

**BYLAWS**

**OF**

**MECKLENBURG ELECTRIC  
COOPERATIVE**

**CHASE CITY, VIRGINIA**

**July 21, 2021**

## CONTENTS

Article	Section	Subject	Page
I		Definitions	
	1.1	General Provisions .....	4
II		Cooperative Membership	
	2.1	Membership Eligibility.....	4
	2.2	Membership Procedure.....	4
	2.3	Automatic Membership.....	4
	2.4	Member Classes .....	4
	2.5	Joint Membership .....	5
	2.6	Provisions of Utility Services.....	6
	2.7	Purchase of Utility Services .....	6
	2.8	Indemnification .....	6
	2.9	Member In Good Standing .....	6
	2.10	Member Termination.....	6
	2.11	Member Liability .....	7
III		Member Meetings, Member Voting and Notice	
	3.0	Annual Member Meetings .....	7
	3.1	Special Member Meetings .....	7
	3.2	Notice of Member Meetings.....	7
	3.3	Record Date.....	7
	3.4	Member Waiver of Notice.....	7
	3.5	Member Quorum.....	7
	3.6	Member Voting .....	7
	3.7	Member Voting by Member Proxy .....	8
	3.8	Credentials and Election Committee .....	9
IV		Board of Directors	
	4.1	Director Magisterial Districts.....	9
	4.2	Board of Directors General Powers .....	10
	4.3	Director Qualifications .....	10
	4.4	Director Nominations .....	11
	4.5	Director Elections .....	11
	4.6	Director Terms .....	11
	4.7	Director Resignation.....	12
	4.8	Director Vacancy.....	12
	4.9	Director Compensation.....	12
	4.10	Director Conduct .....	12
	4.11	Close Relative.....	13
V		Board Meetings and Director Voting	
	5.1	Regular Board Meetings .....	13
	5.2	Special Board Meetings .....	13
	5.3	Conduct of Board Meetings .....	13
	5.4	Wavier of Board Meeting Notice .....	13
	5.5	Director Quorum and Voting.....	13
	5.6	Committees .....	13
	5.7	Conflict of Interest Transaction .....	14

Article	Section	Subject	Page
VI		Officers	
	6.1	Required Officers .....	14
	6.2	Chairman .....	14
	6.3	Vice Chairman.....	15
	6.4	Secretary .....	15
	6.5	Treasurer.....	15
	6.6	Other Officers .....	15
	6.7	Officer Resignation and Removal .....	15
	6.8	Director Removal, Regarding and Director.....	15
	6.9	Officer Compensation .....	16
	6.10	Bonds.....	16
	6.11	Indemnification .....	16
	6.12	Insurance .....	17
VII		Cooperative Operation	
	7.1	Not-for-profit and Cooperative Operation .....	17
	7.2	Allocating and Crediting Capital .....	17
	7.3	Retiring and Refunding Capital Credits .....	18
	7.4	Donation of Unclaimed Patronage Capital.....	18
	7.5	Non-Member Patrons and Non-Member Non-Patrons.....	19
	7.6	Reasonable Reserves .....	19
VIII		Disposition of Cooperative Property	
	8.1	Power to Dispose of Cooperative Property .....	19
IX		Miscellaneous	
	9.1	Bylaw Amendments .....	20
	9.2	Rules of Order .....	20
	9.3	Fiscal Year.....	20
	9.4	Notice .....	20
	9.5	Governing Law.....	21
	9.6	Partial Invalidity .....	21
	9.7	Waiver .....	21
	9.8	Lack of Notice .....	21
	9.9	Seal .....	21
	9.10	Membership in Other Organizations .....	21
X		Easements	
	10.0	Easements .....	21

**BYLAWS**  
OF  
**MECKLENBURG ELECTRIC COOPERATIVE**

**February 21, 2018**

**ARTICLE I – DEFINITIONS**

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

**ARTICLE II – COOPERATIVE MEMBERSHIP**

**SECTION 2.1 – Membership Eligibility.** Any natural person, or other Legal Entity (collectively, “Person”), who intends to purchase any products, services or equipment related to power and energy, telecommunications, water or sewerage (“Utility Service”) from the Cooperative is eligible to become a Member.

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

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

1. Complete the membership application prescribed by the Cooperative in which the Applicant agrees, in writing, to comply with and be bound by (a) the Cooperative’s Articles of Incorporation (“Articles”), (b) the Bylaws and (c) any terms and conditions adopted by the Cooperative’s Board of Directors (“Directors”). (Items a, b and c are collectively referred to as the “Governing Documents”).

The application may be completed and submitted by the Applicant to the Cooperative electronically by any means of technology and signed by the Applicant electronically by the use of a technological sound, symbol or process attached to or logically associated with the Application and adopted by the Applicant and the individual signature.

Acceptance of the Utility Service by the Applicant after the Application has been transmitted to the Cooperative shall be deemed confirmation of the Application and of the Parties’ agreement to complete the Membership Procedures by electronic means;

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

**SECTION 2.3 – Automatic Membership.** Unless otherwise provided in these Bylaws, an Applicant becomes an effective member of the Cooperative (“Member”) upon completion of the Membership Procedure and receipt of Utility Service.

The Cooperative shall issue membership certificates to each Member in the manner, method, and form prescribed by law.

The Board may refuse any Applicant membership in the Cooperative.

**SECTION 2.4 – Member Classes.** The Cooperative shall assign each Member to one of the following classes (“Member Classes”):

**Class A Member:** Any Member who purchases electric distribution services from the Cooperative and purchases all of the electric power and energy used for any dwelling or structure owned, controlled or directly occupied by such Member solely from and through the Cooperative.

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

Class C Member: Any Member who purchases any other Utility Service.

In classifying Members:

1. No Member may be a member of more than one Member Class;
2. Based upon a Member's use of one or more Utility Services, the Cooperative shall designate the Member in descending order of priority as a Class A Member, Class B Member or Class C Member, and
3. Upon the Cooperative learning of, or upon a Member demonstrating to the Cooperative's reasonable satisfaction, a change in any Member's use of Utility Services, then, if applicable, within thirty (30) days, the Cooperative shall re-classify the Member.

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

**SECTION 2.5 – Joint Membership.** As provided in these Bylaws both individuals must sign the application for joint membership in the Cooperative ("Joint Membership").

A. Creating Joint Memberships. By jointly completing the Membership Procedures, two individuals may apply for Joint Membership. By written request, and by jointly completing the Membership Procedures, any Member may convert the Member's individual membership to a Joint Membership with another individual.

