



PRINCE GEORGE
ELECTRIC COOPERATIVE

BYLAWS

As of April 28, 2022

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PRINCE GEORGE ELECTRIC COOPERATIVE

BYLAWS

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, firm, association, cooperative, corporation, limited liability company, business trust, partnership, limited liability partnership, state, state agency, or state political subdivision, subdivision, or other body politic (collectively, “Person”), that purchases any products, services or equipment related to energy, telecommunication (including broadband internet), water or sewerage (collectively, “Utility Services”) 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 sold, purchased, assigned, or otherwise transferred.

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

- A. complete a written membership application provided by the Cooperative in which the Applicant agrees, in writing, to comply with and be bound by:
 - 1. the Cooperative’s Articles of Incorporation (“Articles”),
 - 2. these Bylaws, and
 - 3. any rules and regulations adopted by the Cooperative’s Board of Directors (“Directors”) (items 1, 2 and 3 are collectively referred to as the “Governing Documents”);
- B. purchase one or more Utility Services from the Cooperative;
- C. complete any additional or supplemental document or contract required by the Board for the Utility Service that the Applicant is seeking to use;
- D. pay the Cooperative any dues, assessments, fees, deposits, contributions, or other amounts required by the Governing Documents or the Cooperative; and
- E. unless waived in writing by the Cooperative, pay the Cooperative any outstanding amounts owed the Cooperative by the Applicant.

SECTION 2.3 – Classification of Members. There are three (3) classifications of Members in the Cooperative.

- A. Class A Members are those who purchase and have delivered electric energy from the Cooperative.
- B. Class B Members are those who purchase and have delivered electric energy from the Cooperative and telecommunication services (including broadband internet) from the Cooperative and/or its affiliates and subsidiaries.
- C. Class C Members are those who purchase and have delivered telecommunication services (including broadband internet) from the Cooperative or its affiliates and subsidiaries and who do not purchase electric energy from the Cooperative.

Change of classification shall not affect in any way any obligation for debts the Member may have incurred with the Cooperative and shall not affect the Capital Credits accrued by the Member.

SECTION 2.4 – Automatic Membership. Unless the Board determines otherwise as provided in these Bylaws, an Applicant automatically becomes a Member of the Cooperative (“Member”) effective upon the later of the date the Applicant began using any Utility Services and the date the Applicant has completed the Membership Procedure to the Cooperative’s satisfaction.

The Cooperative shall issue membership certificates to each new Member in a manner, method and form determined by and in the discretion of the Board. The Board may refuse any Applicant membership in the Cooperative for cause.

SECTION 2.5 – Joint Membership. Persons who qualify to be Members may hold a joint Membership in the Cooperative (“Joint Membership”). A Joint Membership may consist only of individuals joined in a legally recognized relationship, and/or individual’s occupying the same location to or for which the Cooperative provides or will provide a Cooperative Service, each of whom qualifies to be a Member.

- A. **Creating a Joint Membership.** To become Joint Members of the Cooperative, qualified Persons must jointly complete the Membership Procedures before initially using or requesting or agreeing to use the first Cooperative Service used or to be used by the Persons. Qualified Persons become joint members of the Cooperative (“Joint Members”) and consent to being Joint Members in the same manner as Members become Members and consent to being Members. As provided by the Board, a Member may convert the Member’s individual membership to a Joint Membership with a qualified Person.
- B. **Rights and Obligations of Joint Members.** Except as otherwise provided in these Bylaws, a Joint Member has and enjoys the rights, benefits and privileges, and is subject to the obligations, requirements and liabilities of being a Member. Joint

Members are jointly and severally liable for complying with the Governing Documents. As used in these Bylaws, and except as otherwise provided in the Bylaws, a membership includes a Joint Membership and a Member includes a Joint Member.

For a Joint Membership:

1. notice of a meeting provided to one Joint Member constitutes notice to all Joint Members;
2. waiver of notice of a meeting signed by one Joint Member constitutes waiver of notice for all Joint Members
3. the presence of one or more Joint Members at a meeting constitutes the presence of one Member at the meeting;
4. the presence of one Joint Member at a meeting waives notice of the meeting for all Joint Members;
5. the presence of one Joint Member at a meeting will revoke a Member Proxy appointment previously executed by one or all Joint Members;
6. if only one Joint Member votes on a matter; signs a petition, consent, waiver or other document; or otherwise acts, then the vote, signature or action binds the Joint Membership and constitutes one vote, signature or action;
7. if more than one Joint Member votes on a matter; signs a petition, consent, waiver or other document; or otherwise acts, then the first vote, signature or action received by the Cooperative binds the Joint Membership and constitutes one vote, signature or action;
8. except upon the cessation of the legally recognized relationship or failure to Occupy the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service, the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members; and
9. a Joint Member qualified to be a member of the Board (“Director”) may be a Director, regardless of whether another Joint Member is qualified to be a Director, but if more than one Joint Member is qualified to be a Director, then only one Joint Member may be a Director;
10. a Joint Member in more than one Joint Membership may vote on one matter, and sign a petition, consent, waiver or document through one Joint Membership only.

C. Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a cessation of a legally recognized relationship and/or failure to Occupy the same Location to or for which the Cooperative provides or will provide a Cooperative Service. Upon determining or discovering the cessation of the legally recognized relationship and/or failure to Occupy the same Location to or for which the Cooperative provides or will provide a Cooperative Service:

1. if one Joint member remains qualified to be a Member and continues to use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of this Person;
2. if more than one Joint Member remains qualified to be a Joint Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of these Persons;
3. if all Joint members remain qualified to be Joint Members and continue to use a Cooperative Service at the same Location, then the Joint Membership converts to a membership of Persons determined by the Cooperative; and
4. if no Joint Member remains qualified to be a Member and continues to use a Cooperative Service at the same Location, then the Joint Membership terminates.

SECTION 2.6 – Provision of Services. The Cooperative shall provide Utility Services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants 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. A Member shall comply with any reasonable procedure required by the Cooperative regarding the Provision of a Cooperative Service.

A. **Interruption of Cooperative Service.** The Cooperative is not liable for damages, costs, expenses, including attorney’s fees or other legal expenses, caused by the Cooperative providing inadequate, non-continuing or fluctuating electric energy or other Cooperative Service, unless the damages, costs or expenses are caused by the Cooperative’s gross negligence or willful misconduct. In cases of emergency or as requested by government or emergency officials or representatives, the Cooperative may interrupt the provision of Cooperative Services to its Members.

SECTION 2.7 – Purchase of 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 – Membership Suspension. The Cooperative may suspend a Member for the following reasons (“Suspension Reason”):

1. as provided in the Governing Documents;
2. as determined by the Board for good cause;

3. the Member is no longer qualified to be a Member;
4. the Member does not timely pay an undisputed amount due the Cooperative;
5. the Member violates or does not timely comply with the Governing Documents;
6. the Member ceases Using a Cooperative Service for three (3) consecutive months, unless the cessation of Use is caused by an event beyond the Member's reasonable control and the Member intends to resume Use when reasonably possible; or
7. the Member requests suspension

Except as otherwise provided in these Bylaws or by the Board, a Member is suspended upon:

1. the Member's request for suspension;
2. the Cooperative: (a) providing the Member reasonable written notice of the Member's possible suspension and the applicable Suspension Reason before the possible suspension; (b) notifying the Member that the Member has a right to, and allowing the Member an opportunity to, comment upon the Suspension Reason orally or in writing within fourteen (14) days after the Cooperative provides the notice; and (c) determining to suspend the Member.

The Cooperative must provide any written suspension notice to the Member's most current address shown on the Membership List.

- A. Upon a Member's suspension, other than the Cooperative's obligation to retire and pay Capital Credits and other than the Cooperative's obligations regarding dissolution, the Cooperative's duties, obligations and liabilities imposed by the Governing Documents for the Member cease and the Cooperative may cease providing a Cooperative Service to the Member.
- B. Upon a Member's suspension, other than the Member's right to receive retired and paid Capital Credits, and other than the Member's rights upon the Cooperative's dissolution, the Member forfeits and relinquishes rights provided in the Governing Documents, but remains subject to obligations imposed by the Governing Documents. In particular, a suspended Member may not receive notice, nominate, vote, demand, request, petition, consent or otherwise act as provided in the Governing Documents.

Unless the Cooperative determines otherwise, a Member's suspension is lifted upon the Member rectifying the applicable Suspension Reason(s) within six (6) months of the suspension. The Cooperative may lift a Member suspension for good cause determined by the Board.

SECTION 2.10 – Membership Termination. The Cooperative may terminate a Membership as provided in these Bylaws and as allowed by Law.

A. Membership Termination Reasons. The Cooperative may terminate a Membership:

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

Items 1 – 7 are referred to in these Bylaws as “Membership Termination Reasons”.

B. Notice of Membership Termination. Unless otherwise provided in these Bylaws, following the occurrence of a Membership Termination Reason, the Cooperative shall provide the Member reasonable notice of the possible Membership Termination and the underlying reasons therefor; and

Notice of Membership Termination shall be mailed to the Member by first-class or certified mail to the Member’s most current address shown in the Cooperative’s records.

C. Effect of Membership Termination Upon Cooperative. Upon Membership Termination, the Cooperative may cease providing any or all Utility Services 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 Services.

D. Effect of Membership Termination Upon Member. Other than the right to receive allocated Capital Credits and Affiliated Capital Credits upon retirement and refund thereof, Member forfeits and relinquishes all Membership 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. Membership Termination does not release the former Member from any debts, liabilities, or obligations owed the Cooperative. Upon Membership Termination, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any outstanding deposit paid by the Member. The Membership Certificate of such terminated Member shall be immediately surrendered to the Cooperative. Membership fees paid by the Member are non-refundable.

