



**United States
Department of
Agriculture**

**Rural
Electrification
Administration**

**REA
Bulletin 101-5**

REA Model Act Bylaws

:File With REA :
:Bulletin 101-5:

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

*Reviewed and Approved For
Reprinting October 1982
Reprinted With All Changes*

October 12, 1977

SUBJECT: Model Act Bylaws Revision

TO: All Electric Borrowers

Bulletin 101-5, "REA Model Act Bylaws," is revised as follows with changes or additions shown by dash-underlining:

Lines 1-5, Article I, Section 6, Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the cooperative all electric energy purchased 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 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.

The purpose of the revision is to show recognition that, for load management, energy conservation, service continuity or other purposes, it may be desirable for a borrower to permit or encourage auxiliary generation by some individual consumers on their own or nearby premises. It also makes recognition of the fact that use of such generation must be subject to cooperative policies and regulations concerning safety, engineering, rate and other considerations.

Joseph H. Vellone
Administrator

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

WASHINGTON 25, D.C.

OFFICE OF THE ADMINISTRATOR

JAN 20 1967

To: Presidents of the Boards of Electric Cooperatives

Subject: Model Act Bylaws

In collaboration with the Office of the General Counsel, the Rural Electrification Administration has updated the REA Model Act Bylaws. These bylaws were originally developed to assist rural systems seeking help in drafting bylaws appropriate for their use.

The revised version of these bylaws (REA Bulletin 101-5) is enclosed for your consideration. The bulletin includes an explanation of the changes from prior editions of the Model Act Bylaws with the more significant changes underlined. It also includes addendum sheets showing alternate provisions you may want to consider where appropriate.

All of the provisions of the Model Act Bylaws and especially those in the addendum sheets may not be applicable to every system because of the differences in state statutes or the nature of services supplied. We suggest that you have your attorney undertake a general review of the updated Model Act Bylaws to determine (1) the differences between your present bylaws and the attached Model Act Bylaws, and (2) the changes which he believes might be considered to update your own bylaws. The review should take into consideration applicable state statutes as well as your Articles of Incorporation.

In considering the need for bylaw revision some boards appoint a special committee consisting of representation from both the board and the general membership. We suggest that your attorney work closely with any such committee in an advisory capacity.

In order that REA might have current and adequate information regarding your bylaws, and any plans to revise them, we request that you furnish us with a copy of the findings from your review, and that you send us two copies of the bylaws showing the date of the latest amendment. We would also appreciate receiving two copies of any subsequently approved amendments as set forth in REA Bulletin 100-2.

The Model Act Bylaw recommendations are intended to provide a sound basis from which to consider changes that would make your bylaws more useful and current. We hope they will receive careful consideration by your board and the membership.

The REA Area Director will be pleased to obtain answers to any specific questions you have pertaining to the Model Act Bylaws.

Enclosure

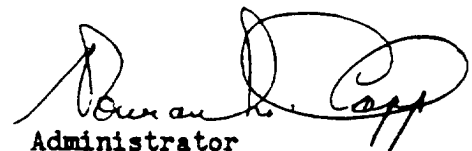

Administrator

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* Suggested provisions for use in cases where state statute or special circumstances necessitate modification of the Model Act Bylaws.

CHANGES FROM PRIOR EDITIONS OF MODEL ACT BYLAWS

1. The "aim of the cooperative" which preceded the body of the bylaws was deleted entirely. This statement had no legal significance and was considered superfluous and could lead to controversy.

2. Article I - Section 1 - Lines 2 through 28

The old wording sets forth five requirements for membership, including approval of the board. Also anyone not accepted would be submitted for approval at the next annual meeting. The new wording lists the same four requirements but when a person complies with them he automatically becomes a member. In other words, no one can be denied a membership if he or it meets the four basic requirements.

3. Article I - Section 5 - Lines 1 through 3

It was felt that the service connection fee is a rate policy matter and hence should be in the cooperative's tariff instead of the bylaws.

4. Article I - Section 6 - Lines 4 through 8

The change here is taking out the word "monthly" because many systems are on bi-monthly billing and annual billing for seasonals. The other change is taking out "the board may limit the amount of electric energy furnished to any one member." It seems inconsistent with the public or quasi-public utility status of a cooperative and with its objective of supplying all of the electric requirements of its members. It was also thought that this would strengthen the cooperatives' position when they apply for certificated areas.

5. Article I - Section 7 - Lines 8 and 16

The old wording said that the "Secretary" had to give written notice to any member who was being expelled by the board. The new wording is that such notice will be given by the "Cooperative". This function is normally performed by a member of the cooperative staff rather than the Secretary of the board.

6. Article II - Section 1 - Line 9

This change requires the remaining property and assets to be distributed in proportion to the aggregate patronage for a period of ten years prior to dissolution rather than seven years. This is considered to be more equitable in light of current recommendations concerning the revolvment of patronage capital.

7. Article III - Section 1 - Lines 2 through 10

This changes the annual meeting from a specific day to allow for flexib in setting the date. It also provides for more flexibility as to where the annual meeting can be held especially if it is a large cooperative that serves in more than one county.

8. Article III - Section 2 - Lines 7 and 8

The basic change here is to provide for more flexibility as to where a special meeting of the members can be held.

9. Article IV - Section 1 - Line 2

The only change here was to delete the word "nine" and leave the space blank. Since there are many ~~bylaws~~ that provide for some different number it was thought that the blank space would be more appropriate. This way a cooperative can consider local conditions and make a determination of how many should serve on the board.

10. Article IV - Section 4 - Lines 4, 5, 8, 11 through 22

The first change here is to eliminate the words "five" and "eleven" and leave blank spaces. Again the thinking was that these figures vary from cooperative to cooperative and each individual system should make this determination to best ~~serve its~~ local conditions.

The second change was to change the word "geographical" to "equitable" regarding the selection of board nominees. This is in keeping with the one member-one vote concept.

The third change was to replace the phrase "may include a greater number of candidates than are to be elected" with "shall include at least two candidates for each board position to be filled by the election." This would assure that the members would have a choice in the election.

The fourth change is making the Secretary responsible for the mailing of the notice of the meeting rather than saying he shall do the mailing. Again this is a function which he does not do himself but is done by one of the cooperative staff people.

The final change here is to provide a more logical sequence of events regarding nominations by petition and how they should be handled.

11. Article IV - Section 5 - Line 4

The change in this section was to add "or 300, whichever is the lesser." The reason for this addition was to provide a more reasonable number of members to petition for the removal of a board member. Since the sizes of cooperatives vary considerably, this is a more equitable number.

12. Article IV - Section 7 - Lines 2 through 4

This section covering compensation to board members has been changed to provide that members authorize the fixed sum for attendance at meetings, conferences, and training programs or performing committee assignments.

It further provides that the board members may be reimbursed for expenses actually and necessarily incurred or granted a reasonable per diem allowance in lieu of detailed accounting for some of these expenses (when authorized by the board). One reason for this change was a court case involving a Missouri cooperative. Another reason was that member approval is not only legally sound but would be in accordance with good cooperative practice. It was felt that if the membership, instead of the board, sets this sum, it would be more reasonable.

13. Article V - Section 1 - Lines 5 and 6

The change in this section provides more latitude as to where the board meeting can be held. This is especially desirable for a cooperative serving in more than one county.

