:
  - i. original signatures (not electronic or other form) of those in support of the petition of no less than two and one half percent (2 ½%) of the total number of Members, with no less than the whole number equivalent of one-ninth (1/9) of the minimum of said percentage of Members being from each board region; and
  - ii. all Members signing the petition shall be current Members in good standing with the Cooperative; and
  - iii. all Members signing the petition shall provide their respective full names and addresses; and
- c. The purpose for the special meeting shall be in accordance with the Cooperative's Governing Documents.

### SECTION 3: Notice of Members' Meetings

- a. The Cooperative shall give written notice to the Members entitled to vote of the date, time and place (if any) of each annual and special members' meeting. Such notice shall be given no less than twenty-five (25) nor more than fifty (50) days before the meeting date. Notice of a special meeting shall state the purpose or purposes for which the meeting is called.
- b. Notice is given when it is delivered personally to the Member, left at the Member's residence or usual place of business, sent by facsimile or e-mail, published at least once a week for two successive calendar weeks in a newspaper having a general circulation in the city or county in which the registered office of the Cooperative is located, or, in the alternative, by U.S. mail to the Member's address as it shall appear on the records of the Cooperative. Notwithstanding the foregoing, a Member may waive notice of any meeting of the Member by written statement filed with the Secretary, or by oral statement at any such meeting. Attendance at a meeting of the Members shall also constitute a waiver of notice, except where a Member states that he, she or it is attending a member solely for objecting to the conduct of business because the meeting was not lawfully called or convened. Any meeting of the Members may adjourn from time to time to reconvene at the same

or different date, time or place, or by remote participation, and no notice need be given if such is announced at the meeting before adjournment.

- c. 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

Two and one-half (2 ½) percent of all the Members, calculated based on the number of Members entitled to vote at the membership meeting at the time the proxy distribution list is prepared, present in person or by proxy and by remote communication shall constitute a quorum. If less than a quorum is present at any annual or special meeting, a majority of those present in person, by proxy and by remote communication, as applicable, may adjourn the meeting from time to time. A record of the Members present in person, by proxy and by remote communication, as applicable, at any meeting of the members shall be filed with the Secretary to be kept with other records of the meeting.

#### SECTION 5: Voting

Each Member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the Members. All matters before the membership at a special or annual meeting of the Members shall be decided by a vote of a majority of the Members voting thereon in person, by proxy and by means or virtual and/or remote communication, as applicable, except as otherwise provided in the Cooperative's Governing Documents or applicable law.

#### SECTION 6: Proxies

At all meetings of Members, a Member may vote by proxy, in a form approved by the Board of Directors, and executed by the Member in writing or by other means approved by the Board of Directors. Such proxy shall be filed with the Secretary no less than two (2) days before the time of the meeting and vote. No proxy shall be voted at any meeting of the Members unless it designates the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment and reconvening of such meeting, and further that the proxy is completed in accordance with Cooperative requirements. The number of proxies that any person, as a proxy holder, may vote shall be unlimited except as provided in **Article VIII "Disposition of Property."** The validity of proxies shall be in accordance with these Bylaws and applicable law. The presence of a Member at a meeting of the Members shall revoke a proxy executed by such Member, and such Member shall be entitled to vote at such meeting in the same manner and with the same effect as if such Member had not executed a proxy. In case of a joint membership, a proxy may be executed by either individual in the joint membership. Either individual in a joint membership present at a meeting of the Members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed. As to any proposed amendment to the Bylaws which is to be considered by the membership, each Member shall have the right to vote by proxy for or against said proposal, all upon a proxy form

caused to be prepared by the Board of Directors, in its sole discretion, and timely distributed to the membership.

#### SECTION 7: Order of Business

Except as otherwise determined by the Board of Directors, the order of business at an annual meeting of the Members, so far as practicable and subject to the determination of and conditions set by the Board of Directors which have been properly noticed in accordance with Section 3 of this Article III, shall include at least the following agenda items, as applicable, unless modified by the Board of Directors :

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

#### SECTION 8: Place of Member Meetings

The Board of Directors may designate any place, whether within the general area served by the Cooperative or other location, as the place of meeting for any meeting of the Members. Notwithstanding the foregoing, the Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place or location noted aforesaid, but instead be held solely by means of remote communication as authorized under these Bylaws and applicable law.