- E. Notwithstanding the foregoing, the Cooperative may suspend or terminate service to a Member in accordance with the Governing Documents, without first terminating the Member's Membership.

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 unpaid portion of such Member's membership fee and unpaid bills from 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 and Member Voting

SECTION 3.1 – Annual Meetings. The Cooperative shall annually hold a meeting of Members ("Annual Member Meeting"). The Board shall determine the date, time, and location of the Annual Member Meeting.

At the Annual Member Meeting, the Chairman and Treasurer shall provide a written report, or oral presentation, 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 3.2 – Special Member Meetings. The Cooperative shall hold a special meeting of Members at a date, time, and location, each selected by the Board in its discretion, ("Special Member Meeting") upon receipt by the Cooperative of a written request from a majority of the Directors; or at least ten percent (10%) of the Cooperative's total current Members ("Total Membership") requesting, and describing the purpose of, a special meeting of Members ("Member Demand").

SECTION 3.3 – Notice of Member Meetings. As directed by the Chairman, Secretary, or any Officer or Member properly calling a Member Meeting, the Cooperative shall provide written notice of the Member Meeting to all Members entitled to vote at the Member Meeting. Such written notice shall be provided at least ten (10) days, but no more than sixty (60) days, prior to the Member Meeting, and shall indicate the date, time and location of the Member Meeting. 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 (25) days, but no more than sixty (60) days, prior to the Member Meeting. For any Special Member Meeting, written notice shall state and describe the purpose and matters to be considered or voted upon 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 adjourned to another date, time, or location unless:

1. the Member Meeting is adjourned to another date occurring within sixty days following the Record Date for the original Member Meeting; and,

2. the new date, time, or location is announced at the Member Meeting prior to adjournment.

SECTION 3.4 – 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.

A. The Record Date for determining the Total Membership and the Members entitled to:

1. receive Notice of a Member Meeting is the close of business on the business day preceding the day the Cooperative notifies Members of the Member Meeting;
2. vote at a Member Meeting is the date of the Member Meeting;
3. sign a Member Demand is the close of business on the thirtieth day prior to the Cooperative’s receipt of Member Demands; and,
4. receive notice of or vote at a Member Meeting is effective for any Member Meeting adjourned to a date not more than seventy days following the Record Date for determining the Total Membership and the Members entitled to notice of the original Member Meeting.

SECTION 3.5 – 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 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 3.6 – Member Quorum. A quorum of Members [either in person or represented by Member Proxy] is two and one-half (2.5) percent of the Total Membership (“Member Quorum”).

If less than a Member Quorum is present at any Member Meeting, then a majority of Members attending the Member Meeting in person may adjourn the Member Meeting to a date no more than ninety days following the original Member Meeting.

SECTION 3.7 – 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 Class A Member and/or Class B Member may cast one vote on any matter for which the Member is entitled to

vote. Individuals voting on behalf of non-natural person Class A Members and/or Class B Members, must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the non-natural person Class A Member and/or Class B Member.

Class C Members shall have no right to vote on any matters related to the election of Cooperative Directors, amendments to Cooperative Bylaws, or the sale, lease, exchange, or other disposition of Cooperative property.

Unless otherwise provided by Law, the Articles, or these Bylaws, Members eligible to vote on a matter, approve a matter and act if:

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

At any Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a written vote is required to determine the vote results, then the Members shall vote by written ballot (“Member Meeting Written Ballot”).

Cumulative voting by members is not allowed.

SECTION 3.8 – 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. Member Proxy Appointment. A Member may appoint a Member Proxy by signing and dating a form appointing the Member Proxy and specifying the Member Meeting at which, or the dates during which, the Member Proxy may vote for the Member (“Member Proxy Appointment”). A Member Proxy Appointment is effective if it is received by the individual designated by the Cooperative (“Cooperative Proxy Manager”) at the beginning of the Member Meeting at which the Member Proxy will vote for the Member. A Member Proxy may not designate a substitute Member Proxy to vote for the Member. A Member Proxy Appointment may limit the Member Proxy’s authority to vote for the Member, or may direct the Member Proxy to vote for the Member in a specified way. Unless otherwise specified in the Member Proxy Appointment or these Bylaws, a Member Proxy Appointment is (a) valid for eleven months; (b) valid for any Member Meeting properly adjourned and reconvened on, or at, another date, time, or location, and (c) unlimited regarding the matters or actions, or the manner of voting on any matter or action, upon which the Member Proxy may vote for the Member.

B. Member Proxy Appointment Revocation. A Member Proxy Appointment may be revoked prior to the Member Proxy voting for a Member by:

1. the Cooperative Proxy Manager receiving a Member Proxy Appointment more recently dated than the Member Proxy Appointment appointing the Member Proxy;
2. the Cooperative Proxy Manager receiving a written revocation of Member Proxy Appointment signed by the Member appointing the Member Proxy and dated after the Member Proxy Appointment;
3. the Member appointing the Member Proxy attending and voting at a Member Meeting specified in, or occurring during the dates specified in, the Member Proxy Appointment, including any Member Meeting properly adjourned and reconvened; or,
4. the Cooperative Proxy Manager receiving notice of the death or legal incapacity of the Member appointing the Member Proxy.