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

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

1. Notice of any meeting provided to either Joint Member, or waiver of notice of any meeting signed by either Joint Member, constitutes notice or waiver of notice for both Joint Members;
2. The presence of either Joint Member at any meeting:
  - a. Constitutes the presence of both;
  - b. Waives notice of the meeting for both,
3. There shall be only one vote per Joint Membership on any matter. The action of either Joint Member shall be deemed to be the action of both in all Cooperative affairs. A Member Proxy Appointment issued or revoked by either Joint Member shall be deemed issued or revoked by both and the date of the last issuance or revocation shall control;
4. Except upon the death of a Joint Member or divorce between Joint Members, the termination by either Joint Member constitutes termination of both Joint Members; and
5. A Joint Member otherwise qualified is eligible to serve as a member of the Board ("Director"). If both Joint Members are otherwise qualified to serve as a Director, then either Joint Member, but not both simultaneously, may serve as a Director.

D. Joint Membership Conversion and Termination. Death or divorce of Joint Members:

1. In the case of the death of a Joint Member, if the surviving Joint Member continues to use, receive, or purchase a Utility Service at the same location, then the Joint Membership converts to a single membership in the name of the survivor.
2. In the case of divorce, one of the former Joint Members continues to use, receive, or purchase a Utility Service at the same location, then the Joint Membership will convert to an individual membership in the name of that person.
3. In the case of death or divorce, if neither Joint Member continues to use, receive, or purchase a Utility Service at the same location, then the Joint Membership terminates.
4. The surviving Joint Member who continues to purchase Utility Service at the same location shall notify the Cooperative of the death of the other individual or of the parties' divorce.
5. Accrued Joint Member debt shall not be released or discharged by the death of a Joint Member or the divorce of the Joint Members.

**SECTION 2.6 – Provision of Utility Services.** The Cooperative shall use its best efforts to provide Utility Services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants the continuous or flawless provision of Utility Services. The Cooperative’s responsibility and liability for providing Utility Services terminates upon delivery of any Utility Service to a Member or other Person acting for a Member.

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

**SECTION 2.8 – Indemnification.** Each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative Director, Officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member’s negligence or failure to comply with the Governing Documents.

**SECTION 2.9 - Member In Good Standing.** In order to be a member in Good Standing, a Member must:

- 1.) Properly complete the Membership Procedures; and,
- 2.) Have no more than one delinquent payment in the most recent twenty-four month period (beginning with the date of the initial service connection) absent special dispensation from the Directors based on the individual facts and circumstances

**SECTION 2.10 – Member Termination.** The Cooperative may terminate Members as provided in these Bylaws and allowed by law.

A. *Termination Reasons.* The Cooperative may terminate a Member if the Member:

1. Fails to timely pay any amounts due the Cooperative;
2. Fails to timely comply with the Governing Documents;
3. For six (6) consecutive months, fails to use a minimum of one Utility Service;
4. Dies, legally dissolves, or legally ceases to exist; or
5. Voluntarily requests termination; or as provided in these Bylaws, or for other good cause determined by the Board.

Items 1—5 are referred to in these Bylaws as “Termination Reasons”

B. *Notice and Comment.* Unless otherwise provided in these Bylaws, following the occurrence of a Termination Reason, the Cooperative shall provide the Member at least ten days prior written notice of the Member’s possible termination and the underlying Termination Reason; and

Any written termination notice shall be provided by first-class mail or certified mail to the Member’s most current address as shown on the Cooperative’s records.

C. *Effect of Member Termination Upon Cooperative.* Upon a Member’s termination, the Cooperative’s duties, obligations, and liabilities to the Member ceases and the Cooperative will cease providing any or all Utility Service to the Member. The Cooperative retains the obligation to allocate Capital Credits and Affiliated Capital Credits for the period during which the member purchased Utility Service.

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

E. Notwithstanding the foregoing, the Cooperative may suspend service to a member in accordance with the Governing Documents without first notifying such Member for good cause shown including but not limited to “meter tampering” or “meter by-pass” calculated to avoid payment to the Cooperative for power and energy received by or in behalf of the Member as the result of such tampering or by-pass from the Cooperative’s electric distribution system.

**SECTION 2.11 – Member Liability.** A Member’s liability to third parties for the Cooperative’s acts, debts, liabilities, or obligations is generally limited, by law, to the Member’s unpaid indebtedness to the Cooperative. A Member, however, may become liable to the Cooperative as provided in these Bylaws or as otherwise agreed to by the Cooperative and Member.

### **ARTICLE III – MEMBER MEETINGS, MEMBER VOTING AND NOTICE**

#### **SECTION 3.0 – Annual Member Meetings.**

- A. The Cooperative shall hold an annual meeting of Members (“Annual Meeting”). The Cooperative may hold special meetings of the Members as required by law or as provided under these Bylaws.
- B. The Annual Meeting of the Members shall be held on the third (3rd) Wednesday of June each year at its corporate headquarters in Chase City, Virginia, unless the Board of Directors selects an alternate location, which shall be so, designated in the notice of the meeting (the “Annual Meeting Date”).
- C. At the Annual Member Meeting, the Chairman and Treasurer shall provide a report, regarding the Cooperative’s activities and financial condition. The Cooperative’s failure to hold an Annual Member Meeting does not affect any action taken by the Cooperative.

**SECTION 3.1 – Special Member Meetings.** The Cooperative shall hold a special meeting of Members (the “Special Meeting”) at a date, time, and location selected by the Board in its discretion (the “Special Meeting Date”), upon receipt by the Cooperative of a written request from a majority of the Directors; or at least five percent (5%) of the Cooperative’s total current Members (“Total Membership”) requesting and describing the purpose of such meeting.

**SECTION 3.2 – Notice of Member Meetings.** The Cooperative shall provide written notice of all Member Meetings to all Members entitled to vote at the Member Meeting. Such written notice shall be given at least ten but no more than sixty days prior to the Member Meeting and shall indicate the date, time, and location of such meeting; except, however, written notice of a Member’s Meeting to act on an amendment to the Articles, a plan of merger, or a proposed sale of assets other than in the course of regular business shall be provided at least twenty-five but no more than sixty days prior to the Member Meeting.

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

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

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

1. The Member Meeting is continued to another date occurring within one hundred twenty (120) days after the original Meeting Date; and
2. The new date, time, or location is announced at the Member Meeting prior to adjournment of that meeting.

**SECTION 3.3 – Record Date.** The Board may fix a date (“Record Date”) for determining the Total Membership and the Members entitled to receive a Notice of a Member Meeting and vote at a Member Meeting.

**SECTION 3.4 – Member Waiver of Notice.** A Member may waive notice of a Member Meeting, or waive notice of any matter to be voted on at a Member Meeting, by signing and delivering to the Cooperative a written waiver of notice (“Member Meeting Waiver of Notice”) either prior to the Member Meeting, or within thirty (30) days following the Member Meeting. Unless a Member objects to holding or to transacting business at a Member Meeting, a Member’s attendance in person or by Member Proxy waives the Member’s objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering a matter at a Member Meeting, a Member’s attendance in person or by Member Proxy waives the Member’s objection to voting on the matter at the Member Meeting.

