

BYLAWS
AND
ARTICLES OF INCORPORATION

As amended at the
71st Annual Meeting of Members

February 19, 2013
New Orleans, Louisiana



**National Rural Electric
Cooperative Association**

• A Touchstone Energy® Cooperative



4301 Wilson Boulevard
Arlington, VA 22203-1860
(703)907-5500
www.nreca.coop

NRECA BYLAWS AND ARTICLES OF INCORPORATION

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**BYLAWS
NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION
as amended at the 71st Annual Meeting
February 19, 2013
New Orleans, Louisiana**

**ARTICLE I
NAME**

The name of the Association is the National Rural Electric Cooperative Association.

**ARTICLE II
OBJECT**

The object of the National Rural Electric Cooperative Association (the "Association") is to engage in the compilation and dissemination of information with respect to rural electrification and the furnishing of other services to rural electric cooperatives and others in connection with the coordination, advancement and development of rural electrification in the United States of America, its territories and possessions, for the primary and mutual benefit of the members of the Association and their members, as ultimate consumers.

**ARTICLE III
MEMBERS**

Section 1. Eligibility for Membership. Initial and continued eligibility for membership in the Association shall be limited to the following:

- A. **Voting Members.** All voting members must be entities described in this subsection whose operations are consistent, as determined by the board of directors, with the objectives of the Association and with the Seven Cooperative Principles as defined by the International Cooperative Alliance.
 - (1) Distribution members must be electric distribution cooperatives or nonprofit associations, nonprofit corporations, public utility districts, or government corporations or authorities located in a state, territory, possession or commonwealth of the United States and primarily engaged in furnishing electricity at retail to their consumers.
 - (2) Generation and Transmission members must be cooperatives or nonprofit associations, nonprofit corporations, or public utility districts located in a state, territory, possession or commonwealth of the United States and primarily engaged in the marketing, generation and/or transmission of wholesale bulk electricity for sale to others for the purpose of resale.
 - (3) Service members, whose operations may be on a nonprofit or cooperative basis, must be

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organizations located in a state, territory, possession, or commonwealth of the United States and not actually engaged in the marketing, generation, transmission or distribution of electricity, but a significant number of whose voting members consist of Association distribution, or generation and transmission, voting members. A statewide member is a service member whose members consist of all, or substantially all, the Association voting members located in the state in which the statewide member is located, and whose primary purposes include, but are not limited to, engaging in legislative, regulatory, government relations, lobbying, and similar activities before state entities and agencies.

- B. **Non-voting Members.** Organizations designated as non-voting members of the Association have no vote, but otherwise have the financial, informational, and other rights determined by the board of directors.
- (1) **Affiliate Members.** The board may designate entities not eligible as voting or international members as non-voting affiliate members if such entities have objectives consistent with the objectives of the Association.
 - (2) **Associate Members.** The chief executive officer may designate entities not eligible as voting or international members as non-voting associate members if the chief executive officer finds such membership will contribute to the objectives of the Association.

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- (3) **International Members.** The board may designate the following entities as non-voting international members if such entities have objectives consistent with the objectives of the Association:
- a. Electric distribution cooperatives or nonprofit associations, nonprofit corporations, public utility districts, and/or government corporations or authorities not located in a state, territory, possession, or commonwealth of the United States and primarily engaged in furnishing electricity at retail to their consumers; or
 - b. Cooperatives or nonprofit associations, nonprofit corporations, and/or public utility districts not located in a state, territory, possession, or commonwealth of the United States and primarily engaged in the marketing, generation and/or transmission of wholesale bulk electricity for sale to others for the purpose of resale; or
 - c. Organizations not actually engaged in the marketing, generation, transmission, or distribution of electricity, but a significant number of whose members consist of generation, transmission, or distribution entities described in a) or b).
- C. **Assignment of Membership Types.** The board shall assign each member to its appropriate membership category, including reassignment to reflect changes in structure, operations or activities.

D. Membership Location.

- (1) For Association purposes, a potential or current member is considered to be located in the jurisdiction where the member does business. A potential or current member doing business in more than one jurisdiction is considered to be located in the jurisdiction in which its principal office is located, except that, upon request of a potential or current member and with the approval of any regions affected, the board may allow the potential or current member to be located in a different jurisdiction.
- (2) For Association purposes, an individual shall be considered to be located in a jurisdiction in the following order:
 - a. If the individual is a director or officer of an Association member, the individual shall be considered to be located in the same jurisdiction as the member for which the individual is a director or officer.
 - b. If the individual is not a director or officer of an Association member, and if the individual is an employee of an Association member, the individual shall be considered to be located in the same jurisdiction as the member by which the individual is employed.
 - c. If the individual is not a director, officer, or employee of an Association member, the individual shall be considered to be located in the same jurisdiction as the Association

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member of which the individual is a member.

