



Eastern Maine 
Electric Cooperative

A Touchstone Energy® Cooperative
The power of human connections®



Eastern Maine Electric Cooperative, Inc.

Bylaws

July 28, 2012 Approved Revision

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*It shall be the aim of
EASTERN MAINE ELECTRIC COOPERATIVE, INC.
to make electric energy or electric energy delivery service available to its members at
the lowest cost consistent with sound economy and good management.*

**BY-LAWS
of
EASTERN MAINE ELECTRIC COOPERATIVE, INC.**

**ARTICLE I
MEMBERSHIP**

SECTION 1. Requirements of membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in EASTERN MAINE ELECTRIC COOPERATIVE, INC., (hereinafter called the “Cooperative”) by:

- (a) filing a written application for membership therein;
- (b) agreeing to purchase from the Cooperative electric energy or electric energy delivery service as hereinafter specified;
- (c) agreeing to comply with and be bound by the articles of incorporation and by-laws of the Cooperative and any rules and regulations adopted by the Board of Directors; and
- (d) paying the membership fee hereinafter specified,

provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members. 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 by-laws.

At each meeting of the members held subsequent to the expiration of a period of six months from the date of incorporation of the Cooperative, all applications received more than ninety days prior to such meeting which have not been accepted or which have been rejected by the Board of Directors shall be submitted by the Secretary to such meeting and, subject to compliance by the applicant with the requirements hereinafter set forth, any such application may be accepted by vote of members. The Secretary shall

give each such applicant at least ten days written notice of the date of the member's meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2. Joint Membership. Two persons who are owners or occupants of the same property may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article may be accepted for such membership. The term "member" as used in these by-laws shall be deemed to include two persons holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A proxy executed by either or both shall constitute one joint proxy;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice of either shall constitute notice of both;
- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;
- (h) Either but not both may be elected or appointed as an officer or Director, provided that both meet the qualifications for such office.

SECTION 3. Conversion of Membership. 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 person who intends to be the joint member to comply with the articles of incorporation, by-laws and rules and regulations adopted by the Board of Directors.

SECTION 4. Membership and Service Connection Fees. The membership fee shall be five dollars, upon the payment of which a member shall be eligible for one service connection. A service connection fee of five dollars shall be charged for each additional service connection.

SECTION 5. Purchase of Electric Energy or Electric Energy Delivery Service. Each member shall, as soon as electric energy or electric energy delivery service shall be available, purchase from the Cooperative all electric energy or electric

energy delivery service for use on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the board. Production or use of electric energy or electric energy delivery service on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

SECTION 6. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all the Directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, by-laws or rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. The membership of a member who for a period of six (6) months after service is available to him, has not purchased energy or electric energy delivery service from a Cooperative, shall be cancelled by resolution of the Board of Directors.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative will repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Members shall have no individual or separate interest in the property or assets of the Cooperative except that upon dissolution, after

- (a) all debts and liabilities of the Cooperative shall have been paid, and
- (b) all capital furnished through patronage shall have been retired as provided in these by-laws, 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 years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2. Non-liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETING OF MEMBERS

SECTION 1 Annual Meeting. The Annual Meeting shall be held during the months of July, August, or September at such time and place within the area in the State of Maine served by the Cooperative, as shall be designated by the Board of Directors and as shall be stated in the notice of the meeting for the purpose of passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings. Special Meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three Directors, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special Meetings of the members may be held at any place within the area in the State of Maine served by the Cooperative and as specified in the notice of the Special Meeting.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 days nor

more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. 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. A majority of the members present and voting at any such meeting may waive any technical errors or omissions in the call of the meeting.

SECTION 4. Quorum. As long as the total number of members does not exceed five hundred (500), at least ten per centum (10%) of the total number, present in person or represented by proxy, shall constitute a Quorum. In case the total number of members shall exceed five hundred (500), three per centum (3%) or 200 members, whichever is less, present in person or represented by proxy, shall constitute a Quorum.

SECTION 5. Voting. Each member shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the articles of incorporation or these by-laws.

SECTION 6. Proxies. A member may vote by proxy executed in writing by the member. Such proxy shall be valid only for sixty days from the date of its execution. No proxy shall be valid unless it shall designate 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 of such meeting. A member may give his proxy only to another member, and no person may hold more than one proxy at any meeting. The presence of a member at a meeting shall revoke a proxy theretofore executed by him, and such member shall be entitled to vote at such meeting in the same manner and with the same affect as if he had not executed a proxy.