SECTION 3.9 – Credentials and Election Committee. The Board may appoint a Credentials and Election Member Committee (“C&E Committee”) consisting of an uneven number of Members between three and nine.

A. C&E Committee Members. A C&E Committee member may not be:

1. a member of the Nominating Committee; or
2. an existing, or a Relative of an existing:
 - (a). Director, Officer, employee, representative, or agent of the Cooperative; or,
 - (b). known Director candidate.

As determined by the Board, the Cooperative may reasonably compensate or reimburse C&E Committee members.

B. C&E Committee Duties. The C&E Committee shall:

1. elect a chairperson and secretary;
2. establish, or approve, the manner or method of Member registration and voting;
3. oversee or supervise Member registration and voting and the tabulation of Member votes; and
4. consider and decide all questions, issues, or disputes regarding:
 - (a). Member registration and voting;
 - (b). the tabulation of Member votes;
 - (c). Director nominations; and
 - (d). whether a Director nominee or newly elected Director satisfies the Director Qualifications.

Items (a) – (d) are referred to in these Bylaws as “Member Meeting Issues”.

The C&E Committee may meet, consider, or decide Member Meeting Issues, or otherwise act, only if a majority of the C&E Committee members are present. Any C&E Committee decision or action requires a vote of at least a majority of the C&E Committee members present and voting. Unless properly challenged under this Bylaw, all C&E Committee decisions made prior to, at, or within a reasonable time following, a Member Meeting are final.

- C. Member Challenge. Any Member may comment upon a Member Meeting Issue; or challenge the C&E Committee's decision regarding a Member Meeting Issue by filing a written description of the Member's comments or challenge ("Member Challenge") with the Cooperative within three business days following the Member Meeting addressed by the Member Challenge.

Within thirty days of receiving any Member Challenge, the C&E Committee shall:

1. as determined by the C&E Committee, meet and receive oral or written evidence from any Member, or legal counsel representing any Member, directly and substantially implicated in, or affected by, the Member Challenge; and
2. consider, decide, and rule upon the Member Challenge. The C&E Committee's decision regarding any Member Challenge is final. Upon written request by any Member received by the C&E Committee within thirty days of a C&E Committee decision, the C&E Committee shall prepare a written report summarizing and explaining the C&E Committee's decision.

The failure of the Cooperative or C&E Committee to act as required by these Bylaws shall not, by itself, affect any vote, or other action taken at a Member Meeting.

SECTION 3.10 – Member Meeting Order of Business. The Board shall determine the agenda and order of business for Member Meetings.

Article IV – Board of Directors

SECTION 4.1 – Director Districts. The Cooperative shall divide the general area in which Members are located or reside ("Cooperative Service Area") into nine districts ("Director Districts"). If necessary, the Board may revise the Director Districts to ensure that Members are equitably represented by the Director Districts.

No Director District revision may:

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

SECTION 4.2 – Board. The Cooperative shall have a Board consisting of one natural person from each Director District elected by the Members. Except as otherwise provided by Law, the Articles or these Bylaws:

1. all Cooperative powers must be exercised by the Board or under the Board’s authority; and
2. all Cooperative affairs must be managed under the Board’s direction.

To the extent the Law, the Articles or these Bylaws authorize any Person to exercise any power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities and standards of care of the Board.

SECTION 4.3 – Director Qualifications. Any Director or Director candidate must comply with this Section.

A. Director Qualifications. In order to be eligible to continue as a Director, or become a Director, a person must comply with, and agree to adhere to throughout the term of his or her directorship, the following qualifications (“Director Qualifications”):

1. be a natural person;
2. be a United States citizen;
3. have the capacity to enter into legally binding contracts;
4. be a Member residing in the Director District from which the Director is or is to be elected or chosen;
5. while a Director, or prior to becoming a Director, not be convicted of, or plead guilty to a felony;
6. be either a Class A or Class B Member as defined in Cooperative Bylaws Section 2.3.

Items 1 - 6 collectively, “Membership Director Qualifications”.

B. Conflict of Interest Director Qualifications. While a Director, and during the two (2) year period immediately prior to becoming a Director, a Director or Director candidate must not be, nor have been:

1. a Relative of any existing Director, other than an existing Director who will cease being a Director within one (1) year;
2. an existing, or a 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;
4. engaged in, employed by, materially affiliated with, or have a material financial interest with any individual or in an entity other than an entity in which the Cooperative possesses 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. employed by the Cooperative.

Items 1 - 5 collectively, "Conflict of Interest Director Qualifications".

- C. Continuing Director Qualifications. Only natural persons complying with the Membership Director Qualifications and Conflict of Interest Director Qualifications (collectively, "Director Qualifications") may serve or continue to serve as a Director.