14. Article V - Section 2 - Lines 5 and 6

The change in this section also provides more latitude as to where a special meeting of the board can be held. For example, if the board were attending a regional meeting and a crisis arose, the change would permit a special board meeting to be held on the spot. In other words, there would be no need to return to the service area to hold such a meeting.

15. Article V - Section 3 - Lines 3 and 4

This change eliminates the requirement for a five day notice of a special board meeting if written notice is delivered to each board member personally, making it easier to call special meetings when necessary.

16. Article V - Section 4 - Line 8

The change in this section adds the phrase "except as otherwise provided in these bylaws". This is needed since a vote of two-thirds of all board members is required to expel a member from the cooperative. (Article I - Section 7)

17. Article VI - Section 3 - Line 7

The change in this section regarding the number needed to take action on the removal of a board member adds "or 300, whichever is the lesser". Since the sizes of the cooperatives vary considerably, this provides a more equitable number.

18. Article VI - Section 6 - Lines 1, 4, 6, 12, 14, 17, 18, 22, 23, 24

The principal change in this section makes the Secretary "responsible for" seeing that certain items in the section are carried out. The present language could be interpreted as requiring the Secretary to perform these duties personally.

Another change removes the statement that the Secretary will "have general charge of the books of the Cooperative." It was felt that this is not a responsibility of the Secretary but of one of the cooperative's employees.

The other change was to add the words "upon request" to the provision regarding the distribution of bylaws to the members. The thinking here was that the expense involved in printing these every time a change is made and mailing them to each member could work a hardship on some of the smaller marginal systems. The members would be on notice of any proposed change since they would have received the proposed change in the notice of the annual meeting.

19. Article VI - Section 7 - Lines 1, 3 and 8

The principal change in this section was to make the Treasurer "responsible for" seeing that certain items are carried out. The present language could be interpreted as requiring the Treasurer to perform these duties personally.

The provision stating that the Treasurer will have "charge" of all funds and securities has been removed. This is generally performed by one of the cooperative's employees.

20. Article VI - Section 9 - Lines 3 and 6

The words "give bond" were changed to "be bonded". It was thought that this would clarify the fact that the cost of the bond would be borne by the cooperative and not the individual to be bonded.

21. Article VII

This whole article was changed to comply with REA Bulletin 102-1.

22. Article IX - Line 1

This was a minor change. It removed the words "in the form of a circle". There appears to be no reason why, for example, a seal could not be in the form of Willie Wirehand, if desired.

23. Article X - Section 2 - Line 3

The change in the section added the words "and/or countersigned" regarding signatures needed on checks, drafts, etc. This adds a bit more security to the operation.

24. Article X - Section 3 - Line 1

The change in this section regarding deposits was the addition of the words "except petty cash". This is a minor item but one that needed to be cleared up.

25. Article XI - Section 3 - Lines 1 and 2

The only change in this section was the addition of the word "policies" regarding the powers of the board. Since establishing policies is a basic function of any board, it was thought that this should be included.

26. Article XI - Section 4 - Lines 8 and 10

The first change in this section provides that the audit will be made by a certified public accountant. This is an REA requirement.

The second change is requiring that "a report of the audit" be submitted to the members at the annual meeting rather than the actual audit report. It is felt that this would give the members a clearer understanding of the facts.

27. Article XI - Section 5

This section is completely new. There was no reference to area coverage in the old bylaws. The cooperatives are bound by the provision in Article IV - Section 6 of their loan contract with REA. It was thought that including this in the bylaws would strengthen the cooperatives' position when they apply for certificated areas. It was also thought that it would strengthen REA's position when asking for appropriations. It could be pointed out that the systems showed tangible evidence of complying with the provisions of the Pace Act. This would not unduly restrict any cooperative since a line extension policy to meet their individual circumstances could be adopted.

BYLAWS

of

(Name of Cooperative)ARTICLE IMEMBERSHIP

1 SECTION 1. Requirements for Membership. Any person, firm,
2 association, corporation, or body politic or subdivision thereof will
3 become a member of (Name of Cooperative) (hereinafter
4 called the "Cooperative") upon receipt of electric service from the
5 Cooperative, provided that he or it has first:

- 6 (a) Made a written application for membership therein;
- 7 (b) Agreed to purchase from the Cooperative electric
8 energy as hereinafter specified;
- 9 (c) Agreed to comply with and be bound by the articles
10 of incorporation and bylaws of the Cooperative and
11 any rules and regulations adopted by the board*, and
12 (d) Paid the membership fee hereinafter specified.

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

1 SECTION 2. Membership Certificates. Membership in the
2 Cooperative shall be evidenced by a membership certificate which shall
3 be in such form and shall contain such provisions as shall be deter-
4 mined by the board. Such certificate shall be signed by the President
5 and by the Secretary of the Cooperative and the corporate seal shall be
6 affixed thereto. No membership certificate shall be issued for less
7 than the membership fee fixed in these bylaws, nor until such membership
8 fee has been fully paid for. In case a certificate is lost, destroyed
9 or mutilated a new certificate may be issued therefor upon such uniform
10 terms and indemnity to the Cooperative as the board may prescribe.

*The word "board" is used herein to refer to the board of directors
or board of trustees.

1 SECTION 3. Joint Membership. A husband and wife may apply
2 for a joint membership and, subject to their compliance with the
3 requirements set forth in Section 1 of this Article, may be accepted
4 for such membership. The term "member" as used in these bylaws shall
5 be deemed to include a husband and wife holding a joint membership
6 and any provisions relating to the rights and liabilities of member-
7 ship shall apply equally with respect to the holders of a joint
8 membership. Without limiting the generality of the foregoing, the
9 effect of the hereinafter specified actions by or in respect of the
10 holders of a joint membership shall be as follows:

- 11 (a) The presence at a meeting of either or both shall be
12 regarded as the presence of one member and shall con-
13 stitute a joint waiver of notice of the meeting;
14 (b) The vote of either separately or both jointly shall
15 constitute one joint vote;
16 (c) A waiver of notice signed by either or both shall
17 constitute a joint waiver;
18 (d) Notice to either shall constitute notice to both;
19 (e) Expulsion of either shall terminate the joint membership;
20 (f) Withdrawal of either shall terminate the joint membership;
21 (g) Either but not both may be elected or appointed as an
22 officer or board members, provided that both meet the
23 qualifications for such office.

1 SECTION 4. Conversion of Membership. (a) A membership may
2 be converted to a joint membership upon the written request of the
3 holder thereof and the agreement by such holder and his or her spouse
4 to comply with the articles of incorporation, bylaws and rules and
5 regulations adopted by the board. The outstanding membership certificate
6 shall be surrendered, and shall be reissued by the Cooperative in such
7 manner as shall indicate the changed membership status.

8 (b) Upon the death of either spouse who is a party to the joint
9 membership, such membership shall be held solely by the survivor. The
10 outstanding membership certificate shall be surrendered, and shall be
11 reissued in such manner as shall indicate the changed membership
12 status, provided, however, that the estate of the deceased shall not
13 be released from any debts due the Cooperative.

1 SECTION 5. Membership Fees. The membership fee shall be
2 _____ dollars, upon the payment of which a member shall be eligible
3 for one service connection.