SECTION 7. Mail Referendum Voting.

- (a) At any regular or special meeting of members, the membership present may, by majority vote, submit any question legally before such meeting and proper under these by-laws for determination by the members, to the entire membership of the Cooperative to be voted on by a mail vote. Such mail votes shall be counted by an appointed committee of the members selected by the Board of Directors from the membership, and shall not include any member of the Board of Directors. The

committee shall consist of five members, no two of whom shall be from the same zone. The committee shall have the right and duty to decide all questions of ballot validity and qualification to vote with the cooperation and legal assistance of the Cooperative attorneys.

- (b) Where action has been taken at any regular or special meeting of the members, a petition, including one or more copies thereof, may be circulated among the membership seeking a referendum vote on the action approved at the meeting, said vote to be by mail ballot submitted to all the membership. If such petition, including the copies thereof, is signed by a number of members equal to the prevailing vote at the meeting plus one, then the Board of Directors shall make appropriate arrangements to carry out the mail referendum vote within twenty-one days of the filing of the petitions and the ballots shall be counted by a committee as provided above. No action shall be challenged by the petition method after ninety days from the date of the meeting where the action was taken.
- (c) In all cases of mail voting the ballot shall contain the statement of action taken, as shown in the minutes of the meeting, and the member shall mark the ballot either “FOR” or “AGAINST” in the space or box provided. The ballot shall not be signed nor marked with any identifying marks or writing. It shall be placed in a return envelope and sealed by the member. The return envelope shall be signed by the member in a place so marked to verify and authenticate the membership of the voter. Upon receipt and after certification and authentication, the ballot shall be removed from the envelope and placed in the ballot box, protecting to the fullest extent possible the secrecy of each ballot.
- (d) This voting method shall not apply to the election of Directors.

SECTION 8. Order of Business. The Robert’s Rules of Order shall be followed at all meetings. The order of business at the annual meeting of the members and, so far as possible, at all other meetings, shall be essentially as follows:

1. Report as to which members are present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication of 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. Presentation and consideration of reports of officers, directors, and committees.
5. Unfinished Business.
6. New Business.
7. Adjournment.

ARTICLE IV DIRECTORS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a Board of eleven Directors which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office.

- (a) The persons named or elected as Directors heretofore and presently serving shall continue in office until their successors shall have been elected and shall have qualified.
- (b) Commencing with the 1964 Annual Meeting. Election of Directors and thereafter there shall be one Director from each of the following Zones:

Zone 1: Robbinston, Perry, Pembroke.

Zone 2: Charlotte, Meddybemps, Cooper, Cathance Township, Marion, Baring.

Zone 3: Calais.

Zone 4: Alexander, Crawford, Township. 26, Wesley, Day Block Township.

Zone 5: Baileyville.

Zone 6: Princeton, Big Lake Township, Indian Twp., Grand Lake Stream, Greenlaw Chopping Township, Waite, Talmadge.

Zone 7: Vanceboro, Lambert Lake, Codyville, Forest City, Twp. 11, R. Forest, Kossuth, Topsfield, Brookton, Twp. 8, R. 3.

Zone 8: Kingman, Drew, Macwahoc, Molunkus, Carroll, Mattawamkeag, Springfield, Lakeville, Webster, Prentiss, Lee.

Zone 9: Haynesville, Danforth, Weston, Bancroft, Reed Plt., Twp. 1, R. 4, Twp. 8, R. 4.

Zone 10: Monticello, Hammond Plt., Ludlow, New Limerick, Linneus, Orient, Amity, Cary, Hodgdon, Houlton, Littleton, Oakfield, Smyrna.

Zone 11: Hersey, Crystal, Sherman, Silver Ridge, Benedicta, Merrill, Dyer Brook, Island Falls, Moro Plt., Mt. Chase, Patten, Stacyville, Twp. 4, R. 7, Twp. 5, R. 7, Twp. 7, R. 5.

- (c) Directors will be elected by secret ballot for a term of three years or until a

successor shall have been elected and shall have qualified. Directors shall be elected by a plurality vote of the members in the Zone where an election is held. Terms shall be staggered with four being elected one year, four the following year, and three the year after that. Five percent (5%), or 20 members, whichever is greater, shall constitute the quorum requirement for Zone elections.