#### SECTION 9: Remote Participation in Member Meetings

Members may participate in any meeting of Members by means of remote communication to the extent the Board of Directors authorizes such participation for Members. A Member participating in a meeting by means of remote communication is deemed to be present in person at such meeting. Participation by means of remote communication includes, but is not limited to, conference telephone, webcast or similar communications or electronic mechanism that allows all Members participating in the meeting to hear each other simultaneously. Remote participation in a meeting of the Members shall be subject to



such guidelines and procedures adopted by the Board of Directors, and in accordance with the Code of Virginia.

## **ARTICLE IV BOARD OF DIRECTORS**

### SECTION 1: General Powers

A Board of Directors of not less than nine (9) nor more than thirteen (13) members shall elect the officers of the Cooperative and make policies governing the business and affairs of the Cooperative. The Board of Directors shall have the power to do all things necessary or incidental thereto in conducting the business of the Cooperative, including, without limitation, the power to exercise all actions authorized and prescribed by law, including without limitation all applicable provisions/sections under Title 13.1, and Section 56-231.29, et al. of the Code of Virginia, and the Governing Documents.

### SECTION 2: Election and Tenure of Office

Subject to below Section 2A, the Board of Directors shall consist of one (1) member from each of the nine (9) geographic Regions (as defined below in Section 2A). Each Region shall be represented by one (1) Director who shall be elected at the annual meeting by all members in accordance with these bylaws. All Directors' terms of election shall be for a period of three (3) years each and shall be staggered so that each year at least three (3) Directors are elected for a three-year term. The term of office for Directors from Regions II, III, and VIII shall expire in 2018, and Directors for these regions shall be elected at that time and every three (3) years thereafter. The term of office for Directors from Regions I, VI, and VII shall expire in 2019, and Directors for these regions shall be elected at that time and every three (3) years thereafter. The term of office for Directors from Regions IV, V, and IX shall expire in 2020, and Directors for those regions shall be elected at that time and every three (3) years thereafter. The term of office for a Director shall begin at the next meeting of the Board of Directors after the meeting at which the candidate was elected.

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

### SECTION 2A: Boundaries of Regions

The boundaries of the Regions shall include the geographic areas where electric services are provided within the following ("Regions"):

**Region I** - The counties of Frederick and Shenandoah, the portion of Page County located north of U.S. Route 211, and the portions of Warren County and Rappahannock County west of U.S. Route 522.

**Region II** - The counties of Clarke, Fauquier, and Stafford, and the portions of Warren County and Rappahannock County east of U.S. Route 522.

**Region III** - The counties of Albemarle, Greene, Madison, Rockingham, and the portion of Page County located south of U.S. Route 211.

**Region IV** - The counties of Culpeper and Orange.

**Region V** - Spotsylvania County.

**Region VI** - Caroline County.

**Region VII** - Louisa County.

**Region VIII** - The Counties of Hanover and Goochland.

**Region IX** - The Counties of Essex, King and Queen, and King William.

**At Large Directors-** To be determined by the Board if the Board desires to expand the number of Directors to a number not greater than thirteen (13). At large directors may initially be appointed by the Board of Directors for a three (3) year or other term period in accordance with these Bylaws. Thereafter, the at large director positions will be included in the annual meeting slate of director elections.

### SECTION 3: Qualifications for Director

a. Director Qualifications. In accordance with these Bylaws, only Members in good standing shall be eligible for election to the Board of Directors. When a membership is held jointly, either individual, but not both, may be elected as a Director. Each nominee for Director shall:

- i. Be a natural person;
- ii. Be an actual, bona fide resident of the Region from which the Director or candidate seeks election;
- iii. Maintain a primary residence in the Region from which the Director or candidate seeks election;
- iv. Have been a member of the Cooperative for at least two (2) cumulative years; except this limitation shall not apply to members from any newly acquired or merged territory or as otherwise required by law;
- v. Have the capacity to enter into legally binding contracts;
- vi. Be in "good standing" with the Cooperative;
- vii. Not have been convicted of a felony or a crime of moral turpitude;
- viii. Not be a current or past employee or general counsel for the Cooperative, or spouse of a current or past employee or general counsel for the Cooperative;
- ix. Not currently be an elected public official;
- x. Not in any way be employed by or be financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative other than Old Dominion Electric Cooperative, or who has any

- conflict that may prevent said candidate from acting in the best interest of the Cooperative.
- xi. Have executed and delivered to the Secretary a Confidentiality and Standard of Conduct Agreement, which shall be approved, adopted, amended or ratified from time to time by the Board of Directors in its sole and absolute discretion;
  - xii. Be able to or in compliance with the Cooperative's Governing Documents and policies of the Board of Director; and
  - xiii. Have candidacy which will not otherwise give rise to an actual conflict of interest as determined by the Cooperative's legal counsel.