- E. **Non-liability for Association Debt.** The property of the members of the Association shall be exempt from execution for the debts of the Association and no member shall be liable or responsible for any debts or liabilities of the Association.

Section 2. Membership Dues and Fees.

A. Membership Dues.

- (1) **Distribution Members.** The annual dues for each distribution member shall be the sum of the dues paid in 1999 (base amount) plus an additional amount for each block of consumers served, which shall be computed by applying a per-consumer rate determined by the board as follows: 100% of the rate for the first block of 10,000 consumers, 50% of the rate for the next block of 40,000 consumers, and 33% of the rate for each consumer thereafter. The board shall set the base amount for new Distribution members.
- (2) **Generation and Transmission Members.** The annual dues of each non-operating Generation and Transmission (G&T) member shall be \$1,000. The annual dues for each operating G&T member shall be the greater of (a) \$1,000 or (b) the total number of megawatt hours sold, excluding sales by one G&T member to another G&T member, multiplied by a rate determined by the board.

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- (3) **Service Members.** The annual dues of statewide members shall be \$1,070. The annual dues of all other service members shall be determined by the board.
- (4) The board shall determine the annual dues of all other members.
- (5) The rates used to calculate the membership dues of distribution members, G&T members, and any other amounts set by the board shall be determined by a two-thirds vote of the board.
- (6) Data required in the application of the formulae established in this section shall be obtained from the latest annual statistical report prepared by the Rural Utilities Service. In the event that appropriate data are not included in such publication, the board shall use such other data based on the same time period as may be filed with or published by other government agencies or financing institutions, or, when necessary, information shall be solicited directly from a member system, which it shall be the obligation of the member to provide.
- (7) If, by a two-thirds vote, the board determines that the appropriate dues formula cannot be fully applied to a member, or that application of the appropriate dues formula results in an inequity to a member, then the board may set the annual dues of such member.
- (8) In addition to the annual dues for Distribution members and G&T members, each such

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member shall pay annually for one year's subscription to *RURAL ELECTRIC MAGAZINE* for each manager, director, officer, attorney, and key staff, at an annual subscription rate determined by the board, except that no duplicate subscription shall be required for any individual.

- B. **Membership Fees.** The board shall determine the initial membership fee, if any, for all membership categories.
- C. **Calculation of Dues.** The methods of calculating the dues of distribution members, of G&T members, and the amount of dues of statewide members shall be changed only by amendment of these bylaws.
- D. **Use of Dues.** To the extent feasible and practical, membership resolutions shall be assigned a projected dollar cost which shall guide the budgeting and expenditure of membership dues. The Association's core programs that benefit the majority of the membership shall be funded primarily from membership dues, as determined in the discretion of the board. To the extent feasible and practical, the expenditure of dues for providing core programs to each class of voting member shall be proportional to the dues paid by the class. To the extent feasible and practical, all other programs and services shall be funded by the charging of fees for the provision of the program and service. Dues and fees shall be set at an amount to cover all costs plus reasonable reserve levels.

Section 3. Admission to Membership.

- A. **Application.** Applications for membership shall be submitted to the secretary-treasurer, or to his or her designee, for consideration by the board, except that applications for Associate membership shall be submitted to the chief executive officer, or to his or her designee. All applications shall include a statement agreeing to be bound by the Association's articles of incorporation, bylaws, and other rules of the Association.
- B. All applications for membership other than associate membership shall be presented by the secretary-treasurer, or by his or her designee, to the board for approval, which, in its sole discretion, shall approve or deny such membership. Such memberships shall become effective upon approval of such application by the board and payment of any initial membership fee, the first year's annual dues, and any other charges.
- C. Applications for associate membership shall be presented to and subject to the approval of the chief executive officer, and shall become effective upon approval by the chief executive officer and payment of any fees and the first year's annual dues.

Section 4. Membership Transfer, Resignation, Termination, and Expulsion.

- A. **Transfer.** Membership in the Association and certificates representing such membership shall not be transferable, except that, in case of a merger or consolidation of a member with another corporation, membership may be vested in the

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successor corporation, provided that the successor is eligible for membership.

- B. **Resignation.** Any member may voluntarily resign its membership in the Association by giving at least six months' written notice. Any member that has not paid annual dues 90 calendar days from the date due shall be considered to have resigned, provided that a notice of delinquency and the resulting consequences is sent to such member at least 30 calendar days prior to the expiration of the delinquency period.
- C. **Termination.** In the event a member no longer meets the criteria for membership as defined in Article III, the board of directors may vote to terminate such membership provided the following conditions are met:
 - (1) Notice of such action must be sent to the board of directors with the call of the meeting.
 - (2) Notice must be sent to the member affected by such action in accordance with the requirements for notice to the board of directors.
 - (3) A representative designated by the member must be given the opportunity to speak on the member's behalf.
 - (4) A two-thirds vote of those present and voting shall be required for such membership termination. Such decision of the board shall be final and conclusive.