- (d) If the Cooperative lines are extended into a municipality or unorganized territory not now served by the Cooperative, the Board of Directors shall include said municipality or unorganized territory in the most logical adjacent Zone.
- (e) At the appropriate 2000 Zone meetings, Directors from Zones 2, 3, 8 and 9 will be elected for three-year terms, and Directors from Zones 1 and 4 will be elected for two-year terms. At the appropriate 2001 Zone meetings, Directors from Zones 5, 6, 7, and 10 will be elected for three-year terms, and the Director from Zone 11 will be elected for a one-year term. Thereafter either four or three Directors will be elected and shall be seated at the next meeting of the Board of Directors.
- (f) The Board of Directors shall recommend a general rezoning plan to the members at the Annual Meeting whenever they deem the same to be in the best interests of the Cooperative.
- (g) If an election of Directors shall not be held on the day designated herein or at any adjournment thereof or by any other means provided by these by-laws, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. If the term of any Directors shall expire before the holding of an election as specified by these by-laws, his or her term shall be automatically extended until his or her successor is duly elected and qualified.

SECTION 3. Qualifications. No person shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who:

- (a) is not a member and bona fide resident in the zone served or to be served by the Cooperative; or
- (b) is, or a Close Relation is, in anyway employed by or financially interested in a competing enterprise or electric utility or an affiliate thereof.
- (c) is, or a Close Relation is, presently employed by the Cooperative or has been a regular employee of the Cooperative within three full year of the date an election is to be held.

A Close Relation would include but not be limited to a natural or step: spouse, grandparent, parent, sibling, child, uncle, aunt, nephew, niece, or cohabitant.

Upon establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such Director from office.

Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 4. Nominations. It shall be the duty of the Board of Directors to appoint, not less than 60 nor more than 180 days before the date of a meeting of the members at which Directors are to be elected, a committee on nominations consisting of not less than three nor more than five members who shall be elected from different sections in their zone so as to insure equitable representation. No member of the Board of Directors may serve on such committee. The Committee, keeping in mind the principle of geographical representation, shall prepare and post at the principle office of the Cooperative at least 45 days before the meeting a list of nominations for Directors which must include a greater number of candidates than are to be elected. At least 35 days prior to the meeting the Secretary shall notify the zone members by mail the names of members who were nominated by Committee. Said notice is to explain the petition procedure denoted below that a zone member must follow if he or she wishes to be nominated by petition and must specify the date by which said petition shall be either mailed to or carried into the principle office of the Cooperative. Relative to petitions, any fifteen or more members from that zone acting together may make other nominations by petition at least 20 days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nomination made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least seven days before the date of the meeting, a statement of the number of Directors to be elected and the names and addresses of the candidates in alphabetical order specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any.

SECTION 5. Removal of Directors by Members. Any member may bring charges against a Director, and by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, or 25% of the members in the zone the director represents, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel, such counsel not to be the financial responsibility of the Cooperative, and to present evidence

in respect of the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal shall be filled by vote of the members of the unrepresented zone at such meeting in the manner set forth in the by-laws with respect to nominations.

SECTION 6. Vacancies. Subject to the provisions of these by-laws with respect to filling the vacancies caused by the removal of a director by members, a vacancy otherwise occurring in the Board of Directors shall be filled by plurality vote of a quorum of the then unrepresented members attending the next zone meeting in which the vacancy exists. If no such meeting is scheduled within three months of the occurrence of such vacancy a special zone meeting shall be called for the election of a new director by a plurality vote of the members of the zone attending that meeting. Any director so chosen shall serve only for the remainder of the unexpired term.

SECTION 7. Compensation. Board members shall not receive any salary for their services as such, except that members of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his or her close relative shall have been certified by the board as an emergency measure.

ARTICLE V MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the board shall be held without notice, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the board. Such regular monthly meeting may be held without notice other than such resolution

fixing the time and place thereof. In accordance with the applicable principles set forth in the Maine Freedom of Access Law, such meetings shall be opened to the membership.

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or by any three Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place (which shall be within the area served by the Cooperative in the State of Maine), for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each Director not less than five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Director at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 5. Conflict of Interest. No directors shall vote on any question in which he or she has a direct or an indirect pecuniary interest.