**SECTION 3.5 – Member Quorum.** A quorum of Members either in person or represented by Member Proxy is two and one-half percent (2½%) of the Total Membership (“Member Quorum”).

If less than the Member Quorum is present at any Member Meeting, then a majority of Members attending the Member Meeting in person or by proxy may continue the Member Meeting subject to and in accordance with the notice provisions of Section 3.2. and 3.4 of these Bylaws.

**SECTION 3.6 – Member Voting.** Upon presenting identification or proof of Cooperative membership as reasonably required by the

Cooperative, and regardless of the value or quantity of Utility Services used, received, or purchased, each Member in good standing may cast one vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of a Legal Entity must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote in its behalf.

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

1. A Member Quorum exists; and
2. A majority of Members present in person or represented by Member Proxy entitled to vote, vote in favor of the matter.

At any Member Meeting, the vote may be conducted by voice, show of hands, or written ballot as the presiding officer so determines in keeping with parliamentary procedures. Cumulative voting by Members is not allowed.

**SECTION 3.7 – Member Voting by Member Proxy.** A Member may appoint another Member (“Member Proxy”) to vote on any matter for the Member. All Members properly represented by Member Proxy shall be counted in determining whether a Member Quorum exists.

#### A. Proxy Committee

A Proxy Committee is hereby established, the primary duty and responsibility of which is to assure a quorum of Members present personally or by proxy at any Member Meeting (annual or special).

The Proxy Committee shall consist of five (5) non-board members of the Cooperative who shall be appointed by the Directors at least sixty (60) days prior to the Annual Meeting or fifty (50) days prior to a special meeting. The Committee shall serve until the meeting for which it is appointed is finally adjourned. A vacancy occasioned by death, incapacity or resignation of a Proxy Committee Member shall be filled by the Directors at any time prior to the member Meeting. The Proxy Committee shall vote all proxies held by it, and the action of a majority of the members of the Proxy Committee shall be the action of the whole Committee.

#### B. Member Proxy Appointment

At all Member Meetings or continuations thereof, any Member may vote by written proxy executed by the Member to another Member or to the Proxy Committee. Proxies shall be in the form attached as Exhibit A to these By-laws. The proxy shall be dated and signed by the Member or, in the case of a Legal Entity, its duly authorized officer or agent; shall appoint the Proxy Committee or another Member of the Cooperative as the attorney in-fact for the Member and shall state the Member Meeting (including any continuation or adjourned meeting thereof) at which the proxy shall be voted. No Member, other than the Proxy Committee shall vote more than three (3) proxies. The power of substitution is prohibited, and cumulative voting is prohibited. Subject to the foregoing, the proxy may be unlimited as to the manner and/or the matters on which it may be voted. A proxy containing no restrictions shall be deemed to be unlimited.

All proxies shall be filed with the Secretary no later than the fifth (5th) business day before the date of the designated Member Meeting.

No proxy shall be valid or voted at any Member Meeting unless it designated the specific Member Meeting at which it is to be voted and no Member Proxy shall be voted at any Member Meeting other than the one so designated or any continuation or adjourned meeting of the Member Meeting so designated.

The presence of a Member at a Member Meeting shall revoke a Member Proxy previously executed by the Member and the Member shall be entitled to vote at such Member Meeting in the same manner and with the same effect as if the proxy had not been executed.

In case of a Joint Membership, a Member Proxy may be executed by either individual subject to the provisions of Section 2.5. The presence of either at the Member Meeting shall revoke any proxy executed previously by either for such meeting.

A Member Proxy may be revoked by the Member at any time prior to the Member Meeting for which the proxy was given by (1) written notice from the Member to the Secretary of the Cooperative notifying the Secretary of the Member’s revocation of the proxy; (2) the death or disability of the Member, notice of which death/disability is communicated to the Secretary of the Cooperative prior to the Member Meeting for which the proxy was given; or (3) by attendance at the Member Meeting as herein above provided. A Member Proxy shall be revoked by the formal adjudication by a Court of competent jurisdiction that the Member is incompetent unless the Proxy states that it shall not be revoked upon the disability or incompetency of the Member as provided by Section 11.1-9 of the Code of Virginia, 1950, as amended.



*C. Written Proxies/Delivery Revocation:*

Proxies or notices of revocation thereof shall be delivered to the Secretary of the Cooperative (1) physically; (2) by U. S. Mail or other courier service prepaid by the Member or at no cost to the Cooperative; or (3) by facsimile or e-mail.

**SECTION 3.8 – Credentials and Election Committee.** The Board may appoint a Credentials and Election Committee (“C&E Committee”) consisting of an uneven number of Members between three and nine to resolve any disputes that may arise regarding Member registration or voting.

**ARTICLE IV – BOARD OF DIRECTORS**

**SECTION 4.1 – Director Magisterial Districts.**

**A. Consolidation of Director Magisterial Districts**

The service area duly assigned to the Cooperative by the State Corporation Commission of Virginia (the “Service Area”), previously divided into eleven (11) Director Magisterial Districts (“Districts”), are consolidated and restated as follows:

- a. The Districts previously identified as Districts 1, 2, 3 and 4 are consolidated into a new Director Magisterial District known as the Gretna District, specifically:

All of Mecklenburg Electric Cooperative territory in Pittsylvania County west of the Norfolk-Southern Railroad; and

All of that area in Pittsylvania County served by Mecklenburg Electric Cooperative east of the Norfolk-Southern Railroad in Callands-Gretna District and Staunton River District; and that portion of Halifax County served by Mecklenburg Electric Cooperative in Staunton District north of Route #40; and

All of that area in Pittsylvania County served by Mecklenburg Electric Cooperative east of the Norfolk-Southern Railroad in Blairs and Chatham Districts and that portion of Halifax County served by Mecklenburg Electric Cooperative in Staunton, Meadville, and Birch Creek Districts south of Route #40 and West of Route #501 to the intersection of Route #642 on the west side thereof to the Banister River; thence in a southeasterly direction along the Banister River on the west side thereof; and

All of that territory served by Mecklenburg Electric Cooperative in Halifax County in Staunton, Banister and Roanoke Districts lying east of U.S. Route #501, and south to the intersection of U.S. #501 and State Route #642; then south on the east side of Route #642 to the Banister River; then along the east side of Banister River to the Town of Halifax, Virginia.