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- D. **Expulsion.** Any member may be expelled, provided that the following conditions are met:
- (1) The president shall appoint a committee of the board of directors to establish the facts of the case and make recommendations to the board.
 - (2) A two-thirds vote of the board of directors present and voting shall be required to recommend expulsion of a member. Official notification of the intention to expel shall be sent to such member at least ten business days prior to the board of directors' meeting at which the expulsion is an item of business.
 - (3) Expulsion may only take place by a majority vote of the members voting at an annual or special member meeting. Official notification of the intention to expel shall be sent to such member at least ten business days prior to the members' meeting at which the expulsion is an item of business. A member whose expulsion has been recommended by the board shall have the right to be heard in person or by counsel. The decision of the membership shall be final and conclusive.
- E. **Effect of Termination of Membership.** Termination of membership in any manner (including resignation, expulsion, or any other termination) shall, except as may be otherwise provided by these bylaws, operate as a release of all right, title, and interest of the member in the property and assets of the Association; provided, however, that such termination of membership shall not release the member from debts or liabilities of such member to the Association.

**ARTICLE IV
OFFICERS**

Section 1. Election and Term of Office.

- A. The elected officers of the Association shall be a president, vice president, and secretary-treasurer, elected by and from the Association board.
- B. The term of each elected office shall be two years or until a successor assumes office. The term of each office shall begin at the close of the annual member meeting next following their election. Each director shall be eligible to serve only one full term in each office, regardless of whether service is through election, succession, or otherwise. Service for more than 365 calendar days shall be considered as service for a full term. Service as an officer shall not create a vacancy as a director.

Section 2. Removal and Vacancy.

- A. An elected officer may be removed with or without cause by a two-thirds vote of the members voting at an annual or special member meeting. The officer involved shall have an opportunity to be heard at such meeting. An elected officer may also be removed with or without cause by a majority vote of the directors voting at an annual, regular, or special board meeting.
- B. If the office of president becomes vacant for any reason, then the vice president becomes president for the unexpired term and the office of vice president becomes vacant. If the office of vice president becomes vacant for any reason, then the

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secretary-treasurer becomes vice president for the unexpired term, the new vice president continues to serve as secretary-treasurer until the board of directors elects a new secretary-treasurer, and the board of directors shall, within a reasonable time, elect a new secretary-treasurer for the unexpired term. If the office of secretary-treasurer becomes vacant for any reason, then, within a reasonable time, the board of directors shall elect a new secretary-treasurer for the unexpired term.

Section 3. Duties of Elected Officers.

- A. **President.** The duties of the president shall be as follows:
- (1) To be the principal elected officer and preside over all meetings of the members and the board;
 - (2) To chair the executive committee;
 - (3) To perform all other duties incident to the office of president and such other duties as may be prescribed by the governing documents of the Association or by the board.
- B. **Vice President.** The duties of the vice president shall be as follows:
- (1) To perform the duties of the president in his or her absence;
 - (2) To become president in the event of a vacancy in that office;

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- (3) To perform all other duties incident to the office of vice president and such other duties as may be prescribed by the governing documents of the Association or by the board.

C. **Secretary-Treasurer.** The duties of the secretary-treasurer shall be as follows:

- (1) To be responsible for the accurate production of minutes of all meetings of the members, board of directors, and executive committee;
- (2) To ensure that all notices are duly given in accordance with these bylaws or as required by law;
- (3) To have general charge of the books of the Association, and to be responsible for all funds and securities of the Association;
- (4) To perform all other duties incident to the office of secretary-treasurer and such other duties as may be prescribed by the governing documents of the Association or the board of directors;
- (5) To become vice president in the event of a vacancy in that office.

D. **Reports.** At each annual meeting of the members, the president and secretary-treasurer of the Association shall submit reports covering the business of the Association for the previous fiscal year and showing the condition of the Association at the close of such fiscal year.

**ARTICLE V
MEETINGS**

Section 1. Annual Meeting.

- A. The annual meeting of the members shall be held at any time between January 1 and June 30th at a time and place determined by the Association. Because of disaster, emergency, or other factors beyond the Association's reasonable control, the Association may reschedule an annual meeting.
- B. Notice of an annual meeting shall be delivered to each member no less than forty-five (45) calendar days nor more than sixty (60) calendar days before the date of the meeting. If the Association reschedules an annual meeting because of disaster, emergency, or other factors beyond the Association's reasonable control, then notice of the rescheduled meeting shall be delivered to each member at least fourteen (14) business days before the date of the rescheduled meeting. Notice shall be deemed to have been delivered when deposited in United States mail, having postage paid, and sent to the address as listed in Association records.
- C. The order of business at annual meetings shall be determined by the president, but may be changed by the members by a two-thirds vote.

Section 2. Quorum and Delegates.