All of the foregoing being known collectively as the "Director Qualifications."

b. Continuing Director Qualifications. Directors must comply at all times with the Director Qualifications to continue to serve as a Director of the Cooperative. The failure of any individual Director to comply with all Director Qualifications does not, in itself, invalidate any action of the Board of Directors.

#### SECTION 4: Director Nominations

Director candidates shall be nominated as follows:

- a. Member Petition Nominations. Members may nominate individuals to run for election for any Director position for which Members are scheduled to vote at any scheduled Cooperative annual meeting or special member meeting ("Member Petition Nomination(s)"). The Secretary shall make Member Petition Nominations forms available at all Cooperative offices. Member Petition Nominations must be delivered in writing to the Cooperative's Secretary at least 100 days prior to the Cooperative's annual meeting for each Member Petition Nomination (the "Member Petition"). The Member Petition shall include the following:
  - i. Listing the name of the Member seeking candidacy by way of the Member Petition (the "Member Petition Nominee");
  - ii. Indicating the Director position for which the Member Petition Nominee is seeking election;
  - iii. Contain the printed names, addresses and original signatures, of at least 25 Members in good standing (for the avoidance of doubt, members who are not inactive or suspended at the time the petition is made); and
  - iv. Compliance with the Member Petition Nominee application requirements provided by the Cooperative, which includes without limitation a requirement for a formal criminal and financial background checks for all nominees.

After verifying that the Member Petition complies with this Section 4(a) of Article IV and that the Member Petition Nominee meets all of the Director Qualifications under Section 3 (a) of this Article IV, the Cooperative shall post the Member

Petition Nomination in all publications and announcements pertaining to the subject annual meeting.

- b. Director nominations from the floor at an annual meeting are prohibited and shall not be entertained or recognized, and deemed out of order.

#### SECTION 5: Removal of Directors by Members

- a. Any Member or Members may request the removal “for cause” (as defined below) of a Director representing a Region only by filing with the Secretary, in writing, a petition provided in accordance with this Section IV, 5. Upon the proper filing of such petition for removal, the Chair of the Board, President and Secretary shall jointly call a special member meeting to consider the petition. Such meeting shall occur within ninety (90) days of the filing of such petition, unless the Cooperative requires additional time to evaluate the request. Such Director shall be informed in writing of the request and alleged claims at least sixty (60) days prior to the member meeting at which the claims are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence with respect to the claims. Likewise, the Member or Members bringing said claims against a Director, and said Director shall have the same opportunity to respond and defend. The Director may be removed “only for cause.” The question of the removal of such Director shall be deliberated and voted upon at such member special, all in accordance with procedures established by the Board of Directors.

For purposes of this section, “for cause” shall mean:

- i. the failure to perform the Director’s duties as set forth in these Bylaws, abide by the Board’s approved policy and procedures, the Board’s Confidentiality and Standard of Conduct Agreement, Cooperative Governing Documents, or other material directives of the Board;
  - ii. the failure to continuously meet Director Qualifications;
  - iii. a material breach of any covenant or representation of the Cooperative;
  - iv. being convicted of a felony or any crime involving moral turpitude under any state or federal criminal laws; or
  - v. committing a deliberate act or acts deemed by the Board of Directors to be fraudulent, disloyal, dishonest, unethical, or unprofessional.
- b. The submission of a written petition requesting removal of a Director shall be in a form approved and provided by the Cooperative and that includes at a minimum the following:

- i. original signatures (not electronic or other form) of those in support of the petition of no less than five hundred (500) of the Members from the subject Director's region; and
  - ii. all Members signing the petition shall print their names and addresses with their original signatures.
- c. The reason(s) for the petition as provided by the Members shall also be in accordance with applicable law and the Governing Documents.

#### SECTION 6: Removal of a Director by the Board of Directors

The Board of Directors, at any time and in good faith, pursuant to procedures established by the Board, may remove any member of the Board of Directors for cause only (as defined under these Bylaws) by a two-thirds vote of the Board.