1 SECTION 6. Purchase of Electric Energy. Each member shall,
2 as soon as electric energy shall be available, purchase from the
3 Cooperative all electric energy used on the premises specified in his
4 application for membership, and shall pay therefor at rates which shall
5 from time to time be fixed by the board. It is expressly understood
6 that amounts paid for electric energy in excess of the cost of service
7 are furnished by members as capital and each member shall be credited
8 with the capital so furnished as provided in these bylaws. Each member
9 shall pay to the Cooperative such minimum amount regardless of the

10 amount of electric energy consumed, as shall be fixed by the board from
11 time to time. Each member shall also pay all amounts owed by him to
12 the Cooperative as and when the same shall become due and payable.

1 SECTION 7. Termination of Membership. (a) Any member may
2 withdraw from membership upon compliance with such uniform terms and
3 conditions as the board may prescribe. The board may, by the affirmative
4 vote of not less than two-thirds of all the members of the board, expel
5 any member who fails to comply with any of the provisions of the articles
6 of incorporation, bylaws or rules or regulations adopted by the board,
7 but only if such member shall have been given written notice by the
8 Cooperative that such failure makes him liable to expulsion and such
9 failure shall have continued for at least ten days after such notice
10 was given. Any expelled member may be reinstated by vote of the board
11 or by vote of the members at any annual or special meeting. The member-
12 ship of a member who for a period of six (6) months after service is
13 available to him, has not purchased electric energy from the Cooperative,
14 or of a member who has ceased to purchase energy from the Cooperative, may
15 be cancelled by resolution of the board.

16 (b) Upon the withdrawal, death, cessation of existence or expulsion
17 of a member the membership of such member shall thereupon terminate, and
18 the membership certificate of such member shall be surrendered forthwith
19 to the Cooperative. Termination of membership in any manner shall not
20 release a member or his estate from any debts due the Cooperative.

21 (c) In case of withdrawal or termination of membership in any
22 manner, the Cooperative shall repay to the member the amount of the
23 membership fee paid by him, provided, however, that the Cooperative
24 shall deduct from the amount of the membership fee the amount of any
25 debts or obligations owed by the member to the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

1 SECTION 1. Property Interest of Members. Upon dissolution,
2 after
3 (a) All debts and liabilities of the Cooperative shall have been
4 paid, and
5 (b) All capital furnished through patronage shall have been retired
6 as provided in these bylaws, the remaining property and assets of the
7 Cooperative shall be distributed among the members and former members
8 in the proportion which the aggregate patronage of each bears to the
9 total patronage of all members during the ten years next preceding the
10 date of the filing of the certificate of dissolution, or, if the
11 Cooperative shall not have been in existence for such period, during the
12 period of its existence.

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

ARTICLE III

MEETING OF MEMBERS

1 SECTION 1. Annual Meeting. The annual meeting of the members
2 shall be held during the month (or months) of _____ of each year
3 beginning with the year 19__ at such place within a county served by the
4 Cooperative, as selected by the board and which shall be designated in
5 the notice of the meeting, for the purpose of electing board members,
6 passing upon reports for the ~~previous~~ fiscal year and transacting such
7 other business as may come before the meeting. It shall be the respon-
8 sibility of the board to make adequate plans and preparations for the
9 annual meeting. Failure to hold the annual meeting at the designated
10 time shall not work a forfeiture or dissolution of the Cooperative.

1 SECTION 2. Special Meetings. Special meetings of the members
2 may be called by resolution of the board, or upon a written request
3 signed by any three board members, by the President, or by ten per centum
4 or more of all the members, and it shall thereupon be the duty of the
5 Secretary to cause notice of such meeting to be given as hereinafter
6 provided. Special meetings of the members may be held at any place
7 within one of the counties served by the Cooperatives as designated by
8 the board and shall be specified in the notice of the special meeting.

1 SECTION 3. Notice of Members' Meetings. Written or printed
2 notice stating the place, day and hour of the meeting and, in case of
3 a special meeting or an annual meeting at which business requiring
4 special notice is to be transacted, the purpose or purposes for which
5 the meeting is called, shall be delivered not less than ten days nor
6 more than twenty-five days before the date of the meeting, either
7 personally or by mail, by or at the direction of the Secretary, or
8 upon a default in duty by the Secretary, by the persons calling the
9 meeting, to each member. If mailed, such notice shall be deemed to be
10 delivered when deposited in the United States mail, addressed to the
11 member at his address as it appears on the records of the Cooperative,
12 with postage thereon prepaid. The failure of any member to receive
13 notice of an annual or special meeting of the members shall not in-
14 validate any action which may be taken by the members at any such
15 meeting.

1 SECTION 4. Quorum. As long as the total number of members
2 does not exceed five hundred, ten per centum of the total number of
3 members present in person shall constitute a quorum. In case the
4 total number of members shall exceed five hundred, fifty members or
5 five per centum of the members, present in person, whichever shall be

6 the larger, shall constitute a quorum. If less than a quorum is present
7 at any meeting, a majority of those present in person may adjourn the
8 meeting from time to time without further notice. The minutes of each
9 meeting shall contain a list of the members present in person.

1 SECTION 5. Voting. Each member shall be entitled to only
2 one vote upon each matter submitted to a vote at a meeting of the
3 members. All questions shall be decided by a vote of a majority of
4 the members voting thereon in person except as otherwise provided by
5 law, the articles of incorporation or these bylaws.

1 SECTION 6. Order of Business. The order of business at the
2 annual meeting of the members and, so far as possible, at all other
3 meetings of the members, shall be essentially as follows, except as
4 otherwise determined by the members at such meeting:

- 5 1. Report on the number of members present in person in
6 order to determine the existence of a quorum.
- 7 2. Reading of the notice of the meeting and proof of the
8 due publication or mailing thereof, or the waiver or
9 waivers of notice of the meeting, as the case may be.
- 10 3. Reading of unapproved minutes of previous meetings of
11 the members and the taking of necessary action thereon.
- 12 4. Presentation and consideration of reports of officers,
13 trustees and committees.
- 14 5. Election of board members.
- 15 6. Unfinished business.
- 16 7. New business.
- 17 8. Adjournment.

ARTICLE IV

BOARD MEMBERS

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

1 SECTION 2. Election and Tenure of Office. The persons named
2 as board members in the articles of incorporation shall compose the board
3 until the first annual meeting or until their successors shall have been
4 elected and shall have qualified. Members of the board shall be elected
5 by secret ballot at each annual meeting of the members beginning with

6 the year 19__ by and from the members to serve until the next annual
7 meeting of the members or until their successors shall have been elected
8 and shall have qualified. If an election of board members shall not be
9 held on the day designated herein for the annual meeting, or at any
10 adjournment thereof, a special meeting of the members shall be held for
11 the purpose of electing board members within a reasonable time thereafter.
12 Board members may be elected by a plurality vote of the members.

1 SECTION 3. Qualifications. No person shall be eligible to
2 become or remain a board member of the Cooperative who:

- 3 (a) is not a member and bona fide resident in the area
4 served or to be served by the Cooperative; or
- 5 (b) is in any way employed by or financially interested in
6 a competing enterprise or a business selling electric
7 energy, or supplies to the Cooperative, or a business
8 primarily engaged in selling electrical or plumbing
9 appliances, fixtures or supplies to the members of the
10 Cooperative.