- A. For an annual or special meeting of the members, the presence of voting delegates representing at least twenty percent of the total number of the voting members of the Association shall constitute a

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quorum for the transaction of business at all business meetings. In the event that less than a quorum is present, a majority of voting delegates present may adjourn the meeting from time to time without further notice.

- B. For an annual, special, regional, or state meeting of the members, each voting member shall be entitled to select, either by vote of its membership or its board of directors, one of its members, directors, or employees to act as the voting delegate, and one such person to act as the alternate delegate, at the meeting.
- C. For an annual, special, regional, or state meeting of the members, each voting delegate must submit a certification signed by the director who is president of the member or is chair of the member's board of directors, and by the director who is secretary of the member, stating that such delegate is duly authorized to cast the vote of the member. In the Association's discretion and pursuant to the Association's rules and procedures, a voting delegate may submit a certification applicable for more than one member meeting.
- D. No individual may represent more than one member. Each delegate may only have one vote.
- E. Proxy voting is prohibited in all meetings.
- F. All Association membership resolutions, whether new, prior-year new, or continuing, and any amendments to such resolutions, shall require a majority vote of the voting delegates present and voting at an annual or special meeting of the members.

Section 3. Special Meetings.

- A. Special meetings of the members may be called by the board of directors or upon a written request signed by at least ten percent (10%) of all of the voting members.
- B. The date, time, and place of a special meeting shall be specified by the board of directors. Only business specified in the call of the meeting shall be conducted at a special meeting. Because of disaster, emergency, or other factors beyond the Association's reasonable control, the Association may reschedule a special meeting.
- C. Notice of a special meeting shall be delivered to each member no less than forty-five (45) calendar days nor more than sixty (60) calendar days before the date of the meeting, and must include the business to be transacted at the meeting. If the meeting is called upon written request of the voting members, the notice of special meeting shall be delivered within ten business days, and the meeting shall take place within 30 calendar days of such written request. If the Association reschedules a special meeting because of disaster, emergency, or other factors beyond the Association's reasonable control, then notice of the rescheduled meeting shall be delivered to each member at least fourteen (14) business days before the date of the rescheduled meeting, and must include the business to be transacted at the rescheduled meeting. Notice shall be deemed to have been delivered when deposited in United States mail, having postage paid, and sent to the address as listed in Association records.

Section 4. Regional Meetings.

- A. Regional meetings of the members shall be held at the time, date, and place determined by the Association after consulting with the director representing the state in which the meeting may be held, but not less than forty-five (45) calendar days before the annual meeting of the members. Each region shall hold a business meeting for the purpose of electing standing committee members and for the purpose of proposing resolutions for consideration by standing committees. Each voting member located in a region shall be entitled to have one voting delegate to represent its membership and to debate and vote on its behalf. Because of disaster, emergency, or other factors beyond the Association's reasonable control, the Association may reschedule or cancel a regional meeting.

- B. Except as otherwise provided in these bylaws, each regional meeting shall be presided over by the member of the board of directors representing the state in which the meeting is held, or by the director's designee, provided the designee is also a member of the board of directors, and in the event of the absence of the director and the director's designee, selected by the voting members present. Each regional business meeting shall be presided over by the executive committee member representing that region, or by the executive committee member's designee, provided the designee is also a member of the board of directors, and in the event of the absence of the executive committee member and his or her designee, selected by the voting members present. Each member shall be notified of the time and place of this meeting not less than forty-five (45) calendar days nor more

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than sixty (60) calendar days in advance of said meeting. If the Association reschedules a regional meeting because of disaster, emergency, or other factors beyond the Association's reasonable control, then each member shall be notified of the time and place of the rescheduled meeting at least fourteen (14) business days in advance of the rescheduled meeting.

- C. The presence of voting delegates representing at least twenty percent of the total number of voting members located in the region shall constitute a quorum for the transaction of business. In the event that less than a quorum is present, a majority of voting delegates present may adjourn the meeting from time to time without further notice.
- D. The order of business at regional meetings shall be determined by the Association president. Such order may be amended by a two-thirds vote of voting delegates present and voting at a regional meeting.

Section 5. Regions.

The states, territories, possessions, and commonwealths of the United States shall be divided into ten (10) regions as follows:

Region I: Maine, Vermont, New Hampshire, Massachusetts, New York, Connecticut, Rhode Island, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina and the District of Columbia.

Region II: South Carolina, Georgia, Florida, and all territories, possessions and commonwealths of

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the United States bordering upon or in the Atlantic Ocean.

Region III: Kentucky, Tennessee, Mississippi and Alabama.

Region IV: Michigan, Indiana, Ohio and West Virginia.

Region V: Wisconsin, Iowa and Illinois

Region VI: North Dakota, South Dakota and Minnesota.

Region VII: Wyoming, Nebraska, Colorado and Kansas.

Region VIII: Oklahoma, Missouri, Arkansas and Louisiana.