- b. The Districts previously identified as Districts 5, 6, 7 and 8 are consolidated into a new Director Magisterial District known as the Chase City District, specifically:

All of Red Bank and Black Walnut Districts of Halifax County and that portion of Clarksville District of Mecklenburg County within Mecklenburg Electric Cooperative’s service area. The portion of Granville and Person County, NC, that is served by Mecklenburg Electric Cooperative; Person County, NC, is accessed on Route #796 south and Granville County, NC, is accessed from Highway #15; and

All of Bacon and Central Districts of Charlotte County; all of Bluestone and Chase City Districts except that portion of Chase City District east of Route #688 and south of Route #47 of Mecklenburg County within Mecklenburg Electric Cooperative’s service area; and

All of Palmer Springs, Boydton, and that portion of Chase City District east of Route #688 and south of Route #47 of Mecklenburg County; also, the portion of Rehoboth District of Lunenburg County within Mecklenburg Electric Cooperative’s service area. All of Vance County, NC, accessed from Route 717 and all of Warren County, NC, west of the Roanoke River and south of the State line that is served by Mecklenburg Electric Cooperative; and

All of Buckhorn, LaCrosse, and South Hill Districts of Mecklenburg County within Mecklenburg Electric Cooperative’s service area. That part of Morristown Subdivision situated in Warren County, NC.

- c. The Districts previously identified as Districts 9,10 and 11 are consolidated into a new Director Magisterial District known as the Emporia District.

All of that area in Mecklenburg Electric Cooperative's service area containing Meherrin and Powellton Magisterial Districts in Brunswick County. Also, Siouan Shores Subdivision and the Southern part of Johnson Development situated in Warren County, NC. The southern part of Waterman's Point Subdivision situated in Northampton County, NC; and

That portion of Greenville County served by Mecklenburg Electric Cooperative's service area containing all of Hicksford, that portion of Nottoway District west of Route #610 and Route #651, and that portion of Belfield District west of Route #610 and Interstate #95; and all of the Sturgeon and Totaro District in Brunswick County. An area at the southern end of Route 600 situated in Northampton County, NC; and

That portion of Greenville County served by Mecklenburg Electric Cooperative containing all of Zion District and that portion of Belfield District east of Route #651, Route #610, and Interstate #95 and all of Henry District in Sussex Country served by Mecklenburg Electric Cooperative and all of Drewryville District in Southhampton County served by Mecklenburg Electric Cooperative. That portion of land within the city limits of Emporia east of CSX Railroad (formerly Seaboard Coast Line Railroad), north of Norfolk-Southern Railroad (formerly Norfolk, Franklin and Danville Railroad), and south of Metcalf Branch. That portion of land within the city limits of Emporia west of CSX Railroad, south of Route #730 and east of U. S. #301.

Directors shall be nominated and elected so that the Board of Directors shall consist of three (3) Directors from each District. The Board of Directors shall be elected for the tenure and in the manner prescribed in Section 4.6 of this Article IV.

The Board may revise the Districts to ensure that Members are equitably represented.

Within thirty days following any District revision, and at least thirty days before the next Annual Member Meeting, the Cooperative shall give written notice of such revision to those members who are affected directly by such revision. District revisions are effective on the date the Cooperative releases written notice of the revision. No District revision may:

1. increase or extend an existing Director's Director Term; or
2. shorten any existing Director's Director Term unless the affected Director consents in writing.

**SECTION 4.2 – Board of Directors, General Powers.** The business and affairs of the Cooperative shall be managed by a Board of Directors (the "Board") of natural persons, each of whom shall permanently reside physically in the district of his or her representation. The Board shall exercise all of the powers of the Cooperative except those powers that are conferred upon or reserved to the Members by law, the Articles, or these Bylaws:

**SECTION 4.3 – Director Qualifications and Conflicts of Interest** All Directors and Director candidates must comply with this Section.

A. A person is eligible to become or remain a Director only if such person:

1. has been a Member for at least 730 days;
2. is a natural person, a member in good standing of the Cooperative and a bona fide, physical legal resident of the District the Member represents or will represent if elected to the Board;
3. is not a close relative, as defined in Section 4.11 ("Close Relative"), of an officer or employee of the Cooperative or any affiliate association of the Cooperative;
4. is not in any way employed by and does not have a substantial financial interest in a competing enterprise or business engaged in the sale of utility service or utility service supplies to the Cooperative;
5. has not been an employee of the Cooperative within the last 730 days;
6. attends at least ten (10) regular Board of Directors meetings in a calendar year absent special dispensation granted from a majority of the disinterested Directors in their discretion based on the individual facts and circumstances; and
7. reviews, adheres to, and signs the Cooperative's Code of Ethics at least annually.

**B. A Director or Director candidate must not be:**

1. A Close Relative of any existing Director, other than an existing Director who will cease being a Director within one year;
2. An existing, or a Close Relative of an existing, non-Director Cooperative Officer, employee, agent, or representative;
3. Employed by, materially affiliated with, or share a material financial interest with, any other Director; or
4. Engaged in, employed by, materially affiliated with, or have a material financial interest in, any individual or entity other than an entity in which the cooperative possessed an ownership interest:
  - a. directly and substantially competing with the Cooperative;
  - b. selling goods or services in substantial quantity to the Cooperative or to a substantial number of Members,
  - c. possessing a substantial Conflict of Interest with the Cooperative; or,
5. Absent disclosure and approval by the disinterested Members of the Board, engaged in an action that results in, or has the appearance of resulting in personal, organizational or professional gain related to the business of Governance including the receipt of gifts with a value in excess of \$500.00.

C. If any Director fails to meet any Director Qualification, then the Board shall remove the Director. If at least a majority of Directors authorized by these Bylaws meet the Director Qualifications and adopt a Board action, then the failure of any Director to meet all Director Qualifications does not affect the Board action.

**SECTION 4.4 – Director Nominations.** Director candidates shall be nominated as follows:

*A. Nominating Committee.* A Nominating Committee is hereby established. No less than ninety (90) days nor more than one hundred and twenty (120) days before the scheduled meeting date for the election of Directors, the Board shall appoint the Committee members consisting of three members from each District who shall serve until the adjournment of the meeting at which Directors are to be elected. No Board member shall serve on the Committee.

Members shall be notified by publishing the date, time and place of the meeting of the Nominating Committee as provided in Section 9.4 of these Bylaws or such other date as established by the Committee and the members shall have the right to be heard by the Committee at the meeting. The Nominating Committee shall nominate one candidate to the Board from each District except as set forth in subsection 4.5.B.a.

*B. Additional Nominations – Petition.* In addition to the Nominating Committee’s slate of nominees to the Board, nominations may be made for each District in which a vacancy shall occur by seventy-five (75) or more members in good standing from the District for which the seat is sought acting in concert by written petition (Member Petition) filed with the Secretary of the Cooperative not less than seventy-five (75) days before the Annual Meeting.

Member Petition Nomination shall state:

1. the name of the Nominee;
2. the District to be represented by the nominee; and
3. the name, address, telephone number, and the original signature, of at least 75 of the Members located in the District for which the person named in the Member Petition will run.