#### SECTION 7: Director Resignation and Enforcement of Confidentiality and Standard of Conduct Agreement

Any Director may resign at any time either from the Board of Directors or from any committee of which such Director is a member by giving a written resignation to the Board of Directors or its Chair, or, in the case of a resignation from a committee, to the chair of such committee. Any such resignation shall take effect upon receipt of the written resignation by one of the specified recipients, unless a later effective time is specific in such written resignation. Further, if a Director intentionally fails to execute and deliver to the Secretary of the Cooperative a Confidentiality and Standard of Conduct Agreement (as approved and amended by the Board of Directors from time to time) within thirty (30) days of the commencement of such Director's initial term and each subsequent term for which the Director is elected, such Director shall be deemed to have resigned effective immediately upon the expiration of such 30-day period, except as the Board may otherwise determine. If an incumbent Director is not reelected, such incumbent Director shall be deemed to have resigned effective immediately prior to the commencement of the applicable successor Director's term.

In the event of any alleged breach of the Confidentiality and Standard of Conduct Agreement by a Director, said alleged breach shall initially be referred to the Executive Committee. If warranted (as determined in the Executive Committee's sole discretion), the Executive Committee shall conduct an investigation of the alleged breach within ninety (90) days of the reported initial allegation. In the event the Executive Committee determines there was likely an actual breach of the Confidentiality and Standard of Conduct Agreement, the Executive Committee shall submit to the full Board of Directors a report of its findings. The Board of Directors shall have up to ninety (90) days from the date of receipt of the Executive Committee's report to make its own determination. If the Board of Directors determines, preliminarily, in its sole and absolute discretion, that such Director likely breached the Confidentiality and Standard of Conduct Agreement, the Board of Directors will give written notice to such Director of its preliminary determination and such notice shall set forth in reasonable detail the facts and circumstances that give rise to the alleged breach. Such Director will be permitted to respond to the determination of the Board of Directors within thirty (30) days from the date of receipt of the Board of

Directors' written notice. Within sixty (60) days of giving its written notice to such Director (regardless of whether such Director timely delivers a response), the Board of Directors may (a) make in its sole and absolute discretion a final determination as to the existence of a breach of the Confidentiality and Standard of Conduct Agreement, or (b) continue its investigation. In the event that the Board of Directors makes a final determination that such Director breached the Confidentiality and Standard of Conduct Agreement, the Board of Directors will promptly give to such Director written notice of the Board of Directors' final determination of breach, which shall set forth in reasonable detail the facts and circumstances giving rise to such breach, and acceptance of the subject Director's resignation. Such Director's resignation shall be effective immediately upon the delivery to such Director of the final determination of the Board of Directors.

#### SECTION 8: Vacancies

The Board of Directors may, by the affirmative vote of a majority of the remaining Directors, fill a vacancy of the Board of Directors, whether such vacancy occurs due to resignation, removal or otherwise. The Board shall fill a vacancy only for the unexpired portion of the term of office for the Director from the region in which the vacancy exists.

#### SECTION 9: Compensation

The Board of Directors shall fix the compensation of Directors. No Director shall receive compensation for serving the Cooperative unless such compensation has been authorized by resolution of the Board of Directors. Any increase in the Director Compensation shall be published in the Member publication at least sixty (60) days prior to going into effect.

#### SECTION 10: Indemnification and Liability of Directors and Officers

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

- a. Such Director or Officer acted in good faith in accordance with Virginia's "good faith business judgment rule"; and
- b. Such Director or Officer reasonably believed:
  - i. In the case of conduct in his or her official corporate capacity, that it was in the best interests of the Cooperative; and
  - ii. In all other cases, that his or her conduct was at least not opposed to the best interests of the Cooperative; and
  - iii. In the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful; or
- c. If it is determined that such liability is not a result of the said Director or officer's willful misconduct or knowing violation of the criminal law.

- d. Such indemnification shall also extend to a Director's or officer's conduct with respect to an employee benefit plan for a purpose that he or she believed to be in, or at least not opposed to, the interests of the participants in and beneficiaries of the plan provided that his or her conduct satisfies the requirements of provision b. of this section. Each such indemnity shall inure to the heirs, executors, and administrators of such person.
- e. The Cooperative shall not indemnify a Director or officer in connection with any proceeding in which it is determined that said Director or officer is liable on the basis that personal benefit was improperly received or derived by him or her at the expense of the Cooperative.
- f. The indemnification provided by this section shall not be exclusive of any other rights to which any Director or officer may be entitled, including without limitation rights conferred by applicable law and any right under insurance policies that may be purchased and maintained by the Cooperative or others, even as to liabilities against which the Cooperative would not have the power to indemnify such Director or officer under the provisions of this Article.
- g. The Board of Directors shall have the power, generally and in specific cases, to indemnify employees and agents of the Cooperative to the same extent as provided in this section with respect to directors or officers. The Board of Directors is hereby empowered by a majority vote of a quorum of disinterested directors, to cause the Cooperative to contract in advance to indemnify any person who is not a Director or officer who was or is a party to any proceeding, by reason of the fact that he or she is or was an employee or agent of the Cooperative, or was serving at the request of the Cooperative as Director, officer, employee, or agent of another Cooperative, partnership, joint venture, trust, employee benefit plan or other enterprise, to the same extent as if such person were a Director or officer.