Region IX: Washington, Montana, Idaho, Oregon, Nevada, California, Utah, Alaska, Hawaii, and all territories, possessions and commonwealths of the United States bordering upon or in the Pacific Ocean.

Region X: Arizona, New Mexico and Texas.

Section 6. State Meetings.

- A. A state meeting of voting members located in a state may be called by the Association director for the state, by a statewide member located in the state, or by ten percent of the voting members located in the state. The Association director for the state shall preside over the meeting. Each voting

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member located in the state may select a voting delegate to vote on its behalf. The presence of voting delegates representing at least twenty percent of the total number of voting members located in the state shall constitute a quorum for the transaction of business. In the event that less than a quorum is present, a majority of voting delegates present may adjourn the meeting from time to time without further notice.

- B. The order of business for state meetings shall be as determined by the Association director for that state. Such order may be amended by majority vote of voting delegates present and voting at a meeting before adoption, and a two-thirds vote of voting delegates present and voting at a meeting after adoption.

**ARTICLE VI
BOARD OF DIRECTORS**

Section 1. Authority.

- A. The Association shall have a board of directors comprised of one director from each state in which a voting member is located. The business and affairs of the Association shall be managed under the direction of the board of directors, which shall exercise all of the powers of the Association between annual member meetings except those otherwise reserved to the members. This power includes the power to develop and implement a policy providing for reasonable director compensation and reimbursement.

- B. The board shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, or any bank or individual. In connection with such borrowing, the board may:
 - (1) Authorize the making and issuance of bonds, notes or other evidences of indebtedness,

 - (2) Authorize the execution and delivery of a mortgage or mortgages, and

 - (3) Authorize a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Association, whether acquired or to be acquired and wherever situated.

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- C. In all such cases as outlined in Subsection B above, the board shall have the authority to set such terms and conditions as it shall determine.

Section 2. Election of Directors.

- A. The voting members located in a state shall elect the director from that state. The Association's chief executive officer, in consultation with the board member representing that state, shall ascertain the date, time, place, and procedure for the election. If permitted by law, the procedure may include voting by mail or electronic communication. The election must be held at least ten business days prior to the annual meeting of the board of directors. At least 60 calendar days prior to a proposed election, the director representing that state shall propose to the chief executive officer a date, time, place, and procedure for the election.
- B. The Association shall, at least 40 calendar days prior to the date of the election, send notice to each voting member located in that state of the date, time, place and procedure for the election. A voting member's presence at or participation in an election waives the member's objection to lack of notice or defective notice of the election, unless the member, at the beginning of the election, objects to holding the election. The name of the director elected shall be promptly reported to the secretary-treasurer.
- C. Eligible candidates for election shall be persons who are located in that state in accordance with Article III, Section 1(D) and are a member, director, officer, or employee of a voting member in good standing located in that state. An individual may not simultaneously serve as a director from more than

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one state. The board of directors may develop, implement, and enforce a policy providing director conflict of interest qualifications.

- D. Directors shall be elected for a term beginning with the adjournment of the annual meeting of the board following their election, and ending with the adjournment of the annual meeting of the board two years hence.
- E. A director may be removed with or without cause, by a vote of two-thirds of the members located in the state from which the director was elected and voting at a state meeting of the members. The director involved shall have an opportunity to be heard at said meeting.
- F. If any director fails to comply with or meet any director qualification established by these bylaws or any director qualification policy authorized by these bylaws, then, unless otherwise determined by the board for good cause, the board may disqualify the director and the individual is no longer a director:
 - (1) If the board notifies the director in writing of the basis for, and provides the director an opportunity to comment regarding, the board's proposed disqualification; and
 - (2) Within thirty (30) calendar days after the board notifies the director of the proposed disqualification, the director neither complies with nor meets the director qualification.
- G. Except as otherwise provided in these Bylaws, if a position of director becomes vacant for any reason, then, after consulting with voting members located

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in the state from which the director was elected, the member of the executive committee from that region shall appoint a new director for the unexpired term or until the voting members located in the state elect a new director for the unexpired term. Except as otherwise provided in these Bylaws, if a position of director becomes vacant for any reason, and if the previous director was the member of the executive committee from that region, then, after consulting with voting members located in the state from which the director was elected, the president shall appoint a new director for the unexpired term or until the voting members located in the state elect a new director for the unexpired term. If a position of director becomes vacant through removal, then the voting members located in the state from which the director was elected shall elect the new director for the unexpired term.

Section 3. Quorum.

- A. A majority of the board shall constitute a quorum for the conduct of business. If less than a majority are present at any meeting, a majority of those present may adjourn from time to time without further notice.

Section 4. Meetings.

- A. An annual meeting of the board shall be held in conjunction with the annual meeting of the members. Regular meetings shall be held on the call of the president, the executive committee, or by request of 20% of the board.
- B. Special meetings of the board may be held on the call of the president, the executive committee, or by

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request of 20% of the board. Only the business specified in the call of the meeting may be transacted at that special meeting.