The Member must be a bona fide legal resident of and reside physically in the District to be represented by the proposed nominee as set forth in the Member Petition in the manner prescribed in Article IV of these Bylaws. The Nominating Committee shall determine that Director Candidates nominated by Member Petition meet the qualifications set forth herein. All Director Candidates must appear before the Nominating Committee on the specified date or such other date as established by the Committee.

*C. Notice of Director Nominations.* At least ten (10) days but no more than sixty (60) days prior to the Annual Meeting or Special Meeting of the Members at which directors are to be elected, notice shall be given setting forth:

1. the Director positions for which Members are scheduled to vote;
2. the names and corresponding Director positions of all Nominating Committee nominations; and

3. the names and corresponding Director positions of all Member Petition nominations.

**SECTION 4.5 – Director Elections.** Subject to the provisions of Section 4.4, and Section 4.6 of Article IV of these Bylaws, the Directors shall be elected by the Members voting in person or by proxy at each Annual Meeting of the membership. If the election of Directors is not held at the Annual Meeting or any continuation thereof, a Special Meeting of the members shall be held for the purpose of electing Directors pursuant to notice. The Special Meeting shall be held not later than ninety (90) days after the adjournment of the Annual Meeting.

Directors may be elected by a vote of the Members. Voting shall be by confidential ballot, acclamation, or otherwise as the Chairman of the Board shall determine. Cumulative voting is prohibited.

**SECTION 4.6 – Director Terms.**

- A. Except as provided in subsection 4.6.B.a:
  - a. One Director shall be elected from each of the three Director Magisterial Districts at the Annual Meeting each year for terms of three (3) years.
  - b. The terms of office of each Director shall expire upon the adjournment of the third (3rd) Annual Meeting following such Director's election to the Board. Each newly elected Director's term of office shall commence automatically upon the adjournment of the Annual Meeting at which such Director was elected.
- B. Transition to Consolidated Districts.
  - a. At the 2021 Annual Meeting, the Members shall elect Directors from each Director Magisterial District as follows:
    - i. Gretna Director Magisterial District.
      1. The current term of the Director elected from the previously identified District #4 expires in 2021, and the Director elected in 2020 from the previously identified District #1 has consented in writing to a term shortened to one year. A single Director will be elected at the 2021 Annual Meeting to serve a three-year term as the Group I Director for the Gretna Director Magisterial District.
      2. The duration of the current three-year term of the Director elected from the previously identified District #2, which expires in 2022, shall not be shortened or extended, but such Director is now identified for the purposes of these Bylaws as the Group II Director for the Gretna Director Magisterial District.
      3. The duration of the current three-year term of the Director elected from the previously identified District #3, which expires in 2023, shall not be shortened or extended, but such Director is now identified for the purposes of these Bylaws as the Group III Director for the Gretna Director Magisterial District.
    - ii. Chase City Director Magisterial District.
      1. The current terms of the Directors elected from the previously identified Districts #6 and #8 expire in 2021, A single Director will be elected at the 2021 Annual Meeting to serve a three-year term expiring in 2024 as the Group I Director for the Chase City Director Magisterial District.
      2. The duration of the current three-year term of the Director elected from the previously identified District #5, which expires in 2022, shall not be shortened or extended, but such Director is now identified for the purposes of these Bylaws as the Group II Director for the Chase City Director Magisterial District.
      3. The Director elected in 2019 from the previously identified District #7 has consented in writing to a term shortened to two years. A single Director will be elected at the 2021 Annual Meeting to serve a two-year term expiring in 2023 as the Group III Director for the Chase City Director Magisterial District.
    - iii. Emporia Director Magisterial District.
      1. The Director elected in 2020 from the previously identified District #9 has consented in writing to a term shortened to one year. A single Director will be elected at the 2021 Annual Meeting to serve a three-year term expiring in 2024 as the Group I Director for the Emporia Director Magisterial District.
      2. The duration of the current three-year term of the Director elected from the previously identified District #11, which expires in 2022, shall not be shortened or extended, but such Director is now identified for the purposes of these Bylaws as the Group II Director for the Emporia Director Magisterial District.
      3. The duration of the current three-year term of the Director elected from the previously identified District #10, which expires in 2023, shall not be shortened or extended, but such

Director is now identified for the purposes of these Bylaws as the Group III Director for the Emporia Director Magisterial District.

- b) At the 2022 Annual Meeting and every third year thereafter, the Members shall elect a Group II Director from each Director Magisterial District for three-year terms.
- c) At the 2023 Annual Meeting, and every third year thereafter, the Members shall elect a Group III Director from each Director Magisterial District for three-year terms.
- d) At the 2024 Annual Meeting, and every third year thereafter, the Members shall elect a Group I Director from each Director Magisterial District for three-year terms.

**SECTION 4.7 – Director Resignation.** A Director may resign at any time by delivering written notice of resignation to the Board Chairman, or Secretary. Unless the written notice of resignation specifies a later effective date, a Director’s resignation is effective upon the Board Chairman, or Secretary receiving the written notice of resignation. If a Director’s resignation is effective at a later date, then the pending Director vacancy may be filled before the effective date of the Director’s resignation effective as of the effective resignation date. At the Member Meeting, the Members may elect a new Director to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. Any successor Director elected by the Members must comply with the Director Qualifications.

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

**SECTION 4.8 – Director Vacancy.** Unless otherwise provided in these Bylaws:

1. the Board shall, by majority vote, fill any vacant Director position, including any vacant Director position resulting from increasing the number of Directors; and
2. any Director elected by the Board to fill any vacant Director position shall serve until the next Annual Member Meeting, at which time the Members shall elect a Director to fill the previously vacant Director position.

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

**SECTION 4.9 – Director Compensation.** For their service as such, Directors shall receive such compensation, as is fixed by resolution of the Board of Directors.

**SECTION 4.10 – Director Conduct.**

A. *Director Attendance.* Directors are expected to attend all Board Meetings.

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

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

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

1. one or more Cooperative Officers or employees whom the Director reasonably believes to be reliable and competent in the matters prepared or presented;
2. legal counsel, public accountants, or other individuals regarding matters the Director reasonably believes are within the individual’s professional or expert competence; and
3. if the Director reasonably believes a Board Committee of which the Director is not a member merits confidence, then the Board Member may rely upon the recommendation of the Board Committee regarding matters within the Board Committee’s jurisdiction.

D. *Director Liability.* If a Director complies with these Bylaws, then the Director is not liable to the Cooperative, any

Member, or any other individual or entity for action taken, or not taken, as a Director.

**SECTION 4.11 – Close Relative.** As used in these Bylaws, the term ‘Close Relative’ means an individual who is wife, husband, son, daughter, mother, father, sister, brother, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, father-in-law, aunt, uncle, niece, nephew, grandmother, grandfather, step parent, step child or any person residing in the employee's or Director's household.