11 Upon establishment of the fact that a board member is holding the office
12 in violation of any of the foregoing provisions, the board shall remove
13 such board member from office.

14 Nothing contained in this section shall affect in any manner
15 whatsoever the validity of any action taken at any meeting of the board.

1 SECTION 4. Nominations. It shall be the duty of the board
2 to appoint, not less than thirty days nor more than sixty days before
3 the date of a meeting of the members at which board members are to be
4 elected, a committee on nominations consisting of not less than
5 nor more than ____ members who shall be selected from different sections
6 so as to insure equitable representation. No member of the board may
7 serve on such committee. The committee, keeping in mind the principle
8 of equitable representation, shall prepare and post at the principal
9 office of the Cooperative at least twenty days before the meeting a
10 list of nominations for board members which shall include at least two
11 candidates for each board position to be filled by the election. The
12 Secretary shall be responsible for mailing with the notice of the
13 meeting or separately, but at least ten days before the date of the
14 meeting, a statement of the number of board members to be elected and the
15 names and addresses of the candidates nominated by the committee on
16 nominations. Any fifteen or more members acting together may make other
17 nominations by petition and the Secretary shall post such nominations at
18 the same place where the list of nominations made by the committee is
19 posted. Nominations made by petition, if any, received at least five days
20 before the meeting shall be included on the official ballot. Later
21 nominations by petition shall be treated as nominations from the floor.
22 The chairman shall call for additional nominations from the floor and
23 nominations shall not be closed until at least one minute has passed
24 during which no additional nomination has been made. No member may
25 nominate more than one candidate.

1 SECTION 5. Removal of Board Member by Members. Any member
2 may bring charges against a board member and, by filing with the Secretary
3 such charges in writing together with a petition signed by at least ten
4 per centum of the members or 300, whichever is the lesser, may request
5 the removal of such board member by reason thereof. Such board member
6 shall be informed in writing of the charges at least ten days prior to
7 the meeting of the members at which the charges are to be considered
8 and shall have an opportunity at the meeting to be heard in person or
9 by counsel and to present evidence in respect of the charges; and the
10 person or persons bringing the charges against him shall have the same
11 opportunity. The question of the removal of such board member shall
12 be considered and voted upon at the meeting of the members and any
13 vacancy created by such removal may be filled by vote of the members
14 at such meeting without compliance with the foregoing provisions with
15 respect to nominations.

1 SECTION 6. Vancancies. Subject to the provisions of these
2 bylaws with respect to the filling of vacancies caused by the removal
3 of board members by the members, a vacancy occurring in the board shall
4 be filled by the affirmative vote of a majority of the remaining
5 board members for the unexpired portion of the term.

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

ARTICLE V

MEETINGS OF BOARD

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

1 SECTION 2. Special Meeting. Special meetings of the board
2 may be called by the President or by any three board members, and it
3 shall thereupon be the duty of the Secretary to cause notice of such
4 meeting to be given as hereinafter provided. The President or board
5 members calling the meeting shall fix the time and place for the
6 holding of the meeting.

1 SECTION 3. Notice of Board Meetings. Written notice of the
2 time, place and purpose of any special meeting of the board shall be
3 delivered to each board member either personally or by mail, by or at
4 the direction of the Secretary, or upon a default in duty by the
5 Secretary, by the President or the board member calling the meeting.
6 If mailed, such notice shall be deemed to be delivered when deposited
7 in the United States mail addressed to the board member at his address
8 as it appears on the records of the Cooperative, with postage thereon
9 prepaid, at least five days before the date set for the meeting.

1 SECTION 4. Quorum. A majority of the board shall constitute
2 a quorum, provided, that if less than such majority of the board is
3 present at said meeting, a majority of the board present may adjourn
4 the meeting from time to time; and provided further, that the Secretary
5 shall notify any absent board members of the time and place of such
6 adjourned meeting. The act of a majority of the board members present
7 at a meeting at which a quorum is present shall be the act of the
8 board, except as otherwise provided in these bylaws.

ARTICLE VI

OFFICERS

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

1 SECTION 2. Election and Term of Office. The officers shall
2 be elected by ballot, annually by and from the board at the meeting
3 of the board held immediately after the annual meeting of the members.
4 If the election of officers shall not be held at such meeting, such
5 election shall be held as soon thereafter as conveniently may be.
6 Each officer shall hold office until the first meeting of the board
7 following the next succeeding annual meeting of the members or until
8 his successor shall have been elected and shall have qualified. A
9 vacancy in any office shall be filled by the board for the unexpired
10 portion of the term.

1 SECTION 3. Removal of Officers and Agents by the Board. Any
2 officer or agent elected or appointed by the board may be removed by
3 the board whenever in its judgment the best interests of the Cooperative
4 will be served thereby. In addition, any member of the Cooperative may
5 bring charges against an officer, and by filing with the Secretary such
6 charges in writing together with a petition signed by ten per centum of
7 the members or 300, whichever is the lesser, may request the removal of

8 such officer. The officer against whom such charges have been brought
9 shall be informed in writing of the charges at least ten days prior to
10 the board meeting at which the charges are to be considered and shall
11 have an opportunity at the meeting to be heard in person or by counsel
12 and to present evidence in respect of the charges; and the person or
13 persons bringing the charges against him shall have the same opportunity.
14 In the event the board does not remove such officer, the question of his
15 removal shall be considered and voted upon at the next meeting of the
16 members.

1 SECTION 4. President. The President shall:

- 2 (a) be the principal executive officer of the Cooperative and,
3 unless otherwise determined by the members or the board,
4 shall preside at all meetings of the members and the board;
- 5 (b) sign, with the Secretary, certificates of membership, the
6 issue of which shall have been authorized by the board or
7 the members, and may sign any deeds, mortgages, deeds of
8 trust, notes, bonds, contracts or other instruments
9 authorized by the board to be executed, except in cases
10 in which the signing and execution thereof shall be
11 expressly delegated by the board or by these bylaws to
12 some other officer or agent of the Cooperative, or shall
13 be required by law to be otherwise signed or executed; and
- 14 (c) in general perform all duties incident to the office of
15 President and such other duties as may be prescribed by
16 the board from time to time.

1 SECTION 5. Vice President. In the absence of the President,
2 or in the event of his inability or refusal to act, the Vice President
3 shall perform the duties of the President, and when so acting shall
4 have all the powers of and be subject to all the restrictions upon the
5 President. The Vice President shall also perform such other duties as
6 from time to time may be assigned to him by the board.

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

- 2 (a) keeping the minutes of the meetings of the members and of
3 the board in books provided for that purpose;
- 4 (b) seeing that all notices are duly given in accordance with
5 these bylaws or as required by law;
- 6 (c) the safekeeping of the corporate books and records and the
7 seal of the Cooperative and affixing the seal of the Cooper-
8 ative to all certificates of membership prior to the issue
9 thereof, and to all documents, the execution of which on
10 behalf of the Cooperative under its seal is duly authorized
11 in accordance with the provisions of these bylaws;

- 12 (d) keeping a register of the names and post office addresses
13 of all members;
- 14 (e) signing, with the President, certificates of membership,
15 the issue of which shall have been authorized by the board
16 or the members;
- 17 (f) keeping on file at all times a complete copy of the articles
18 of incorporation and bylaws of the Cooperative containing
19 all amendments thereto (which copy shall always be open to
20 the inspection of any member) and at the expense of the
21 Cooperative, furnishing a copy of the bylaws and of all
22 amendments thereto to any member upon request; and
- 23 (g) in general performing all duties incident to the office of
24 Secretary and such other duties as from time to time may
25 be assigned to him by the board.