- C. Notice of the annual meeting of the board and all regular meetings of the board shall be given to all members of the board at least ten business days in advance of the meeting. Notice of special meetings shall be given to all members of the board at least three business days in advance of such meeting.
- D. Unless otherwise restricted by law, the board may participate in meetings by means of a conference telephone or other electronic means of communication by which all persons participating in the meeting can simultaneously hear and speak to one another.

Section 5. Executive Committee.

- A. There shall be an executive committee of the board, comprised of the elected officers of the Association, plus one director from each region elected by the directors from that region. The directors from each region shall elect the executive committee member at or immediately after the annual meeting of the board. Other than for the elected officers of the Association, the term of office of members of the executive committee shall be for one year, or until the next annual meeting of the board. For each elected officer of the Association, the term of office on the executive committee shall be the same as the term of the elected office. In case of a vacancy on the executive committee, other than a vacancy resulting from a vacancy in an elected office, the president shall appoint a director from that region to

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fill the vacancy for the unexpired term of the vacant office.

- B. The executive committee may act for and instead of the board during intervals between board meetings, subject to policies agreed upon by the board. The executive committee shall keep minutes of all its meetings, as well as reports of all its acts. A copy of all minutes and reports must be furnished to each director no later than fifteen business days after the date of any meeting.
- C. Meetings of the executive committee shall be held at the call of the president or a majority of the members of the executive committee. The president shall fix the time and place of the meeting. All members of the executive committee must be given at least three business days' notice before any meeting of the executive committee.

**ARTICLE VII
ADMINISTRATION**

Section 1. Association Office. The Association shall maintain an office for the conduct of the business of the Association. Such office shall be under the direct supervision and authority of a chief executive officer.

Section 2. Administrative Officers.

- A. **Chief Executive Officer.** The board of directors shall appoint or designate a chief executive officer. The chief executive officer shall report to and perform duties under the direction of the board as the board may require and shall have such authority as the board may delegate from time to time.
- B. The board or chief executive officer may designate other such administrative officers and delegate to them such authority as deemed necessary for the administration of the Association.

Section 3. Corporate Seal. The corporate seal of the Association may be in the form of a circle and may have inscribed thereon the name of the Association.

Section 4. Financial.

- A. The fiscal year of the Association shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.
- B. The board of directors shall require the secretary-treasurer or any other person under the authority of the Association charged with responsibility for the custody of any of its funds or property to give bond

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in such sum and with such surety as the board of directors shall determine.

- C. At the close of each fiscal year the net savings of the Association, if any, shall, to the extent not inconsistent with applicable law, be allocated in the following order:
 - (1) There shall be transferred to a reserve to be known as "Member Equity" such amounts as the board of directors may determine, which fund may be used under the direction of the board of directors for any necessary or approved activity of the Association.
 - (2) If, in the sole discretion of the board, the balance of the reserve in the Member Equity account exceeds the continuing needs of the Association, the board may specify an amount to be allocated or repaid to the patrons of the Association in proportion to their individual patronage.

**ARTICLE VIII
COMMITTEES**

Section 1. Standing and Board Committees.

- A. The board may create and dissolve Association member standing committees as it deems necessary, and shall define the duties and prescribe the authority of such committees.
- B. There shall be at least one person elected from each region to serve on each member standing committee. The election shall take place at the regional meeting. The term of office shall begin immediately upon election and shall continue until the regional meeting two years later. Member standing committees shall elect their own chair and vice chair. A member of a member standing committee may not serve more than three consecutive terms on the same committee. After not serving for one or more terms on a committee, a member may again serve up to three consecutive terms on the committee. Terms may be staggered in a manner determined by the president. This subsection does not apply to the resolutions member standing committee.
- C. The resolutions member standing committee will be comprised of the chair and vice chair of each member standing committee and, to the extent needed to ensure adequate and fair representation of NRECA members, additional individuals appointed by the board of directors. The term of office begins upon election as chair or vice chair, or appointment. The term of office ends with the adjournment of the annual member meeting following the end of

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service as chair or vice chair, or adjournment of the second annual member meeting following appointment.

- D. Vacancies on member standing committees shall be filled at the discretion of the executive committee member from that region, after consultation with all other directors from that region.
- E. The board of directors may establish and dissolve board committees that report to the board. For each board committee, the board of directors prescribes the committee's duties, responsibilities, and authority, and determines the manner for selecting committee members, selecting a committee chair, determining committee terms, and filling committee vacancies.

Section 2. Special Committees.

- A. The president or board of directors may establish and dissolve special committees for specific purposes, which shall automatically go out of existence when the task is completed and/or the final report is filed.
- B. Vacancies on special committees shall be filled by the president.

Section 3. Committee Meetings.

- A. Member standing committees shall meet at a time preceding the Association's annual meeting each year, and at other times as directed, approved, or acquiesced in by the board.