#### SECTION 11: Officers of the Board of Directors

At the annual organizational meeting of the Board of Directors and prior to the Board's next regular meeting, the Board shall elect by a majority vote the following Board officers: (i) Chair, (ii) Vice Chair, (iii) Treasurer, and (iv) Secretary, except and unless the Board of Directors desires to delay said election in which event the current Board officers will continue to serve until an election occurs. The Chair, or the Vice Chair in the Chair's absence, shall preside over the meetings of the Members and the meetings of the Board of Directors. The Chair shall appoint the members and the Chair of each committee of the Board of Directors.

#### SECTION 12: Board Committees

- a. The Board of Directors may from time to time create committees of the Board of Directors ("Board Committees"). The Chair of the Board will appoint Directors to serve on Board Committees. Each Board Committee must consist of two (2) or more Directors, and serve at the discretion of the Board of Directors. Except

- as prohibited or limited by law or the Governing Documents, the Board of Directors may authorize a Board Committee to exercise Board authority in accordance with the scope and purpose of said committee. To the same extent as the Board and Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees.
- b. There shall be six (6) standing Board Committees, namely Executive Committee, Human Resources Committee, Finance Committee, Annual Meeting Committee, Risk Committee and Bylaws Committee.
- i. Executive Committee. Except as otherwise provided by the Board, the Executive Committee shall be composed of the Chair, Vice-Chair, Secretary, and Treasurer (the “Executive Committee”). During the intervals between meetings of the Board of Directors, the Executive Committee shall possess and may exercise all powers of the Board of Directors in the management and direction of the affairs of the Cooperative in such manner as it shall deem in the best interest of the Cooperative in all cases in which specific directions shall not have been given by the Board of Directors. Regular minutes of the proceedings of the Executive Committee shall be kept in a book provided for that purpose. All actions by the Executive Committee shall be reported to the Board of Directors at its next meeting following such action, and shall be subject to revision or alteration by the Board of Directors; provided that no rights of third parties shall be affected by any such revision or alteration. Vacancies on the Executive Committee shall be filled by the Board of Directors. The participation of a majority of the members serving on the Executive Committee shall be necessary to constitute a quorum; and in every case, actions by the Executive Committee shall require the affirmative vote of the majority of the members of the Committee participating. Such Committee shall fix its own rules of procedure and shall meet where and as provided (including by means of remote participation in accordance with Article V, Section 6 of these Bylaws) by such rules or by resolution of the Board of Directors. The Executive Committee shall meet at the call of the Chair or any three (3) members of the Executive Committee. Notwithstanding any other provision to the contrary included in these Bylaws, written notice of the time, place (if any) and purpose of any meeting of the Executive Committee shall be delivered to each member of the Executive Committee either personally, by mail or by electronic means, and such notice shall be delivered at least one (1) day before the date set for such meeting.
- ii. Finance Committee. The Finance Committee shall consist of members of the Board of Directors. The Chair of the Board and the Treasurer shall be voting members of the Finance Committee ex officio. The primary function of the Finance Committee shall be to make recommendations relative to the



auditor, review audit reports, review annual budgets, and to consider and recommend to the Board policies to ensure proper accounting and financial controls.

- iii. Human Resources Committee. The Human Resources Committee shall consist of members of the Board of Directors. The Chair of the Board shall be a voting member of the committee ex officio. The primary function of the Human Resources Committee shall be to consider and make recommendations to the Board relative to Cooperative employees' policies, procedures, compensation, and/or benefits.
  - iv. Annual Meeting Committee. The Annual Meeting Committee shall consist of members of the Board of Directors. The Chair of the Board shall be a voting member of the committee ex officio. The primary function of the Annual Meeting Committee shall be to consider and make recommendations to the Board for the organization and planning of the Cooperative's annual members meeting.
  - v. Risk Committee. The Risk Committee shall consist of members of the Board of Directors. The Chair of the Board shall be a voting member of the committee ex officio. The primary function of the Risk Committee shall be to provide advice to the Board of Directors regarding Cooperative risk oversight and management, internal control systems, and other similar functions as the Board may require.
  - vi. Bylaws Committee. The Bylaws Committee shall consist of members of the Board of Directors. The Chair of the Board shall be a voting member of the committee ex officio. The primary function of the Bylaws Committee shall be to consider and recommend bylaw amendments to the Board and to periodically review the bylaws and report its analysis and recommendations to the Board.
- c. In addition to Board Committees, the Board of Directors may also create advisory committees and to appoint to them members of the Board of Directors or other parties, including without limitation Members and nonmembers. The purpose, rules, and practices of any such advisory committee will be delineated in a written charter and provided to committee members.