After being elected or appointed a Director, if any Director fails to comply with any Director Qualification, as determined by the Board, then the Board shall remove the Director. If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and approve a Board action, then the failure of any Director to comply with all Director Qualifications does not affect the Board action.

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

- A. Nominating Committee Nominations. The Board shall appoint a Nominating Committee consisting of one (1) Member from each Director District ("Nominating Committee"). Nominating Committee members may not be a Relative of an existing Cooperative Director, Officer, employee, agent, representative or known Director candidate as defined in Section 4.12 of these Bylaws.

At least thirty days prior to the Member Meeting at which Members are scheduled to elect Directors, the Nominating Committee shall:

1. nominate at least one (1) individual to run for election for each Director position for which Members are scheduled to vote at the Member Meeting ("Nominating Committee Nominations"); and
2. post the Nominating Committee Nominations at the Cooperative's principal office and provide written notice to Members of the Nominating Committee Nominations.

The Cooperative may reasonably compensate or reimburse Nominating Committee members as determined by the Board.

B. Member Petition Nominations. Members may nominate additional qualified individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting (“Member Petition Nominations”). Members may make Member Petition Nominations by delivering to the Secretary, at least seventy-five (75) business days prior to the Member Meeting, a written petition for each Member Petition Nomination (“Member Petition”):

1. listing the name of the Member Petition Nominee;
2. indicating the Director position for which the Member Petition Nominee will run; and
3. containing the printed names, addresses, telephone numbers and original signatures of at least five percent (5%) of the Members located in the Director District for which the person named in the Member Petition will run.

After verifying that a Member Petition complies with this Bylaw, the Cooperative shall post the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.

C. Notice of Director Nominations. At least ten (10) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:

1. Director positions for which Members are scheduled to vote;
2. names and corresponding Director positions of all Nominating Committee Nominations; and
3. names and corresponding Director positions of all Member Petition Nominations.

SECTION 4.5 – Director Elections. At the Annual Member Meeting, Cooperative Members shall elect Directors for open Director positions or for Director positions for which the incumbent Director’s Director Term is expiring.

SECTION 4.6 – Director Terms. A Director’s term is three (3) years (“Director Term”). The Cooperative shall stagger Director Terms by dividing the total number of authorized Directors into groups of approximately equal number, and Members will annually elect an approximately equal number of Directors.

Decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director’s Term. Despite the expiration of a Director Term, the Director continues to serve until a new Director is elected or until the number of Directors is decreased. Unless otherwise provided in these Bylaws, the Director Term of a Director

filling a vacant Director's position is the remaining unexpired Director Term of the vacant Director's position.

SECTION 4.7 – Director Resignation. A Director may resign at any time by delivering written notice of resignation to the Board, Chairman or Secretary. A Director's resignation is effective at the time of receipt by the Board, Chairman or Secretary receiving the written notice of resignation. A Director may verbally resign if delivered at a Board Meeting at which a quorum is present. Such resignation will be effective immediately.

SECTION 4.8 - Director Removal. Regarding any Director:

- A. **Director Removal by Member Petition.** As provided in these Bylaws, Members may request the removal of one (1) or more Directors for 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 (60) days of the Director Removal Petition date of at least ten (10) percent of the Members entitled to elect the Director.

Within ten (10) days following the Chairman or Secretary receiving 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 notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that:
1. a 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 by Member Petition unless:
1. a Member Quorum entitled to vote for the Director exists at the Member Meeting;
 2. prior to any Member vote, evidence is presented supporting the basis for removing the Director; and

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, the Members entitled to vote for the Director must vote whether to remove the Director.

If a majority of Members entitled to vote for the Director vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members entitled to vote for the Director 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.

- D. Director Removal by Board of Directors. A Director may be removed for cause by the affirmative vote of a majority of Directors in office, provided notice of the charges against the Director shall have been filed with the Secretary, in writing, together with a petition requesting removal of the Director signed by at least thirty percent (30%) of the Directors in office. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting at which time the charges are to be considered, and shall have an opportunity to be represented by counsel at the meeting and to present evidence relevant to the charges, and the person or persons bringing the charges shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting.
- E. Cause. For the purposes of this, Section 4.8 of this Bylaw, cause shall mean and include, but not be limited to, a Director's commission of any grossly negligent, fraudulent or criminal act, or omission or failure of a Director to comply with any provisions of the Articles of Incorporation, Bylaws, Policies or Rules and Regulations adopted by the Board of Directors of Prince George Electric Cooperative, or the habitual failure for any reason of a Director to attend regular or special called meetings of the Board of Directors.

Neither a Director Removal Petition nor 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 4.9 – 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 4.10 – Director Compensation. As allowed by Law and the Articles, the Cooperative may reasonably reimburse and compensate Directors. The Board shall determine the manner and method of any reasonable Director reimbursement and compensation.

SECTION 4.11 – Director Conduct.