#### **ARTICLE V – BOARD MEETINGS AND DIRECTOR VOTING**

**SECTION 5.1 – Regular Board Meetings.** A Regular Monthly Meeting shall be held on the third (3rd) Wednesday of each month at the Cooperative’s headquarters office at Chase City, Virginia, at 1:00 p.m. without notice other than these Bylaws or with notice at such other time, date or place designated by a duly adopted Board resolution.

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

**SECTION 5.2 – Special Board Meetings.** The Chairman, or a majority of the Directors may call a special meeting of the Board (“Special Board Meeting”) by providing each Director at least five days’ prior written notice indicating the date, time, and location and purpose of the Special Board Meeting.

**SECTION 5.3 – Conduct of Board Meetings.** Unless otherwise provided in these Bylaws, any Regular Board Meeting or Special Board Meeting at which a quorum is convened may be conducted with Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other at all times while the meeting is in session.

If a Director Quorum is present and acting throughout, then:

1. in descending priority, the following Officers may preside at the Board Meeting: Chairman, Vice-Chairman, Secretary, Treasurer; and
2. if no Officer is present or desires to preside over any Board Meeting, then the Directors attending the Board Member shall elect a Director to preside over the Board Meeting.

**SECTION 5.4 – Waiver of Board Meeting Notice.** At any time, a Director may waive notice of any Board Meeting by delivering to the Cooperative a written waiver of notice signed by the Director and later filed with the Board Meeting minutes or the Cooperative’s records. Unless a Director:

1. upon arriving at a Board Meeting or prior to the vote on a particular matter, objects to lack of, or defective, notice of the Board Meeting or a matter being considered at the Board Meeting; and
2. does not vote for, or assent to, an objected matter;

then the Director’s attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting.

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

**SECTION 5.6 – Committees.**

- A. *Executive Committee.* There shall be an Executive Committee consisting of the Chairman, the Vice-Chairman and Secretary/Treasurer. The Chairman of the Board shall be Chair of the Executive Committee. The CEO shall be an ex-officio member of the Executive Committee, but without a vote. The Executive Committee shall meet upon the call of the Chairman. The Executive Committee shall exercise all of the functions and powers of the Board between meetings of the Board. All actions taken by the Executive Committee shall be reported at the next scheduled Regular Board Meeting.
- B. *Standing Committees.* The Board shall have the following Board Committees: Audit, Finance, Governance, and Director Evaluation & Compensation (“Standing Committees.”) Each Standing Committee shall have such power, duty and authority as prescribed in its charter as approved by the Board (“Charter”).
- C. *Special Committees.* In addition to the Credentials and Election Committee (Section 3.8), the Proxy Committee (Section 3.7), the Executive Committee (Section 5.6.A), and the Standing Committees (Section 5.6.B), the Board may create committees of the Board (“Board Committees”). Each Board Committee must consist of three or more Directors, each of whom serves at the pleasure of the Board. The Board may create committees of the Members (“Member Committees”) and appoint Members, including Directors, to serve on the Member Committees. Other than the Executive Committee, Board Committees shall be appointed by the Chairman subject to the Board’s approval.
- D. *Creation and Appointment of Committees.* Except as otherwise provided in these Bylaws, at least a majority of Directors currently in office must approve the:
  - 1. creation of any Board Committee or Member Committee of the Board;
  - 2. appointment of Directors to any Board Committee; and
  - 3. appointment of Members to any Member Committee of the Board.
- E. *Conduct of Committee Meetings.* To the same extent as the Board of Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent, Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees and to Member Committees and Members serving on Member Committees.
- F. *Committee Authority.* The Board shall have the right and power to delegate to Board Committees any authority, duties, powers or obligations it may deem necessary for carrying out the business and objectives of the Cooperative. No Member Committee shall have the authority to act for the Board, but shall have such power, duty, and authority as prescribed in its charter or by Resolution of the Board.

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

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

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

A material ownership interest is defined as an ownership interest of five percent (5%) or more of the whole.

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

1. disclosed or known to the Board or Board Committee, and a majority of more than one Director or Board Committee member with no interest in the Conflict of Interest Transaction votes to approve the Conflict of Interest Transaction; or
2. disclosed or known to the Members, and a majority of votes cast by Members not voting under the control of a Director or entity interested in the Conflict of Interest Transaction approves the Conflict of Interest Transaction.

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

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



## ARTICLE VI – OFFICERS

**SECTION 6.1 – Required Officers.** The Cooperative must have a Chairman, a Vice-Chairman, and a Secretary/Treasurer (“Required Officers”). It may have an Assistant Secretary and an Assistant Treasurer.

- A. The Reorganization Meeting of the Board of Directors shall be held without notice other than these Bylaws immediately after and at the same place as the Annual Meeting of the members or as soon after each Annual Member Meeting as reasonably possible and convenient.
- B. At the Reorganization Meeting, the officers may be elected and/or appointed and management positions filled by the affirmative vote of a majority of the then current directors in such manner as the Board may prescribe.

Only Directors may be elected, and serve, as a Required Officer. Unless allowed by law, a Director serving as Secretary/Treasurer of the Cooperative may not execute, acknowledge, or verify any document in more than one capacity.

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

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

1. shall preside, or designate another individual to preside, at all Board and Member Meetings;
2. on the Cooperative’s behalf, may sign any document properly authorized or approved by the Board or Members; and
3. shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.
4. shall appoint special and standing committees with the approval of the Board.

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

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

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

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

**SECTION 6.6 – Other Officers.**

- A. *President & CEO* – The Board of Directors shall appoint a President and Chief Executive Officer, (“President & CEO”) who shall be an employee of the Cooperative. The President & CEO shall perform the duties prescribed by the Board of Directors and shall have such authority as the Board of Directors shall vest in such officer from time to time.
- B. The Board may elect or appoint other officers including, without limitation, one or more Vice-Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, (“Other Officers”). Other Officers:
  1. may be Directors or Cooperative employees;
  2. must be elected or appointed by the affirmative vote of a majority of current Directors;
  3. may be elected by secret written ballot with or without prior nomination;
  4. may assist Required Officers; and
  5. shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

The Other Officers shall not perform the functions reserved to or required of the Required Officers.

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

**SECTION 6.8 – Director Removal.** Regarding any Director:

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

1. identifying the Director;
2. explaining the basis for requesting the Director’s removal and identifying the cause underlying the removal request; and
3. as Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty days of the Director Removal Petition date, of at least ten percent (10%) of the Members entitled to vote on the election of Directors as of the Director Removal Petition date.

Within thirty days after the Chairman or Secretary receives a Director Removal Petition, the Cooperative shall forward a copy of the Director Removal Petition to the implicated director, and the Board shall meet to review the Director Removal Petition.