## **ARTICLE V MEETINGS OF BOARD OF DIRECTORS**

### SECTION 1: Regular Meetings

The Board of Directors shall meet, primarily for organizational purposes, prior to the next regular meeting of the Board of Directors following the annual meeting of the Members. If such meeting is separate from a regular monthly meeting of the Board of Directors,

notice of the meeting shall be provided in accordance with Section 3 of this Article V. Subject to the determination of and conditions set by the Board of Directors, and in accordance with Section 5 and/or Section 6 of this Article V, annually, there shall be a minimum of six (6) regular meetings of the Board of Directors held at such time and place (if any) as designated by the Board of Directors. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place, or means of remote participation, thereof.

#### SECTION 2: Special Meetings

Special meetings of the Board of Directors may be called by the Chair of the Board, the President, or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Subject to the determination of and conditions set by the Board of Directors, and in accordance with Section 5 and/or Section 6 of this Article V, the Chair of the Board, President or Directors calling the meeting shall fix the time and place (if any) for the meeting.

#### SECTION 3: Notice of Special Meetings

Written notice of the time, place (if any), and purpose of any special meeting of the Board of Directors shall be delivered to each Director either personally, by mail, or by electronic means, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chair of the Board, the President or the Board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting. If delivered personally, such notice shall be delivered at least two (2) days before the date set for the meeting. If delivered electronically, such notice shall be transmitted at least three (3) days before the date set for the meeting. Any member of the Board of Directors may waive notice of a special meeting as provided in these Bylaws.

#### SECTION 4: Quorum

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

#### SECTION 5: Place of Board Meetings

The Board of Directors may designate any place served by the Cooperative or other place for any meeting of the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place but instead be held solely by means of remote communication, or shall be held at any place so designated by the Board of Directors and by means of remote communication.

## SECTION 6: Remote Participation in Board Meetings

The Board of Directors may participate in any meeting of the Board of Directors by means of remote communication to the extent the Board of Directors authorizes such participation. A Director participating in a meeting by means of remote communication is deemed to be present in person at such meeting. Participation by means of remote communication includes, but is not limited to, conference telephone, webcast or similar communications or electronic mechanism that allows all Directors participating in the meeting to hear each other simultaneously. Remote participation in a meeting of the Board of Directors shall be subject to such guidelines and procedures adopted by the Board of Directors, and in accordance with the Code of Virginia.

## **ARTICLE VI OFFICERS OF THE COOPERATIVE**

### SECTION 1: Officers

The officers of the Cooperative shall be a President, one (1) or more Vice Presidents, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer and such other officers as may be determined by the Board of Directors from time to time.

### SECTION 2: Assignment of Duties

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

### SECTION 3: Election and Term of Officers of the Cooperative

The officers shall be elected by the Board prior to the next regular meeting of the Board held after the annual meeting of the Members. If the election of the officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient to the Board. 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 a successor shall have been elected. A vacancy in any office may be filled by a majority vote of the Board of Directors for the unexpired portion of the term of any officer. Notwithstanding anything to the contrary under this Article VI and except as provided below under Article VI, Section 4, the Board is not required to annually elect the officers described herein except and only in the event the Board desires to remove an officer(s), or change or amend the slate of officers. Otherwise, said officers shall continue to serve with all the authority granted herein or by resolution of the Board.

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

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board at any time, in its sole judgment, as the Board may determine is in the best interests of the Cooperative.

### SECTION 5: President

The President shall:

- a. Be the chief executive officer of the Cooperative

- b. Sign, with the Secretary, certificates of membership, the issuance of which shall have been authorized by the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c. In general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
- d. In addition to all of the foregoing and any other powers provided to the President by the Board, the President may, pursuant to his or her sole discretion, designate employees of the Cooperative, without prior board approval, as Vice President or Assistant Vice-President or Chief Officer or other similar designation, except any such designation shall not be deemed an officer of the Cooperative as defined and provided in Article VI, Section 1 of these Bylaws. This authority shall not supersede or supplement the Board's authority as provided hereunder.