- A. 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.
- B. 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. a Board Committee regarding matters within the Board Committee’s jurisdiction if the Director reasonably believes a Board Committee, of which the Director is not a member, merits confidence.
- C. Director Liability. If a Director complies with this Bylaw, then the Director is not liable to the Cooperative, any Member or any other individual or entity, for any action taken or not taken as a Director. No Director is deemed a trustee regarding the Cooperative, or any property held or administered by the Cooperative, including without limit, property potentially subject to restrictions imposed by the property’s donor or transferor.

SECTION 4.12 – Relative. As used in these Bylaws, the term “Relative” means an individual who:

1. is either by blood, law or marriage, including half, step, foster and adoptive relations, a spouse, child, grandchild, parent, grandparent or sibling; or
2. principally resides in the same residence.

Any individual properly qualified and elected or appointed to any position does not become a Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

Article V – Board Meetings and Director Voting

SECTION 5.1 – Regular Board Meetings. The Board shall regularly meet at the date, time, and location determined by the Board (“Regular Board Meeting”). Unless otherwise required by these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the Chairman may change the date, time, or location of any Regular Board Meeting.

All Directors are entitled to receive notice of a Chairman’s 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 may be:

1. held in, or out of, any state in which the Cooperative provides any Utility Service; and
2. conducted with absent 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 during the Board Meeting.

If a Director Quorum is present at any Board Meeting, then:

1. in descending priority, the following Officers may preside at the Board Meeting: Chairman, Vice-Chairman, Secretary or Treasurer, and/or

- Secretary-Treasurer or Assistant Secretary-Treasurer if combined pursuant to Bylaw Article VI, Section 6.1(3); and
2. if no Officer is present or desires to preside over any Board Meeting, then the Directors attending the Board Meeting 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. The Board may create committees of the Board (“Board Committees”) and appoint Directors to serve on the Board Committees. Each Board Committee must consist of two or more Directors, and serves at the Board’s discretion. The Board may create committees of the Members (“Member Committees”) and appoint Members, including Directors, to serve on the Member Committees.

- A. **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;
 2. appointment of Directors to any Board Committee; and
 3. appointment of Members to any Member Committee.
- B. **Conduct of Committee Meetings.** To the same extent as applicable to 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, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees, and to Member Committees and Members serving on Member Committees.
- C. **Committee Authority.** Except as prohibited or limited by Law, the Articles, or this Bylaw, the Board may authorize a Board Committee to exercise Board authority.

Although a Board Committee may recommend, a Board Committee may not act, to:

1. retire and refund Capital Credits and Affiliated Capital Credits;
 2. approve the Cooperative's dissolution or merger, or the sale, pledge, or transfer of all, or substantially all, Cooperative Assets;
 3. elect, appoint, or remove Directors, or fill any Board or Board Committee vacancy; or
 4. adopt, amend, or repeal these Bylaws.
- Member Committees may act as specified by the Board, but may not exercise Board authority.

SECTION 5.7 – Board Executive Committee. Unless otherwise determined by the Board:

1. a Board executive committee includes the Chairman, Vice-Chairman, Secretary-Treasurer and Assistant Secretary-Treasurer (“Board Executive Committee”); and
2. except as prohibited by Law, the Articles, or these Bylaws, the Board Executive Committee may exercise Board authority regarding a matter.

The Board Executive Committee:

1. is a Board Committee;
2. may exercise all Board authority granted by the Board and permitted by Law, the Articles and these Bylaws; and
3. at the next Board Meeting following any exercise of Board authority, shall report to the Board regarding the Board Executive Committee's exercise of Board authority.

SECTION 5.8 – 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. Indirect Interest. A Director has an indirect 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 partner; or
 2. of which the Director is a director, officer, or trustee.
- 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 the following officers: Chairman, Vice-Chairman, Secretary and Treasurer (“Required Officers”). The Board shall elect Required Officers:

1. at the first Regular Board Meeting following each Annual Member Meeting or as soon after each Annual Member Meeting as reasonably possible and convenient;
2. by affirmative vote of a majority of Directors in office; and
3. by secret written ballot without prior nomination.

Only Directors may be elected and serve as a Required Officer. One Director may simultaneously be Secretary and Treasurer, and one Director may simultaneously be Assistant Secretary-Treasurer. Unless allowed by Law, however, these Officers/Directors 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.

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, inability or improper 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, Secretary-Treasurer or Assistant Secretary-Treasurer (if combined). Unless otherwise determined by the Board or Members and, unless otherwise required by Law, the Articles or these Bylaws, the Secretary, Secretary-Treasurer or Assistant Secretary-Treasurer:

1. shall be responsible for preparation of 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 6.5 – Treasurer, Secretary-Treasurer or Assistant Secretary-Treasurer (if combined). Unless otherwise determined by the Board or Members and, unless otherwise required by Law, the Articles or these Bylaws, the Treasurer, Secretary-Treasurer or Assistant Secretary-Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority prescribed by the Board.