1 SECTION 7. Treasurer. The Treasurer shall be responsible for:

- 2 (a) custody of all funds and securities of the Cooperative;
- 3 (b) the receipt of and the issuance of receipts for all monies
4 due and payable to the Cooperative and for the deposit of
5 all such monies in the name of the Cooperative in such bank
6 or banks as shall be selected in accordance with the pro-
7 visions of these bylaws; and
- 8 (c) the general performance of all the duties incident to the
9 office of Treasurer and such other duties as from time to
10 time may be assigned to him by the board.

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

1 SECTION 9. Bonds of Officers. The Treasurer and any other
2 officer or agent of the Cooperative charged with responsibility for the
3 custody of any of its funds or property shall be bonded in such sum
4 and with such surety as the board shall determine. The board in its
5 discretion may also require any other officer, agent or employee of
6 the Cooperative to be bonded in such amount and with such surety as
7 it shall determine.

1 SECTION 10. Compensation. The powers, duties and compen-
2 sation of officers, agents and employees shall be fixed by the board
3 subject to the provisions of these bylaws with respect to compensation
4 for a board member and close relatives of a board member.

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

ARTICLE VII

NON-PROFIT OPERATION

1 SECTION 1. Interest or Dividends on Capital Prohibited. The
2 Cooperative shall at all times be operated on a Cooperative non-profit
3 basis for the mutual benefit of its patrons. No interest or dividends
4 shall be paid or payable by the Cooperative on any capital furnished by
5 its patrons.

1 SECTION 2. Patronage Capital in Connection with Furnishing
2 Electric Energy. In the furnishing of electric energy the Cooperative's
3 operations shall be so conducted that all patrons* will through their
4 patronage furnish capital for the Cooperative. In order to induce
5 patronage and to assure that the Cooperative will operate on a non-
6 profit basis the Cooperative is obligated to account on a patronage
7 basis to all its patrons* for all amounts received and receivable
8 from the furnishing of electric energy in excess of operating costs
9 and expenses properly chargeable against the furnishing of electric
10 energy. All such amounts in excess of operating costs and expenses
11 at the moment of receipt by the Cooperative are received with the
12 understanding that they are furnished by the patrons* as capital. The
13 Cooperative is obligated to pay by credits to a capital account for
14 each patron all such amounts in excess of operating costs and expenses.
15 The books and records of the Cooperative shall be set up and kept in
16 such a manner that at the end of each fiscal year the amount of capital,
17 if any, so furnished by each patron is clearly reflected and credited
18 in an appropriate record to the capital account of each patron, and the
19 Cooperative shall within a reasonable time after the close of the fiscal
20 year notify each patron of the amount of capital so credited to his
21 account. All such amounts credited to the capital account of any patron
22 shall have the same status as though they had been paid to the patron
23 in cash in pursuance of a legal obligation to do so and the patron had
24 then furnished the Cooperative corresponding amounts for capital.

25 All other amounts received by the Cooperative from its
26 operations in excess of costs and expenses shall, insofar as permitted
27 by law, be (a) used to offset any losses incurred during the current
28 or any prior fiscal year and (b) to the extent not needed for that

*See Footnote Page 21

29 purpose, allocated to its patrons on a patronage basis and any
30 amount so allocated shall be included as part of the capital credited
31 to the accounts of patrons, as herein provided.

32 In the event of dissolution or liquidation of the Cooperative,
33 after all outstanding indebtedness of the Cooperative shall have been
34 paid, outstanding capital credits shall be retired without priority on
35 a pro rata basis before any payments are made on account of property
36 rights of members. If, at any time prior to dissolution or liquidation,
37 the board shall determine that the financial condition of the Cooperative
38 will not be impaired thereby, the capital credited to patrons'
39 accounts may be retired in full or in part. Any such retirements of
40 capital shall be made in order of priority according to the year in
41 which the capital was furnished and credited, the capital first
42 received by the Cooperative being first retired.

43 Capital credited to the account of each patron shall be
44 assignable only on the books of the Cooperative pursuant to written
45 instruction from the assignor and only to successors in interest or
46 successors in occupancy in all or a part of such patron's premises
47 served by the Cooperative unless the board, acting under policies of
48 general application, shall determine otherwise.**

49 Notwithstanding any other provision of these bylaws, the
50 board at its discretion, shall have the power at any time upon the
51 death of any patron, if the legal representatives of his estate
52 shall request in writing that the capital credited to any such patron
53 be retired prior to the time such capital would otherwise be retired
54 under the provisions of these bylaws, to retire capital credited to
55 any such patron immediately upon such terms and conditions as the
56 board, acting under policies of general application, and
57 the legal representatives of such patron's estate shall agree upon;
58 provided, however, that the financial condition of the Cooperative
59 will not be impaired thereby.

60 The patrons of the Cooperative, by dealing with the
61 Cooperative, acknowledge that the terms and provisions of the articles
62 of incorporation and bylaws shall constitute and be a contract
63 between the Cooperative and each patron, and both the Cooperative and
64 the patrons are bound by such contract, as fully as though each patron
65 had individually signed a separate instrument containing such terms
66 and provisions. The provisions of this article of the bylaws shall be
67 called to the attention of each patron of the Cooperative by posting
68 in a conspicuous place in the Cooperative's office.

ARTICLE VIII

DISPOSITION OF PROPERTY

1 The Cooperative may not sell, lease or otherwise dispose of all or any
2 substantial portion of its property unless such sale, lease or other
3 disposition is authorized at a meeting of the members thereof by the
4 affirmative vote of not less than two-thirds of all of the members of the
5 Cooperative, and unless the notice of such proposed sale, lease or other
6 disposition shall have been contained in the notice of the meeting;
7 provided, however, that notwithstanding anything herein contained, the
8 board of the Cooperative, without authorization by the members thereof,
9 shall have full power and authority to authorize the execution
10 and delivery of a mortgage or mortgages or a deed or deeds of trust
11 upon, or the pledging or encumbering of, any or all of the property,
12 assets, rights, privileges, licenses, franchises and permits of the
13 Cooperative, whether acquired or to be acquired, and wherever situated,
14 as well as the revenues and income therefrom, all upon such terms and
15 conditions as the board shall determine, to secure any indebtedness of
16 the Cooperative; provided further that the board may upon the authorization
17 of a majority of those members of the Cooperative present at a meeting of
18 the members thereof, sell, lease, or otherwise dispose of all or a
19 substantial portion of its property to another Cooperative or foreign
20 corporation doing business in this State pursuant to the Act under which
21 this cooperative is incorporated.

ARTICLE IX

SEAL

1 The corporate seal of the Cooperative shall have inscribed thereon the
2 name of the Cooperative and the words "Corporate Seal (Name of the State)".