#### SECTION 6: Vice President

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

#### SECTION 7: Secretary

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

- a. Keeping the minutes of the meetings of the Members and of the Board of Directors in books provided for that purpose;
- b. Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- c. The safekeeping of the corporate books and records and the seal of the Cooperative, and affixing the seal of the Cooperative to all certificates of membership prior to the issuance thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- d. Keeping a register of the names and post office addresses of all Members;

- e. Signing, with the President, certificates of membership;
- f. Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, furnishing a copy of the Bylaws to any member upon request; and furnishing a copy of any amendments to all members; and
- g. Performing all general duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors.

#### SECTION 8: Treasurer

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

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

#### SECTION 9: Executive Vice President

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

#### SECTION 10: Bonds of Officers

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

#### SECTION 11: Compensation

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

## SECTION 12: Reports

The officers of the Cooperative shall submit at each annual member meeting 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 NOT-FOR-PROFIT OPERATION**

### SECTION 1: Interest or Dividends on Capital Prohibited

The Cooperative shall at all times be operated on a not-for-profit (but may have for-profit affiliates and subsidiaries) cooperative 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 patrons.

### SECTION 2: Patronage Capital in Connection with Furnishing Electric Services

In the furnishing of Distribution Services the Cooperative's operations shall be so conducted that all patrons, members and non-members alike (collectively "Patrons" or individually "Patron"), will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a not-for-profit basis, the Cooperative is obligated to account on a patronage basis to all its Patrons for all accounts received and receivable from the furnishing of electric services in excess of operating costs and expenses properly chargeable against the furnishing of electric 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 Patrons as capital. The Cooperative will assign by credits to a capital account for each Patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each Patron is clearly reflected and credited in an appropriate record to the capital account of each Patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each Patron of the amount of capital so credited to each Patron account.

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

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

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credited to the accounts of Patrons shall be retired without priority on a pro rata basis before any payments are made on account of property rights of Members. If, at any time prior to

dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to Patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. The Board of Directors retains, under policies of general application, the unconditional right to refuse redemption of capital credits.

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

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any Patron, who was a natural person, to retire capital credited to such Patron. The legal representatives of his or her estate shall make a written request that the capital credited to any such Patron be retired prior to the time such capital would otherwise be retired under provisions of these Bylaws. The Board of Directors may retire capital credited to any such Patron, immediately upon such terms and conditions as the Board of Directors, and the legal representatives of such Patron's estate shall agree upon; provided, that the financial condition of the Cooperative will not be impaired thereby.

The Patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Cooperative's Governing Documents and its Terms and Conditions approved by the State Corporation Commission shall constitute and be a contract between the Cooperative and each Patron, and both the Cooperative and the Patrons are bound by such contract, as fully as though each Patron had individually signed a separate instrument containing such terms and provisions.

### SECTION 3: Forfeiture of Unclaimed Patronage Capital

If the Cooperative holds retired patronage capital to the credit of (i) a deceased person who has no spouse or next of kin identified in the records of the Cooperative, or (ii) a Member or former member who has terminated service and who does not have a current address on file with the Cooperative, then the Cooperative shall publish notice that the Cooperative holds a patronage capital credit retirement in such person's name in at least one (1) issue of the Cooperative's Member publication and in a publication of general circulation. If such credit is not claimed by such Member, former member, or next of kin within 120 days of such publication, then such credits shall be deemed to have been transferred as a gift to the Cooperative and shall thereafter be the property of the Cooperative.

## **ARTICLE VIII DISPOSITION OF PROPERTY**

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

### **SECTION 1: Cooperative Assets**

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

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



so notify the Members, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof which meeting shall be held within sixty (60) days after the giving of such notice to the Members; provided, that consideration thereof by the Members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held within sixty (60) days after the giving of such notice.

- d. Any two and one half percent (2 1/2%) or more of the Members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all Members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made. Notwithstanding the foregoing, any written opposition or alternative plan submitted to the Cooperative by the Members for purposes described hereunder shall include the following before it may be accepted by the Cooperative:
  - i. Written submission to the Secretary of the Cooperative of clear and concise language regarding the opposition or alternative plan regarding said disposition;
  - ii. The submission of a written petition in opposition or supporting an alternative plan in a form approved and provided by the Cooperative and that includes at a minimum:
    - a) original signatures (not electronic or other form) of those in support of the petition of no less than two and one half percent (2 1/2%) of the Members, with no less than the whole number equivalent of one-ninth (1/9) of the minimum of said Members from any board region; and
    - b) all Members signing the petition shall be current Members and in good standing; and
    - c) all Members signing the petition shall provide their respective full names and addresses; and
  - iii. The opposition to or alternative plan shall be in accordance with applicable state code, the Cooperative Articles of Incorporation and these Bylaws.