SECTION 6.6 – Other Officers. The Board may elect or appoint other officers including, without limitation, a President, one or more Vice-Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, ("Other Officers"). Those acting in the capacity of an Other Officer are not Directors and have no authority of a Director. Other Officers:

1. may be Directors, Cooperative employees or other individuals;
2. must be elected or appointed by the affirmative vote of a majority of current Directors;
3. may be elected by secret written ballot and 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 same individual may simultaneously hold more than one office. Unless allowed by Law, however, this individual may not execute, acknowledge or verify any document in more than one (1) capacity.

SECTION 6.7 – Officer Resignation and Removal. At any time, any Required Officer or Other Officer (collectively, “Officer” or “Cooperative 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 – Authority to Execute Documents. On the Cooperative’s behalf, any two (2) Required Officers (except in the case of Chairman, whose signature alone is sufficient) may sign, execute and acknowledge any document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Directors, Officers, employees, agents or representatives to sign, execute and acknowledge any document on the Cooperative’s behalf.

SECTION 6.9 – Officer Compensation. Unless otherwise provided in these Bylaws addressing Director compensation and reimbursement as determined by the Board, the Cooperative may reasonably compensate and reimburse 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 conducted himself in good faith;
2. he believed:
 - (a). in the case of conduct in his official corporate capacity, that it was in the best interests of the Cooperative;
 - (b). in all other cases, that his conduct was at least not opposed to the best interests of the Cooperative;
 - (c). in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; and

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 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 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.

- 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 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 nonprofit 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 – Non-profit and Cooperative Operation. The Cooperative shall at all times operate on a non-profit basis (but may have for-profit affiliates and subsidiaries) 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 7.2 – Patronage Capital in Connection with Furnishing Electric Energy or Other Utility Services.

- A. Patron. A Cooperative patron is any Member or any Non-Member Person who:
1. uses, receives, or purchases any service, product or commodity from the Cooperative (“Cooperative Service”); and,
 2. receives an allocation of, and payment by credit to a Capital account for, electric energy, telecommunication (including broadband internet) or other utility services, Operating Capital Credits and Generation and Transmission Capital Credits (collectively, “Patron”).
- B. Utility Service Capital Credits. In furnishing electric energy, telecommunication (including broadband internet) and other utility services, the Cooperative's operations shall be so conducted that all patrons and Members will, through their patronage, furnish capital for the Cooperative. The Cooperative may establish separate accounts for Members for each type of utility service provided to that Member. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative and its affiliates and subsidiaries are obligated to account on an annual basis to all its patrons and Members for all amounts received and receivable from furnishing utility services in excess of operating costs and expenses properly chargeable against furnishing utility services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative and its affiliates and subsidiaries are received with the understanding that they are furnished by the patrons and Members as capital. The Cooperative and its affiliates and subsidiaries are obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative and its affiliates and subsidiaries 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 and its affiliates and subsidiaries

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.

Any and all capital credits which are credited to the account of Prince George Electric Cooperative and/or its affiliates and subsidiaries by reason of its membership in other cooperatives and associated organizations shall be separately assigned and credited on a pro-rata basis to the aforesaid capital accounts of the patrons, and the Cooperative may, within a reasonable time after the close of the fiscal year, notify each patron of the separate amount of capital allocated from any such other cooperative or associated organization and thereafter credited to his account.

All other amounts received by the Cooperative and its affiliates and subsidiaries from their operations in excess of costs and expenses shall, insofar as permitted by law, be (i) used to offset any losses incurred during the current or any prior fiscal year, and (ii) 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 or any of its affiliates and subsidiaries, after all outstanding indebtedness 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 and/or its affiliates and subsidiaries will not be impaired thereby, the capital credited to the patrons' accounts may be retired in full or in part.

The Board of Directors shall determine the method, basis, priority, and order of making such retirements. The Board of Directors shall also have the power, exercisable in its sole discretion, to retire all or a portion of the capital credits of patrons prior to the time such capital would otherwise be retired under the provisions of these Bylaws or the policies of the Board of Directors, on a discounted and fair value basis, upon such terms and conditions as the Board shall adopt, and provided further that the acceptance of payment in retirement of capital credits on a discounted and fair basis shall be voluntary and not mandatory for patrons. The Cooperative and/or its affiliates and subsidiaries shall deduct and retain from such payment to a patron all monies owed by such patron to the Cooperative or its affiliates and subsidiaries at any time, together with accrued interest on such owed amount. The discounted portion of the capital credit of a patron which is not paid to such patrons shall be reassigned to all other patrons on an equitable basis.

If the Board, in its sole discretion, shall determine that the financial condition of the Cooperative or its affiliates and subsidiaries will not be impaired thereby, the capital credited separately to the patrons' accounts from capital credits received from other cooperatives or associated organizations shall be retired and paid to the patrons in full when such capital credits are retired and paid to the Cooperative by the other cooperatives and associated organizations.

Notwithstanding any other provision of these Bylaws, the Board, in its discretion, shall have the power, at any time upon the death of any patron (natural person), if the legal representatives of the 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 Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board shall have established, provided, however, that the financial condition of the Cooperative will not be impaired thereby, and provided that the method for early retirement, i.e., discounted capital credits, is non-discriminatory and uniformly applied.