ARTICLE X

FINANCIAL TRANSACTIONS

1 SECTION 1. Contracts. Except as otherwise provided in these
2 bylaws, the board may authorize any officer or officers, agent or agents
3 to enter into any contract or execute and deliver any instrument in
4 the name and on behalf of the Cooperative, and such authority may be
5 general or confined to specific instances.

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

*If state statute limits this authority to certain lenders, e.g., United States
or other designated lenders, appropriate language should be inserted to
conform to statutory provisions.

1 SECTION 3. Deposits. All funds except petty cash of the
2 Cooperative shall be deposited from time to time to the credit of the
3 Cooperative in such bank or banks as the board may select.

1 SECTION 4. Change in Rates. Written notice shall be given
2 to the Administrator of the Rural Electrification Administration of the
3 United States of America not less than ninety days prior to the date
4 upon which any proposed change in the rates charged by the Cooperative
5 for electric energy becomes effective.

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

ARTICLE XI

MISCELLANEOUS

1 SECTION 1. Membership in Other Organizations. The Cooperative
2 shall not become a member of or purchase stock in any other organization
3 without an affirmative vote of the members at a duly held meeting, the
4 notice of which shall specify that action is to be taken upon such
5 proposed membership or stock purchase, provided, however, that the
6 Cooperative may upon the authorization of the board, purchase stock
7 in or become a member of any corporation or organization organized on
8 a non-profit basis for the purpose of engaging in or furthering the
9 cause of rural electrification, or with the approval of the Administrator
10 of REA, of any other corporation for the purpose of acquiring electric
11 facilities.

1 SECTION 2. Waiver of Notice. Any member or board member may
2 waive in writing any notice of a meeting required to be given by these
3 bylaws. The attendance of a member or board member at any meeting shall
4 constitute a waiver of notice of such meeting by such member or board
5 member, except in case a member or board member shall attend a meeting
6 for the express purpose of objecting to the transaction of any business
7 on the ground that the meeting has not been lawfully called or convened.

1 SECTION 3. Policies, Rules and Regulations. The board shall
2 have power to make and adopt such policies, rules and regulations, not
3 inconsistent with law, the articles of incorporation or these bylaws,
4 as it may deem advisable for the management of the business and affairs
5 of the Cooperative.

1 SECTION 4. Accounting System and Reports. The board shall
2 cause to be established and maintained a complete accounting system
3 which, among other things, and subject to applicable laws and rules
4 and regulations of any regulatory body, shall conform to such
5 accounting system as may from time to time be designated by the
6 Administrator of the Rural Electrification Administration of the

7 United States of America. The board shall also after the close
8 each fiscal year cause to be made by a certified public accountant
9 a full and complete audit of the accounts, books and financial con-
10 dition of the Cooperative as of the end of such fiscal year. A report
11 of such audit shall be submitted to the members at the next following
12 annual meeting.

1 SECTION 5. Area Coverage. The board shall make diligent
2 effort to see that electric service is extended to all unserved persons
3 within the Cooperative service area who (a) desire such service and
4 (b) meet all reasonable requirements established by the Cooperative
5 as a condition of such service.

ARTICLE XII

AMENDMENTS

1 These bylaws may be altered, amended or repealed by the members at any
2 regular or special meeting, provided the notice of such meeting shall
3 have contained a copy of the proposed alteration, amendment or repeal.

Footnotes to ARTICLE VII

- * If the Cooperative is authorized to serve non-members, insert at place marked by asterisk (*) the following: ", members and non-members alike,"
- ** If the Cooperative is authorized to serve non-members, insert at place marked by two asterisks (**) the following sentence: "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."

- A. For borrowers in those states which require provisions for voting by proxy, the following Amendment is recommended:

Proxies. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members 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. No member shall vote as proxy for more than three (3) members at any meeting of the members except where such person is exercising a proxy in connection with the borrowing of funds or in connection with an amendment to the articles of incorporation of the Cooperative. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members 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 effect as if he had not executed a proxy. In case of a joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed.

- B. Addition to Model Act Bylaws for those Cooperatives
engaged in a substantial merchandising program

Cooperatives sometimes engage in minor merchandising activities as a part of power use programs. Any losses from merchandising are borne by the patrons from the cooperative's total operations. Margins resulting from such merchandising activities should generally be included with other so-called non-operating margins to be assigned on a patronage basis. Except where a borrower engages in substantial merchandising activities, and accounts for them separately, there is no need for a specific bylaw provision relating to "Patronage Refunds in Connection with Furnishing Other Services." If the Cooperative has a substantial merchandising program the following Section 3 should be added at the end of Article VII.

Section 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained.

- C. In those states which require approval by a substantial percentage of the membership to raise the debt limit or to mortgage the cooperative's property, and whose laws permit mail voting, borrowers may find it expedient to provide for mail voting for these purposes only. In such instances, the following provision could be added to the bylaws:

Mail Voting. Any member who is absent from an annual meeting or special meeting of the members may vote by mail at such meeting upon any motion or resolution pertaining to the borrowing of funds or mortgaging or encumbering of the Cooperative's property. The Secretary shall be responsible for the enclosure with the notice of such meeting of an exact copy of such motion or resolution to be acted upon and such absent member shall express his vote thereon by placing a cross (X) in the space provided therefor opposite each such motion or resolution. Such absent member shall enclose each such copy so marked in a sealed envelope bearing his name and addressed to the Secretary. When such written vote so enclosed is received by mail from any absent member, it shall be counted as the vote of such member at such meeting. In case of a joint membership, if husband and wife are both absent from such meeting, a written vote received from either of them shall constitute one joint vote. The failure of any absent member to receive a copy of any such motion shall not invalidate any action which may be taken by the members at any such meeting.

- D. Addition to Model Act Bylaws in those states in which authority to amend bylaws is vested in the board.

ARTICLE XII

AMENDMENTS

These bylaws may be altered or amended by the affirmative vote of not less than two-thirds (2/3) of the members of the board at any regular or special meeting. A copy of such alteration or amendment shall be sent to each member of the cooperative within a reasonable time after such action has been taken.

NOTE: If this resolution is adopted in its entirety, Article VI, Section 6 (f), should include the requirement for forwarding of all amendments to the bylaws to each member at the expense of the Cooperative.

- E. Addition to Model Act Bylaws for those Cooperatives
not using the "first - in, first - out" principle
of retiring Capital Credits.

The "first - in, first - out" principle for retiring capital credits is recommended because it provides a systematic and equitable method for revolving capital. There may be unusual circumstances where a Cooperative may want to consider a modification of the "first - in, first - out" principle. In such isolated instances, borrowers are cautioned to have a thorough legal analysis made in order to determine the extent of possible interference with any vested rights of consumers. When a Cooperative, after such an analysis, finds there are compelling reasons to modify the revolving basis in order that all current patrons may participate in the return of capital credits, the last sentence of the third paragraph (starting with line 39) of Section 2 of the "Non-Profit Operation" article of the bylaws might be changed to read as follows:

Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired, provided, however, that beginning with the year 19__, cash made available for retirement in any year may be used to retire capital furnished by all patrons during the most recent fiscal year subject to the requirement that at least fifty per centum (50%) of such cash shall be applied to the retirement of the oldest outstanding capital credits as herein above provided.