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

## **ARTICLE IX SEAL**

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

## **ARTICLE X FINANCIAL TRANSACTIONS**

### SECTION 1: Contracts

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

### SECTION 2: Checks, Drafts, Etc.

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

### SECTION 3: Deposits

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

### SECTION 4: Change in Rates

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

### SECTION 5: Fiscal Year

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

## **ARTICLE XI MISCELLANEOUS**

### SECTION 1: Membership in Other Organizations

The Cooperative may upon the authorization of the Board of Directors purchase stock in or become a member of any corporation or organization organized for a purpose not in conflict with the Code of Virginia and the rules of the State Corporation Commission.

### SECTION 2: Waiver of Notice

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

purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

### SECTION 3: Policies, Rules and Regulations

The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with applicable law or the Cooperative's Governing Documents, as it may deem advisable for the management of the business and affairs of the Cooperative.

### SECTION 4: Accounting System and Reports

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

### SECTION 5: Area Coverage

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

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

### SECTION 6: Severability

If any term, condition or provision of these Bylaws or the application thereof is deemed invalid or unenforceable, the remainder of the Bylaws, or the application hereunder of such term or provision, other than those as to which it is held invalid or unenforceable, will not be affected thereby, and each such term and provision of these Bylaws will remain valid and enforced to the fullest extent permitted by law.

## **ARTICLE XII AMENDMENTS OR ALTERATIONS TO BYLAWS**

### SECTION 1: Amendment, Alteration or Repeal of Bylaws

The Board of Directors may adopt and/or amend these Bylaws, subject, however, to the right of the Members of the Cooperative to alter or repeal such Bylaws. Any amendments to these Bylaws shall be adopted by the affirmative vote of not less than two-thirds (2/3) of the total membership of the Board of Directors at any regular or special meeting of the Board, or as applicable by an affirmative vote of not less than a majority of the Members present in person, by proxy and by remote communication (as applicable) at any annual

or special meeting of the Members to alter or repeal the Bylaws. Any proposed amendment to these Bylaws by the Board of Directors shall be presented in writing to the members of the Board of Directors at least ten (10) days prior to their consideration by the Board of Directors or if to be considered by the membership, the proposed bylaw alterations or repeal shall be presented to the Secretary of the Cooperative not less than one hundred and eighty (180) days prior to the annual or special members' meeting at which they are to be considered. Upon adoption, a copy of any alteration, repeal, or amendment shall be sent to each Member of the Cooperative within a reasonable time after such action has been taken, which may be accomplished through the Member publication described herein.

#### SECTION 2: Procedures for Bylaw Amendments, Alterations or Repeal

Notwithstanding anything to the contrary under this article or these Bylaws, for purposes of approving any proposed amendment, alteration, or repeal of these Bylaws by the Members or the Board of Directors (as applicable herein), the following requirements shall first be satisfied and confirmed:

- a. Written submission to the Secretary of the Cooperative of clear and concise language regarding the proposed bylaws alteration, amendment or repeal;
- b. For purposes of proposed Member alterations or repeal only, the submission of a written petition in a form approved and provided by the Cooperative and that includes at a minimum:
  - i. original signatures (not electronic or other form) of those in support of the petition of no less than two and one-half percent (2 ½ %) of all Members, with no less than the whole number equivalent of one-ninth (1/9) of the minimum of said 2 ½ % of the Members being from each board region; and
  - ii. all Members signing the petition shall be current members and in good standing (including without limitation not suspended as defined herein) as provided in these Bylaws; and
  - iii. all Members signing the petition shall provide their respective full names and addresses.
- c. All proposed alterations or amendments to or repeal of the Bylaws shall be in accordance with applicable state code, the Cooperative's Articles of Incorporation and these Bylaws.
- d. Once all of the requirements under this article have been satisfied, the Board of Directors will prepare and provide the form of the final submission for vote by the membership or the Board of Directors, as applicable and described hereunder.

**CERTIFICATION OF SECRETARY**

The undersigned, being the duly elected Secretary of the Cooperative, hereby certifies that these Amended and Restated Bylaws were duly adopted at a regular meeting of the Board of Directors of the Cooperative effective as of the date set forth below.

Effective Date: \_\_\_\_\_, 2024

\_\_\_\_\_  
\_\_\_\_\_, Secretary

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