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

1. the purpose of the Member Meeting is to consider removing a Director;
2. evidence may be presented, and a Member vote taken, regarding removing the Director, and
3. Members may elect a successor Director.

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

1. a Member Quorum of the Members entitled to vote exists at the Member Meeting;
2. prior to any Member vote, evidence must be presented supporting the basis for removing the Director;
3. the Director has the opportunity to be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director.

Following the presentation and Member discussion, those Members entitled to vote at the meeting who are present in person or by Proxy may vote on the question as to whether or not the Director should be removed.

If a majority of Members entitled to vote for the Director vote to remove the Director, then the Director is removed effective immediately.

**SECTION 6.9 – Officer Compensation.** Unless otherwise provided in a Bylaw addressing Director compensation, reimbursement, or provision of benefits, and as determined by the Board, the Cooperative may reasonably compensate, reimburse, or provide benefits to, any Officer.

**SECTION 6.10 – Bonds.** At the Cooperative’s expense, the Cooperative may purchase a bond covering any Cooperative Director, Officer, employee, agent, or representative.

**SECTION 6.11 – Indemnification.**

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

1. he/she conducted himself in good faith; and
2. he/she believed: a. in the case of conduct in his official corporate capacity, that it was in the best interests of the Cooperative; and
  - b. in all other cases, that his conduct was at least not opposed to the best interests of the Cooperative; and
  - c. in the case of any criminal proceeding, he/she had no reasonable cause to believe his conduct was unlawful; or
3. if it is determined that such liability is not a result of his willful violation of the criminal law.
4. the Cooperative shall not indemnify a Director or officer in connection with any proceeding in which it is determined that said Director or officer is liable on the basis that personal benefit was improperly received or derived by him at the expense of the Cooperative.
5. the indemnification provided by this Article shall not be exclusive of any other rights to which any Director or officer may be entitled, including without limitation rights conferred by applicable law and any right under policies of insurance that may be purchased and maintained by the Cooperative or others, even as to liabilities against which the Cooperative would not have the power to indemnify such Director or officer under the provisions of this Article.
6. the Board 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 Article 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/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.

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/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 conduct satisfies the requirements of provision 2 of this section. Each such indemnity shall inure to the heirs, executors, and administrators of such person.

7. The Cooperative may not indemnify a Director in a proceeding by or in the right of the Cooperative except for reasonable expenses incurred in connection with the proceeding if it is determined that the Director has met the applicable standard under Section A.

**B. Indemnification of Others.** The Board may, by majority vote of a quorum of disinterested Directors, cause the Cooperative to indemnify or contract in advance to indemnify any person not specified in Subparagraph A of this Section who was or is a party to any proceeding by reason of the fact that he/she is or was an employee or agent of the Cooperative or was serving at the Cooperative's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or non-profit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise to the same extent as if such person were a Director or Officer.

**SECTION 6.12 – Insurance.** Regardless of any indemnification authority or requirements, the Cooperative may purchase and maintain insurance on behalf of any individual who is, or was, a Cooperative Director, Officer, employee, agent, or representative against any:

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

## **ARTICLE VII – COOPERATIVE OPERATION**

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

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

**SECTION 7.2 – Allocating and Crediting Capital.**

**A. Patron.** A Cooperative patron is any Member, who:

1. uses, receives, or purchases any service, product, or commodity from the Cooperative (“Utility Service”); and

2. receives an allocation of, and payment by credit to a Capital account for, Capital Credits and Affiliated Capital Credits (collectively, "Patron").
- B. *Capital Credits*. Patrons shall furnish, and the Cooperative shall receive, as capital ("Capital") all funds and amounts received by the Cooperative from Patrons for the Cooperative's provision of a Utility Service that exceed the Cooperative's costs and expenses of providing the Utility Service ("Operating Margins"). For each Utility Service, the Cooperative shall annually allocate to each Patron, and pay by credit to a Capital account for each Patron, Operating Margins in proportion to the value or quantity of the Utility Service used, received, or purchased by each Patron during the applicable fiscal year ("Capital Credits"). Capital Credits must be treated as though the Cooperative paid the Capital Credit amounts to each Patron in cash pursuant to a legal obligation, and each Patron furnished the Cooperative Capital in the corresponding Capital Credit amounts.
- C. *Affiliated Capital Credits*. The Cooperative may separately allocate and credit to Patrons capital allocated and credited to the Cooperative by any organization furnishing services, supplies, or products to the Cooperative ("Affiliated Capital Credits"):
1. in proportion to the value or quantity of each service, supply, or product furnished by the organization that is used, received, or purchased by each Patron; and
  2. if the Cooperative determines, and separately identifies, the Affiliated Capital Credits.
- D. *Non-Operating Margins*. Funds and amounts, other than Operating Margins, received by the Cooperative that exceed the Cooperative's costs and expenses ("Non-Operating Margins") may be:
1. allocated as Capital Credits to Patrons in the same manner as the Cooperative allocates Capital Credits to Patrons; or
  2. used by the Cooperative as permanent, non-allocated capital.
- E. *Assignment and Notification*. Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned only upon a Patron:
1. delivering a written assignment to the Cooperative; and
  2. complying with any other requirements reasonably determined by the Board.

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

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

For any Joint Membership:

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

**SECTION 7.3 – Retiring and Refunding Capital Credits.** At any time prior to the Cooperative's dissolution or liquidation:

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

The Board shall determine the manner and method of retiring and refunding Capital Credits, Affiliated Capital Credits and the discount and early retirement of Capital Credits to the estate of a deceased member.

When there is held by the Cooperative any patronage capital to the credit of a deceased person, in an amount not exceeding \$10,000, upon whose estate there shall have been no qualification, the Cooperative may after 120 days from the death of such person, pay such balance to the his or her spouse, and if none, to his or her next of kin, whose receipt therefore shall be a full discharge and acquittance to the Cooperative to all persons whomsoever on account of such patronage capital.

To secure payment of any amounts owed by a Patron or former Patron to the Cooperative, including any reasonable compounded

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

**SECTION 7.4 – Donation of Unclaimed Patronage Capital.** In the event there are retired Capital Credits or Affiliated Capital Credits, which belong to:

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

the Cooperative shall publish notice of such Capital Credits or Retained Capital Credits in “Cooperative Living” magazine and in one or more publications of general circulation in the Cooperative’s defined “Service Area”. If such Capital Credits or Affiliated Capital Credits are not claimed by such Patron, former Patron, or next of kin within 120 days of such publication then, in either event, such Patronage Capital shall be deemed to have been transferred as a gift to the Cooperative and shall thereafter be the property of the Cooperative.