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- B. Special committees shall meet as directed by the president or board of directors.
- C. All committees, including the executive committee, may meet by means of a conference telephone or other electronic means of communication by which all persons participating can simultaneously hear and speak to one another.

**ARTICLE IX
PARLIAMENTARY AUTHORITY**

The rules contained in Robert's Rules of Order Newly Revised Eleventh Edition (2011) shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with applicable law, these bylaws and any special rules of order the Association may adopt.

**ARTICLE X
AMENDMENT**

Section 1. Proposed Amendments.

- A. Amendments to these bylaws may be proposed only by a region, the board, the executive committee, or a member committee authorized by the board or president.
- B. The exact text of the proposed amendment and any supporting documentation must be received by the Association office at least 120 calendar days before the date of the Association annual or special meeting of members, except that if a regional meeting or board meeting takes place less than 120 calendar days prior to the date of the Association annual meeting, proposed amendments from that region or the board must be submitted to the Association office within 48 hours of the close of that meeting. Whenever possible, proposed amendments received will be made available for review at regional meetings.

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- C. Except for amendments proposed by the board or the executive committee, the executive committee shall review all proposed amendments and may recommend adoption, defeat, or amendment of the proposal.

Section 2. Adoption.

- A. Notice of proposed bylaw amendments shall be sent to members with the notice of an annual or special meeting of the members.
- B. Except as provided in Section 2(C), a two-thirds vote of the members present and voting at an annual or special meeting of the members shall be required to amend these bylaws.
- C. If proposed amendments have not been received at least 120 calendar days before an annual meeting, or if notice to the members has not been given as required in this section, these bylaws may be amended by a two-thirds vote to consider and a three-fourths vote to adopt. Debate on a motion to consider a proposed amendment shall be confined to the merits of consideration.

Section 3. Distribution. As soon as reasonably possible after these bylaws are amended, the Association shall distribute to each voting member copies of the amended bylaws or notify each voting member of the availability of the amended bylaws.

ARTICLE XI
ELECTRONIC DOCUMENTS

If a member owns, controls, or has reasonable access to the appropriate hardware and software, then, regardless of any contrary bylaw:

- A. As requested by the Association, the member agrees to:
 - (1) Use, accept, send, and receive electronic signatures, contracts, records, notices, communications, and other documents regarding any transaction with, for, or involving the Association;
 - (2) Conduct any action or transaction with, for, or involving the Association by electronic means; and
 - (3) Give or confirm this agreement and any required consent electronically; and

- B. Unless the board of directors determines otherwise:
 - (1) Any electronic signature, contract, record, notice, communication, or other document to or from the member satisfies any requirement imposed by law, the articles of incorporation, or these bylaws that the underlying signature, contract, record, notice, communication, or other document be in writing;
 - (2) Electronically sending or receiving any electronic signature, contract, record, notice, communication, or other document to or from

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the member satisfies any requirement imposed by law, the articles of incorporation, or these bylaws that the underlying signature, contract, record, notice, communication, or other document be sent or received personally or by mail; and

- (3) The member electronically taking any action provided in these bylaws satisfies any requirement imposed by law, the articles of incorporation, or these bylaws regarding the form or manner of taking the action.

All electronic signatures, contracts, records, notices, communications, and other documents sent electronically to a member or former member at the member or former member's last known electronic address are considered sent and received on the date sent. All electronic signatures, contracts, records, notices, communications, and other documents sent electronically to the Association from a member or former member are considered sent and received on the date received by the Association. For purposes of this article, the term "electronic" includes, but is not limited to, electronic mail and facsimile, and the term "electronically" includes, but is not limited to, via electronic mail and facsimile. For purposes of this article, the term "member" includes a member, director, officer, or committee member.

**ARTICLE XII
WAIVER OF NOTICE**

A member, director, or committee member may waive, in writing, notice of a meeting before or after the meeting. Attendance at, participation in, or actual notice of a meeting by a member, director, or committee member waives objection to lack of notice or defective notice of the meeting, unless, at the beginning of the meeting, the member, director, or committee member objects to holding the meeting or transacting business at the meeting, or, before a vote on an item, the member, director, or committee member objects to consideration of the item and does not participate in consideration of the item.

**ARTICLE XIII
INDEMNIFICATION**

- A. The Association shall, to the fullest extent permitted by law, indemnify every person who is or was a party, or is or was threatened to be made a party, to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (“Action”) because the person is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or officer (“Indemnified Person”) against all expenses, including attorneys’ fees, judgments, fines, and amounts paid in settlement or other disposition that the Indemnified Person actually and reasonably incurs in connection with the Action. The Association shall reimburse each Indemnified Person for all legal fees and expenses reasonably incurred by the Indemnified Person in seeking to enforce the Indemnified Person’s rights to

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indemnification under this article, through legal action or otherwise.