- (a) A director shall be deemed to have a direct or indirect pecuniary interest in a particular action or contract where he or she is an officer, director, partner, associate, employee or stockholder of a corporation to which the action or contract relates and is the owner of at least a 10% stock interest therein, if a stockholder.
- (b) Where a direct or indirect interest exists the director shall make a disclosure thereof, shall abstain from voting and shall make no effort to influence the decision in which he or she has such an interest.
- (c) Where contract negotiations by the Cooperative are required, any director who has direct or indirect pecuniary interest in the party with whom the Cooperative must

negotiate shall not participate in any board action or discussion involving the same and shall be excused therefrom where his or her presence would disadvantage the Cooperative in such negotiations.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board of Directors at the meeting of the Board of Directors held immediately after the Annual Meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual Meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the board may be removed by the board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer or agent, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members or 300, whichever is the lesser, may request the removal of such officer or agent. The officer or agent against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by his or her counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. In the event the board does not remove such officer or agent, the question of his or her removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board of Directors shall, preside at all meetings of the members and the Board of Directors;
- (b) sign with the Secretary, 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 by-laws 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.

SECTION 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President 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 shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6. Secretary. The Secretary shall be responsible for:

- (a) keeping the minutes of the meeting of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these by-laws or as required by law;
- (c) being custodian of the corporate records and of the seal of the Cooperative to all certificates of membership prior to the issue 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 by-laws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) having general charge of the books of the Cooperative;
- (f) keeping on file at all times a complete copy of the articles of incorporation and by-laws of the Cooperative containing all amendments thereof (which copy shall always be open to the inspection of any member) and of all amendments thereof to each member; and
- (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7. Treasurer. The Treasurer 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 by-laws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as time to time may be assigned to him by the Board of Directors.

SECTION 8. Manager. The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bonds in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties and compensation of officers, agents, and employees shall be fixed by the Board of Directors, subject to the provisions of these by-laws with respect to compensation for Directors and close relatives of Directors.

SECTION 11. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the conditions of the Cooperative at the close of such fiscal year.

ARTICLE VII

DISPOSITION OF REVENUES AND RECEIPTS

SECTION 1. Apportionment of Revenues. The Board of Directors shall apportion the revenues of the Cooperative for any fiscal year in accordance with State and Federal laws.

SECTION 2. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 3. Patronage Capital in Connection with Furnishing Electric Energy or Electric Energy Delivery Service. In the furnishing of electric energy or electric energy delivery service the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy or electric energy delivery service in excess of operating costs and expenses properly chargeable against the furnishing of electric energy or electric energy delivery service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses, provided, however, that any underpayments of capital, incurred by reason of operating deficit in any prior year or years shall be first deducted from the overpayments of capital in the current or future years, before any capital is credited to the patron. 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 his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then

furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its 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 credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. As of October 29, 1983, 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. 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, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these by-laws, the board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, 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 articles of incorporation and by-laws shall constitute and be a

contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE VIII

DISPOSITION AND ACQUISITION OF PROPERTY

SECTION 1. Disposition. The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion (meaning 10% or more of gross plant) of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized by a mail vote of the members thereof by the affirmative vote of not less than a majority of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, and 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 to United States of America or any instrumentality or agency thereof or to any bank or other financial institution that can qualify for RUS, or successor organization, loan accommodation including, but not limited to, the National Rural Utilities Cooperative Finance Corporation; provided further that the Board of Directors may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or a foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated or to the holder or holders of any notes, bonds or other evidence of indebtedness issued to United States of America or any agency or instrumentality thereof.

SECTION 2. Acquisition. The Cooperative shall not acquire by purchase or merger any other utility, nor shall it acquire by purchase any real estate, meaning to include land, buildings and fixtures, in excess of 10% of the System gross plant in any one purchase unless previously approved by the membership at a regular or special meeting thereof. Easements, leases and purchases of electric facilities are not required to be so approved.

ARTICLE IX 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, Maine”.

ARTICLE X FINANCIAL TRANSACTIONS

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

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

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

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service, or successor organization, of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy or electric energy delivery service become effective.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. Membership in Other Entities. The Cooperative shall not become a member of or purchase equity interests in any other entity without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or equity interests purchase, provided, however, that the Cooperative may upon the authorization of the Board of Directors, purchase equity interests in or become a member of any entity for the purpose of engaging in or furthering the cause or rural electrification, or with the approval of the Administrator of RUS or successor organization, of any other entity for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice. Any member or Director may waive in writing any notice of a meeting required to be given by these by-laws either before or after such meeting. 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 express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 3. Rules and Regulations. The board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles or incorporation or these by-laws, 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 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 Service, or successor organization, of the United States of America. The books of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four times a year at regular meetings of the Board of Directors. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following Annual Meeting.

ARTICLE XII AMENDMENTS

These by-laws may be altered, amended or repealed by a majority of the members voting thereon at any regular or special meeting, provided the notice of such meeting shall contain a copy of the proposed alteration, amendment or repeal.