**SECTION 7.5–Non-Member Non-Patrons.** The Board of Directors in its discretion may grant this status as a condition of using, receiving, or purchasing any Utility Service, and unless otherwise determined by the Board:

1. To the same extent as Members, Patrons who are not Members (“Non-Member Patrons”) and Persons using, receiving, or purchasing any Utility Service who are neither Members nor Patrons (“Non-Member Non-Patrons”) shall abide by, and be bound to, all the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members;
2. To the same extent as Members, Non-Member Patrons may at the discretion of the Board of Directors:
  - a. be allocated Capital Credits and Affiliated Capital Credits; and
  - b. receive retired and refunded Capital Credits and Affiliated Capital Credits, but shall have none of the other rights granted by the Governing Documents to Members; and
3. Non-Member Non-Patrons shall have none of the rights granted by the Governing Documents to Members.

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

## **ARTICLE VIII – DISPOSITION OF COOPERATIVE PROPERTY**

**SECTION 8.1 – Power to Dispose of Cooperative Property.** The Cooperative may not sell, lease, or otherwise dispose of its property (other than property which, in the judgment of the Board in the ordinary course of business, is neither necessary nor useful in operation and maintaining the Cooperative’s system and which in any one year shall not exceed ten percentum of the value of all the property of the Cooperative, or merchandise), unless such sale, lease, or other disposition is authorized by the vote of at least two-thirds (2/3) majority of its Members, and unless the notice of such proposed sale, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting of the membership.

If the Board of Directors looks with favor upon a 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.

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 every other power supply or distribution electric cooperative 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 written notice to such other cooperatives, which 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’ loan approval process.

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 not less than forty-five (45) nor more than sixty (60) days after the giving of such notice. Any one hundred (100) or more 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.

The foregoing provisions shall not apply to a merger, consolidation, acquisition, or reorganization with one or more other electrical cooperatives if the substantive result thereof is to merge or consolidate Mecklenburg Electric Cooperative with such other one or more electrical cooperatives, but no such merger, consolidation, or reorganization shall be deemed effective except upon the vote of at least two-thirds (2/3) of the members at any Annual or Special Meeting, notice for which shall have been communicated to the members, in writing, according to the provisions of these Bylaws at least sixty (60) days prior to the date of such meeting and in which the purpose and the terms of the proposed merger, consolidation, or reorganization shall have been set forth.

The provisions of this Bylaw notwithstanding, the Board of Directors by two-thirds (2/3) majority vote may mortgage or otherwise encumber the assets of the Cooperative.

## ARTICLE IX – MISCELLANEOUS

**SECTION 9.1 – *Bylaw Amendments.*** Unless otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed (“Amended”) by the affirmative vote of not less than two-thirds (2/3) of the Members present at a Member Meeting or not less than two-thirds (2/3) of the members of the Board of Directors.

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

1. sponsored by, and accompanied by a dated petition containing the printed name, address, and signature of the sponsor;
2. delivered to, and received by, the Cooperative at least one hundred (100) days prior to the Member Meeting at which the Members will consider the proposed Bylaw Amendment;
3. after review by the Board, determined lawful and certified by the Board for member consideration; and
4. not altered or modified after delivery to the Cooperative.

B. *Board Recommendation.* The Board may state its position for or against the proposed Member sponsored Amendment.

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

1. state that the purpose, or one of the purposes, of the Board Meeting or Member Meeting is to consider the proposed Bylaw Amendment, and
2. contain, or be accompanied by, a copy of the proposed Bylaw Amendment

D. A copy of any amendment, supplement, revision or restatement of or to the Bylaws shall be sent by U. S. Mail to each Member, postage pre-paid, to the member’s address on file with the Cooperative; or, in the alternative, Published in “Cooperative Living” or other official publication of the Cooperative prior to the Annual Meeting of the Members next after such amendments, etc., which publication in Cooperative Living or other publication of the Cooperative shall be deemed due, legal and timely notice to the members in lieu of the U.S. Mailing requirements.

**SECTION 9.2 – *Rules of Order.*** At all meetings of the Board of Directors or members, the parliamentary procedure shall be governed by the latest edition of Robert’s Rules of Order, except as provided to the contrary to the statutes of the Commonwealth of Virginia, the Articles of Incorporation, or these Bylaws.

**SECTION 9.3 – *Fiscal Year.*** The Board shall determine, and may modify, the Cooperative’s fiscal year.

**SECTION 9.4 – *Notice.*** In these Bylaws:

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

1. oral or written; and

2. communicated:
  - a. in person;
  - b. by telephone, facsimile, electronic communication, or other form of wire or wireless communication;
  - c. by mail or private carrier,
  - d. in “Cooperative Living” or as part of another newsletter, magazine or other publication regularly sent to the Members;
  - e. if the above-listed forms of communicating notice are impractical, then by:
    - (1) a newspaper of general circulation in the area where published; or
    - (2) radio, television, or other form of public broadcast communication.

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

1. residing at the address; or
2. having the same address shown in the Cooperative’s records.

B. *Notice Effective Date.* Unless otherwise provided in these Bylaws:

1. Oral notice is effective when communicated;
2. If sent by first class mail, written notice is effective when deposited, postage prepaid, into the U. S. Mail addressed to the Members at their address as shown on the Membership list.
3. If sent by registered or certified mail, return receipt requested, and if the return receipt is signed by or on behalf of the addressee, then on the date indicated on the return receipt.

Written notice is correctly addressed to a Member if addressed to the Member’s address shown in the Membership List.

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

**SECTION 9.6 – *Partial Invalidity.*** When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively, “Bylaw Provision”) must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

**SECTION 9.7 – *Waiver.*** The failure of the Cooperative to assert any right or remedy provided in these Bylaws does not waive the right to assert the right or remedy provided in these Bylaws.

**SECTION 9.8 – *Lack of Notice.*** To the extent allowed by law and the Articles, the failure of any Member or Director to receive notice of any Meeting, action, or vote does not affect, or invalidate, any action or vote taken by the Members or Board.

**SECTION 9.9 – *Seal.*** The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, “Corporate Seal, Virginia.”

**SECTION 9.10 – *Membership in Other Organizations.*** The Directors shall have full power and authority to authorize the Cooperative to organize, to purchase stock in or to become a member of any corporation, cooperative, or other organization not prohibited by law.

## ARTICLE X – EASEMENTS

**SECTION 10.0 – *Easements.*** Every Member shall, upon request, execute and deliver to the Cooperative at no cost a reasonable easement of access and utility in recordable form over, across, along, through and under the lands of the Member to enable it to supply electric power and energy to the Member and/or to the other Members of the Cooperative for the construction, reconstruction, operation, maintenance, location and relocation of its facilities in accordance with the Terms and Conditions of the Cooperative. The easement shall be located so as to minimize its inconvenience to the Member to the extent reasonably possible taking into account the cost of its engineering, material, construction, maintenance and operation on the one hand and its reasonable and probable adverse affect on the servient land and landowner on the other.