C. Generation and Transmission Capital Credits. The Cooperative may separately allocate and credit to Patrons capital allocated and credited to the Cooperative by any organization furnishing power generation and transmission services, supplies, or products to the Cooperative (“Generation and Transmission Capital Credits”):

1. in proportion to the value or quantity of each power generation and transmission 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 Generation and Transmission Capital Credits.

D. Assignment and Notification. Unless otherwise determined by the Board or provided in these Bylaws, Utility Service Operating Capital Credits, and Generation and Transmission Capital Credits may be assigned only upon Patrons’:

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 Utility Service Operating Capital Credits or Generation and Transmission Capital Credits allocated or credited to the Patron for the applicable fiscal year.

E. Joint Memberships. Upon the termination, conversion, or alteration of a Joint Membership, and upon the Cooperative receiving written notice signed by both parties to a Joint Membership and adequate proof of the Joint Membership termination, conversion, or alteration, all Operating Capital Credits and Generation and Transmission 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 Operating Capital Credits and Generation and Transmission Capital Credits previously allocated and credited to the Joint Membership; and,

2. 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 Operating Capital Credits and Generation and Transmission 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 and former Patrons; 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 Generation and Transmission Capital Credits to Patrons and former Patrons.

The Board shall determine the manner and method of retiring and refunding Capital Credits and Generation and Transmission Capital Credits.

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 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 Generation and Transmission Capital Credits of every Patron and former Patron. Before retiring and refunding any Capital Credits or Generation and Transmission Capital Credits, the Cooperative may deduct from the Capital Credits or Generation and Transmission 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 Generation and Transmission 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 Generation and Transmission Capital Credits directly to the Members and in a publication of general circulation. If such Capital Credits or Generation and Transmission 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 Patrons and Non-Member Non-Patrons. As a condition of using, receiving, or purchasing any Cooperative Service, and unless otherwise determined by the Board:

- A. to the same extent as Members, Patrons who are not Members (“Non-Member Patrons”) and Persons using, receiving, or purchasing any Cooperative 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.
- B. to the same extent as Members, Non-Member Patrons shall have the rights to:
 - 1. be allocated Capital Credits and Generation and Transmission Capital Credits; and,
 - 2. receive retired and refunded Capital Credits and Generation and Transmission Capital Credits, but shall have none of the other rights granted by the Governing Documents to Members;
 - 3. Non-Member Non-Patrons shall have none of the rights granted by the Governing Documents to Members or Non-Member Patrons.

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 any 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 operating and maintaining the Cooperative’s system and which in any one year shall not exceed fifty percent (50%) of the value of all property of the cooperative or merchandise) unless such sale, lease, or other disposition is authorized by the votes of at least a 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 Service or other 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 the Prince George 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 Regular 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 terms of the proposed merger, consolidation, or reorganization shall have been set forth.

The provisions of these Bylaws 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 a majority of Members present at a Member Meeting or a majority of the Board.

- A. **Sponsorship of Bylaw Amendments.** As determined by the Board, 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 approved by the Board; and
 4. not altered or modified after delivery to the Cooperative.
- B. **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 is to consider the proposed Bylaw Amendment, and
 2. contain, or be accompanied by, a copy or summary of the proposed Bylaw Amendment.

SECTION 9.2 – Rules of Order. Unless the Board determines otherwise, and to the extent consistent with Law, the Articles, and these Bylaws, all:

1. Member Meetings;
2. Board Meetings;
3. Member Committee meetings; and
4. Board Committee meetings

are governed by the latest edition of Robert’s Rules of Order.

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 a Member publication; or
 - (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 an 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. If communicated in a comprehensible manner, then unless otherwise provided in these Bylaws:
1. oral notice is effective when communicated; and
 2. written notice is effective upon the earliest of:
 - (a). when received;
 - (b). with the postmark evidencing deposit in the United States Mail, if correctly addressed and:
 - (1) mailed with first class postage affixed, then five (5) days after deposit in the United States Mail; or
 - (2) mailed with other than first class, registered, or certified postage affixed, then thirty (30) days after deposit in the United States Mail; or
 - (c). 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 – Titles and Headings. All titles and headings of Bylaw articles, Sections, and Sub-Sections are for convenience and reference only, and do not affect the interpretation of any Bylaw article, Section, or Sub-Section.

SECTION 9.7 – 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 9.8 – Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any Member asserting any right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

SECTION 9.9 – Successors and Assigns. To the extent allowed by Law:

1. the duties, obligations, and liabilities imposed upon the Cooperative or any Member by these Bylaws are binding upon the successors and assigns of the Cooperative or Member; and
2. the rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative’s successors and assigns. The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative and any Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws upon the Cooperative or Member.

SECTION 9.10 – Waiver. The failure of the Cooperative to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

SECTION 9.11 – 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.