- F. For borrowers in those states which do not have statutory provisions that set forth requirements that would prevent the disposition of property by a relatively small number of members, the following addition to Article XII is recommended:

Notwithstanding any other provisions of these bylaws, an affirmative vote of at least 51% of the membership shall be required to alter, amend or repeal Article VIII - DISPOSITION OF PROPERTY or this Article XII - AMENDMENTS.

G. Addition to Model Act Bylaws Where Board Members Are
 Nominated but not Elected by Districts

If it is desired to nominate board members by district meetings, but to elect them by the entire membership, the following changes are suggested.

ARTICLE IV. BOARD MEMBERS

Section 3

Change (a) to:

- (a) is not a member and bona fide resident of the particular district which he is to represent,

Add a Section entitled Voting Districts.

The territory served or to be served by the Cooperative shall be divided into _____ districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one board member. The original _____ districts shall be as follows:

(Describe each district's boundaries)

Not less than 60 days before any meeting of the members at which board members are to be elected, the board shall review the composition of the several districts and, if it should find inequalities in representation, which could be corrected by a redelineation of districts, the board shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

Substitute for present Section 4, Nominations, in the Model Act Bylaws the following:

Section _____ A. Nominations. Not less than thirty days nor more than sixty days before any meeting at which board members are to be elected, the board shall call a separate meeting of the members of each district at a suitable place in such district for the purpose of selecting two persons as candidates for board members to represent the members located within such district. The notice of such meeting shall be delivered to each member located in such district as provided in Section _____ of Article _____ and shall indicate the district to which such member belongs. The notice shall state that nominations for board members are to be made at the meeting. The meeting shall, however, be open for discussion of any other matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting, and recommendations with respect thereto may be submitted to the board or the entire membership.

The district meeting shall be called to order by the board member representing the district or by another designated representative of the board, or in his absence, by any member residing within the district. The members shall then proceed to elect a chairman, who shall be someone other than a board member, and who shall appoint a secretary to act for the duration of the meeting. Fifteen members residing in the district present in person at such duly called district meeting shall constitute a quorum. Members of other districts present at the meeting may be heard but shall have no vote. Nominations for candidates for board member shall be made from the floor at the meeting and any member residing in the district shall have the right to nominate one candidate. The meeting shall remain open for nominations until no further nominations are forth-coming, but in no case less than five minutes. Candidates must be members residing in the district and must possess the qualifications for board member specified in Section ____ of Article ____ of these bylaws.

Voting shall be by ballot and proxy voting shall not be permitted at any district meeting. Each member may vote for one candidate. The two candidates receiving the highest number of votes shall be declared the official candidates of the district. The minutes of such district meeting shall set forth, among other matters, the name of each person nominated at the meeting and the number of votes received by each, and shall specify the official candidates of the district. A certified copy of the minutes, signed by the Secretary and the Chairman of the district meeting, shall be delivered to the Secretary of the Cooperative within five days after such district meeting.

Section ____ B. Election of Board Members. Not less than seven days before an annual or special meeting of the members at which board members are to be elected, the Secretary of the Cooperative shall be responsible for mailing to each member a list of the candidates selected at all district meetings, the names to be arranged by districts. This list may be included with the notice of the meeting. At the meeting the Secretary of the Cooperative shall place in nomination the names of the official candidates of each district. Additional nomination for board member for a particular district may be made from the floor. Election of board members shall be by printed or mimeographed ballot. The ballots shall list the candidates selected at the district meetings, the names to be arranged by districts. A candidate nominated from the floor of the meeting may be voted for by writing in the name of such candidate beneath the name of the official candidates of the particular district. Each member of the Cooperative present at the meeting shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected as board member.

Section ____ C. Failure to Obtain Quorum at District Meeting. In the event a quorum cannot be obtained for any one of the district meetings provided for herein, then and in such an event the board member serving the district in which a quorum cannot be obtained shall be declared the official nominee from that district.

H. Election by District - Staggered Terms

If a cooperative is changing from election of board members at annual meetings to election of board members for staggered terms at district meetings, the following suggestions are offered.

Amend the below listed Articles and Sections of the Model Act Bylaws.

In Article III, Meetings of Members,
Section 1. Annual Meeting
delete "electing board members."

In Article III, Section 6, Order of Business
delete "Election of Board Members."

It is suggested that Article IV, Board Members, be amended somewhat as follows. (For purposes of illustration we use a cooperative with 9 board members, each to be elected for a 3 year term with staggered term district election procedure approved in 1965, to take effect in 1966.)

ARTICLE IV

BOARD MEMBERS

Section 1. General Powers
Unchanged from Model Act Bylaws.

Section 2. Tenure of Office
In the year 1966, nine board members shall be elected to office at district meetings. Each board member shall represent one of the nine districts, and shall be elected in conformance with procedures as hereinafter described except that the term of office for each will be as follows:

The board members representing Districts 1, 2, and 3 shall each be elected to serve until the annual meeting to be held in the year 1967 or until their successors shall have been elected and shall have qualified.

The board members representing Districts 4, 5, and 6 shall each be elected to serve until the annual meeting to be held in the year 1968 or until their successors shall have been elected and shall have qualified.

The board members representing Districts 7, 8, and 9 shall each be elected to serve until the annual meeting to be held in the year 1969 or until their successors shall have been elected and shall have qualified.

Beginning with the year 1967, three board members shall each be elected for a three year term to fill vacancies caused by expiration of the incumbents' terms of office.

Each board member shall be elected at a district member meeting held in the district he will represent, by and from the members of the district, to serve until the annual meeting in his third year in office or until his successors shall have been elected and shall have qualified. (etc.)

Section 3 - Qualifications
amend (a) to

- (a) is not a member and bona fide resident of the district he represents in the area served or to be served by the cooperative;

Add the following new Sections 4 through 8 and change the numbers of Sections 5, 6, and 7 of the Model Act Bylaws to Sections 9, 10, and 11 of this article.

Section 4 - Districts - The territory served or to be served by the Cooperative shall be divided into _____ districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one board member. The original _____ districts shall be as follows:

(Describe each district's boundaries, and number each)

Not less than 60 days before any meeting of the members at which board members are to be elected, the board shall review the composition of the several districts and, if it should find inequalities in representation which could be corrected by a redelineation of districts, the board shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

Section 5 - District Meetings - Not less than thirty days nor more than sixty days before any annual meeting the board shall call a separate meeting of the members of each district in which the terms of incumbent board members are due to expire, for the purpose of electing one board member to represent the members located within each of such districts.

Section 6 - Notice of District Meetings - Written or printed notice stating the place, day and hour of the meeting shall be delivered not less than 7 days before the date of each meeting, either personally or by mail, by or at the direction of the Secretary to each member of the district. The notice shall indicate the district to which such member belongs, and shall state that election of a board member is to be the purpose of the meeting. It shall also contain the names of all nominees to be voted on at said election.

Section 7 - Nominations - Not less than 30 days nor more than 60 days before each district meeting it shall be the duty of the Board to appoint a committee on nominations consisting of not less than _____ members residing in the voting district. No member of the Board may serve on such committee. The committee shall nominate at least two members residing in such district for the office of board member and they shall report such nominations to the Board not less than 20 days before the membership meeting. Such nominations by the committee shall be posted at the principal office of the Cooperative at least 15 days before the district meeting. Other nominations may be made by petition of fifteen or more members of the district prior to the district meeting and such nominations shall be posted at the same place where the list of nominations by the committee is posted. Nothing herein contained shall prevent additional nominations from the floor of the district membership meeting.