- B. Upon written request from an Indemnified Person, the Association shall, to the fullest extent permitted by law, pay the expenses, including attorneys' fees, incurred by the Indemnified Person in connection with an Action in advance of the final disposition of the Action.
- C. The rights of indemnification and advancement of expenses contained in this article shall not be exclusive of any other rights to indemnification or similar protection to which an Indemnified Person may be entitled under an agreement, vote of members or disinterested directors, insurance policy, or otherwise.
- D. The rights created by this article shall inure to the benefit of each Indemnified Person and each heir, executor, and administrator of the Indemnified Person.
- E. Neither the amendment, modification, or repeal of this article, nor the adoption of a provision in these bylaws inconsistent with this article, shall adversely affect a right or protection of an Indemnified Person with respect to an act or omission that occurred prior to the amendment, modification, repeal, or adoption.

NRECA Articles of Incorporation (2007)

**ARTICLES OF INCORPORATION OF
NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION**

Adopted March 19, 1942 (Recorded March 20, 1942)
Amended 1958 (Filed July 28, 1958)
Amended March 6, 1980 (Filed June 9, 1980)
Amended February 6, 1985 (Filed February 28, 1985)
Amended March 21, 2007 (Filed April 17, 2007)

ARTICLE I

The purposes of this Association shall be: To engage in the compilation and dissemination of information with respect to rural electrification and the furnishing of other services to rural electric cooperatives and others in connection with the coordination, advancement and development of rural electrification in the United States of America, its territories and possessions, for the primary and mutual benefit of the patrons of the Association and their patrons, as ultimate consumers.

The powers of the Association shall be those set forth in the Act and shall be exercised by the Association's board of directors in accordance with the purpose and provisions of the Act, the Association's articles and by-laws and the decisions of its membership meetings and in pursuance of its purposes. The powers of the Association include the power to act as a registered agent for corporations.

ARTICLE II

The name of the Association shall be "National Rural Electric Cooperative Association."

NRECA Articles of Incorporation (2007)

ARTICLE III

The term of existence of the Association shall be perpetual.

ARTICLE IV

The principal office of the Association shall be located at 4301 Wilson Boulevard, in the County of Arlington, Virginia.

ARTICLE V

The names and addresses of the Incorporators of the Association are as follows:

| | |
|--------------------|--|
| William Jackman | 16 Court Street, Freehold, New Jersey |
| Steve C. Tate | Tate, Georgia |
| Will Hall Sullivan | Lafayette, Tennessee |
| Dolph H. Wolf | Portland, Michigan |
| E.J. Stoneman | Platteville, Wisconsin |
| Harry Edmunds | Cedar, Minnesota |
| J.C. Nichols | Cody, Wyoming |
| Thomas B. Fitzhugh | Pyramid Bldg., Little Rock, Arkansas |
| E.D.H. Farrow | Itasca, Texas |
| Raymond A. Walker | Fulton, Missouri |

ARTICLE VI

The names and addresses of the directors who shall manage the affairs of the Association for the first year, unless sooner changed by the members, are as follows:

NRECA Articles of Incorporation (2007)

| | |
|--------------------|--|
| William Jackman | 16 Court Street, Freehold, New Jersey |
| Steve C. Tate | Tate, Georgia |
| Will Hall Sullivan | Lafayette, Tennessee |
| Dolph H. Wolf | Portland, Michigan |
| E.J. Stoneman | Platteville, Wisconsin |
| Harry Edmunds | Cedar, Minnesota |
| J.C. Nichols | Cody, Wyoming |
| Thomas B. Fitzhugh | Pyramid Bldg., Little Rock, Arkansas |
| E.D.H. Farrow | Itasca, Texas |
| Raymond A. Walker | Fulton, Missouri |

ARTICLE VII

The Association is organized without shares and the number of memberships in the Association shall be as determined by the Association's board of directors from time to time.

ARTICLE VIII

The property rights of voting members in this Association shall be equal.

ARTICLE XI

In the event of the dissolution of this Association, its assets shall be distributed in the following manner and order:

1. By paying its debts and expenses.
2. By returning to the members of the Association the par value of their membership certificates, if any.

NRECA Articles of Incorporation (2007)

3. By distributing the surplus among those patrons who have been Members at any time during the six years preceding dissolution, on the basis of their patronage during that period.

The National Rural Electric Cooperative Association (NRECA) represents the national interests of consumer-owned electric cooperative utilities.

NRECA provides legislative, legal and regulatory services; and programs in insurance, management and employee education, training, consulting, market and cooperative development, public relations and other strategic services.

NRECA and its member cooperatives also support energy and environmental research and administer a program of technical advice and assistance in developing countries around the world.



**National Rural Electric
Cooperative Association**

• A Touchstone Energy® Cooperative 

**4301 Wilson Boulevard
Arlington, VA 22203-1860
(703) 907-5500
www.nreca.coop**