Section 8 - Election - All board members shall be elected in the following manner:

- (1) Five per centum of the members of the district shall constitute a quorum at the district membership meeting. If less than a quorum is present at any district meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided, the Secretary shall notify all members of the district of the time and place of such adjourned meeting.
- (2) Each member in attendance at the district membership meeting shall be entitled to one vote. No member at any district membership meeting shall be permitted to vote by proxy or by mail. The President, Vice-President, or Secretary of the Cooperative may act as the chairman and preside over any district membership meeting or a chairman may be selected from the members present.
- (3) A secretary for said meeting may be furnished by the Cooperative or selected by the members present which secretary shall record the proceedings of said meeting and together with the Chairman shall certify said proceedings to the Board.
- (4) The certification of the chairman and secretary of the election of the board member by any district membership meeting shall be taken by the Cooperative as conclusive of the election of such board member at such district membership meeting.

- (5) The board member elected at the district membership meeting must be an actual resident of the voting district from which he is elected. He shall take office and assume the duties and responsibilities thereof at the first meeting of the Board, whether special or regular, after the annual membership meeting as provided by Section ____, Article ____.
- (6) Should a board member move his place of residence from his voting district, a vacancy in his office shall be declared by the Board and a board member from said district to fill the unexpired term shall be named as is provided in and by these bylaws.
- (7) Any error or omission in the giving of any notice or the holding of any meeting as herein provided shall not affect in any manner whatsoever the validity of the election of any board member.

Section 9 - Removal of Board Members by Members - Same as Section 5 in the Model Act Bylaws.

Section 10 - Vacancies - Same as Section 6 in the Model Act Bylaws.

Section 11 - Compensation - Same as Section 7 in the Model Act Bylaws.

I. Election by Districts - Non Staggered Terms

If a cooperative is considering changing from election of board members at annual meetings to election at district meetings the following suggestions are offered.

In Article III - Meetings of Members - Section 1 - Annual Meeting delete the words "electing board members."

In Article III - Meetings of Members - Section 6 - Order of Business delete the words "Election of board members."

Amend Article IV - Board Member - Section 2 - Election and Tenure of Office as follows. Beginning with the year 19__, each board member shall be elected at a district member meeting held in the district that he represents, by and from the members of the district, to serve until the next annual meeting or until his successor shall have been elected and shall have qualified. If an election shall not be held on the day designated by the board for the district meeting, or at any adjournment thereof, a special meeting shall be held for the purpose of electing a board member within a reasonable time thereafter. Board members may be elected by a plurality vote of the members of the district.

Amend Article IV - Board Members - Section 3 (a) as follows, "is not a member and bona fide resident of the district he represents in the area served or to be served by the Cooperative; or "

Add the following new sections 4 through 8 and change the number of existing sections 5,6, and 7 of the Model Act Bylaws to Sections 9, 10, and 11 of this Article.

Section 4 - Districts - The territory served or to be served by the Cooperative shall be divided into _____ districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one board member. The original _____ districts shall be as follows:

(Describe each district's boundaries, and number each)

Not less than 60 days before any meeting of the members at which board members are to be elected, the board shall review the composition of the several districts, and, if it should find inequalities in representation which could be corrected by a redelineation of districts, the board shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

Section 5 - District Meetings - Not less than thirty days nor more than sixty days before any annual meeting the board shall call a separate meeting of the members of each district for the purpose of electing one board member to represent the members located within such district.

Section 6 - Notice of District Meetings - Written or printed notice stating the place, day and hour of the meeting shall be delivered not less than 7 days before the date of each meeting, either personally or by mail, by or at the direction of the Secretary to each member of the district. The notice shall indicate the district to which such member belongs, and shall state that election of a board member is to be the purpose of the meeting. It shall also contain the names of all nominees to be voted on at said election.

Section 7 - Nominations - Not less than 30 days nor more than 60 days before each district meeting it shall be the duty of the Board to appoint a committee on nominations consisting of not less than _____ members residing in the voting district. No member of the Board may serve on such committee. The committee shall nominate at least two members residing in such district for the office of board member and they shall report such nominations to the Board not less than 20 days before the membership meeting. Such nominations by the committee shall be posted at the principal office of the Cooperative at least 15 days before the district meeting. Other nominations may be made by petition of fifteen or more members of the district prior to the district meeting and such nominations shall be posted at the same place where the list of nominations by the committee is posted. Nothing herein contained shall prevent additional nominations from the floor of the district membership meeting.

- J. Some states do not require amendment of bylaws by board action, but allow it. In those states, cooperatives whose bylaws can be amended by the board should consider the following Article for inclusion in their bylaws:

ARTICLE
AMENDMENTS

These bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of the members of the board in any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal; and provided, further, that the provisions of *Article __, Section __, Article __, Section __, and Article __, Section __, may be altered, amended or repealed only by affirmative vote of not less than a majority of the members of the corporation present at a regular or special meeting, and, provided, further, that the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

If any member or members desire to offer an amendment of any of said articles or sections such member or members shall deposit a copy of said proposed amendment with the secretary of the board at least twenty (20) days before the meeting in which such resolution is to be offered and the said secretary shall cause a copy of said proposed resolution to be included in the notice of the meeting.

*The articles and sections subject to member amendment should be those containing provisions governing annual and special meetings and those governing nomination, election, qualifications and tenure, compensation, and removal of directors.

Section 8 - Election - All board members shall be elected in the following manner:

- (1) Five per centum of the members of the district shall constitute a quorum at the district membership meeting. If less than a quorum is present at any district meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided, the Secretary shall notify all members of the district of the time and place of such adjourned meeting.
- (2) Each member in attendance at the district membership meeting shall be entitled to one vote. No member at any district membership meeting shall be permitted to vote by proxy or by mail. The President, Vice-President, or Secretary of the Cooperative may act as the chairman and preside over any district membership meeting or a chairman may be selected from the members present.
- (3) A secretary for said meeting may be furnished by the Cooperative or selected by the members present which secretary shall record the proceedings of said meeting and together with the Chairman shall certify said proceedings to the Board.
- (4) The certification of the chairman and secretary of the election of the board member by any district membership meeting shall be taken by the Cooperative as conclusive of the election of such board member at such district membership meeting.
- (5) The board member elected at the district membership meeting must be an actual resident of the voting district from which he is elected. He shall take office and assume the duties and responsibilities thereof at the first meeting of the Board, whether special or regular, after the annual membership meeting as provided by Section ____, Article ____.
- (6) Should a board member move his place of residence from his voting district, a vacancy in his office shall be declared by the Board and a board member from said district to fill the unexpired term shall be named as is provided in and by these bylaws.
- (7) Any error or omission in the giving of any notice or the holding of any meeting as herein provided shall not affect in any manner whatsoever the validity of the election of any board member.

Section 9 - Removal of Board Members by Members - Same as Section 5 in the Model Act Bylaws.

Section 10 - Vacancies - Same as Section 6 in the Model Act Bylaws.

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