

# BYLAWS OF TOUCHSTONE ENERGY COOPERATIVE, INC.

## ARTICLE I The Cooperative

**Section 1.1–Name.** The name of the Cooperative is Touchstone Energy Cooperative, Inc. (the “Cooperative” or “Touchstone Energy”).

**Section 1.2–Principal Office.** The principal office of the Cooperative shall be located in Arlington, Virginia.

**Section 1.3–Additional Offices.** The Cooperative may also have offices at such other places both within and without Virginia as the Board of Directors may from time to time determine or the Cooperative may require.

## ARTICLE II Members and Membership

**Section 2.1–Cooperative Members.** The members of the Cooperative shall be (1) Full Members (“Members”), (2) Regional Members; and (3) any other types or classes of Membership (“Associate Members”), with respective rights, responsibilities, and dues as the Board of Directors may from time to time establish in the best interests of the Cooperative. Organizations which are Touchstone Energy members at the time of adoption of these Bylaws may continue membership in the Cooperative.

**Section 2.2–Full Member Eligibility.** To be qualified as a Full Member in the Cooperative, and to remain a Member, an organization must: (1) be eligible to be a voting member of the National Rural Electric Cooperative Association, (2) be operating in a manner consistent with the then current International Cooperative Alliance cooperative principles and the Touchstone Energy brand values of integrity, accountability, innovation and commitment to community, and (3) agree to comply with and be bound by the Articles of Incorporation of the Cooperative and these Bylaws and any amendments thereto and such rules, regulations and policies as may from time to time be adopted by the Cooperative.

**Section 2.3–Approval.** Prior to becoming a member, an eligible organization must apply for, and be approved for, membership under procedures established by the Cooperative Board of Directors; pay any membership fee, costs, and dues as may be established by the Board of Directors from time to time, and execute any agreements or licenses as may be required to use the Touchstone Energy brand, trademarks and program materials.

**Section 2.4–Regional Members.** A Regional Member must be a Full Member. The Cooperative membership shall be organized such that the Full Members may be affiliated together in groupings as Regional Memberships for purposes relating to the functions specified in these Bylaws. Each Regional Member shall be subject to (1) an initial membership equity contribution to be set by the Board, but not less than \$60,000; and (2) any ongoing dues or assessments as specified by the Board; and (3) at least annually shall report to the Cooperative the contact information for the Regional Member along with a list of the Full Members who are formally affiliated with the Regional Member. The Regional Members shall together form a Regional Member Group and each Regional Member shall designate a representative to the Regional Member Group. The Regional Member Group shall meet from time to time for purposes of establishing its own governing policies and implementing the requirements of Regional Members under these Bylaws.

**Section 2.5–Unaffiliated Members.** Full Members who choose not to affiliate with a current Regional Member, or choose not to organize their own Regional Membership, shall be grouped together by the Cooperative as an Unaffiliated Members Group. A representative designated by the Unaffiliated Members Group shall have the right of notice and attendance at the Regional Members’ meetings, but only such other rights as granted in policy from time to time by majority vote of the Regional Members.

**Section 2.6–Cooperative Principles.** The Cooperative shall deal with its members under the cooperative method. The Cooperative shall operate its business with its members at cost. The Cooperative shall apportion, distribute, and apply its net earnings and profits according to the terms, conditions, rules and regulations determined by the Board of Directors. The property of the members of the Cooperative shall be exempt from execution for any debts of the Cooperative, and no member shall be liable or responsible for any debts or liabilities of the Cooperative. The Cooperative and its members, and as between its members, are not engaged in a joint venture or joint enterprise and do not intend to do so.

**Section 2.7–Annual Meeting.** An Annual Meeting of the Members shall be held at such time and such place as may be selected by the Board of Directors and which shall be designated in the Notice of the Meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Meeting, establish the agenda, and provide Notice thereof. Failure to hold an Annual Meeting shall not cause forfeiture or dissolution of the Cooperative.

**Section 2.8–Special Meetings.** Special meetings of the Members may be called with prior Notice by (1) the Board of Directors, (2) two-thirds majority vote of the Regional Members, or (3) at least 10 percent of all the Members.

**Section 2.9–Quorum.** The presence of Full Members, representing at least ten percent (10%) of the total number of Members, shall constitute a quorum for the transaction of business at all meetings of Members. Representatives of the Regional Members shall constitute the presence of the total number of Full Members affiliated with the respective Regional Membership for purposes of determining a quorum. If a Regional Member is present, then no individual Full Member affiliated with the Regional Member is counted in determining whether a quorum is present.

**Section 2.10–Voting.** Each Full Member shall be entitled to one vote upon each matter submitted to a vote of the Members. All questions shall be decided by majority vote, except as otherwise required by law or these Bylaws. Representatives of the Regional Memberships may present the proxies and cast the respective number of votes of the Full Members affiliated with the Regional Membership. A Full Member may vote independently of its Regional Member or it may vote by proxy through its Regional Member with whatever limitations on such proxy as it deems desirable.

Procedures for Regional Members' rights of voting and proxy shall be communicated with the Regional Members by the Board of Directors. Each time there is a vote of the members, the Regional Members shall present the ballot to each of their affiliated Full Members and such Full Members shall certify their delegation of proxy in writing with its Regional Member should such Full Member elect to have its Regional Member Representative vote its proxy. Touchstone Energy staff shall conduct election procedures with Unaffiliated Members.

**Section 2.11–Membership Termination.** The Membership of a member (Full, Regional or Associate, etc.) may be terminated upon an Effective Date as specified in this section. Until such Effective Date, each member remains subject to all Membership requirements, privileges, expenses, fees, assessments and other obligations. The Board may establish special rules, policies and terms setting a termination Effective Date or subjecting a terminated Membership to reinstatement. For Voluntary Withdrawal of Membership, the member may specify the Effective Date of the Membership termination. For Involuntary Termination of Membership, the Cooperative may specify the Effective Date of the Membership termination.

**Section 2.12–Involuntary Termination of Membership.** Any member of the Cooperative may be suspended or expelled at any time as provided in this section for actions or omissions of that member, its governing body, or its management that are inconsistent with one or more of the International Cooperative Alliance cooperative principles or the brand values. The Board by majority vote may discipline a member by suspension. To consider a member for expulsion, the President shall appoint an independent committee comprised of the Vice President, one other director of the Board of Directors, the Chair of the Regional Members Group and two representatives from the other Full Members, provided that, if the member being considered is represented by any one of these individuals, another Director or representative of the Regional Members or other Full Members shall be appointed by the President to investigate the facts for a period up to sixty (60) days. During the investigation period, the independent committee shall

notify the member of the investigation. At the conclusion of the investigation, the independent committee shall make recommendations to the full Board. A two-thirds (2/3) majority vote of the Board of Directors present and voting at a regular or special Board of Directors meeting at which the expulsion is an agenda item shall be required to pass a motion for expulsion. Not less than ten (10) days prior, the affected member shall be notified of the Board of Directors meeting at which expulsion is an agenda item and be provided the opportunity to address the Board before it acts on a motion to expel at this meeting.

From the time the investigation period is initiated until the Board votes on expulsion, the member shall be deemed to be suspended. A Membership policy adopted by the Board shall address the rights of suspended members.

Upon expulsion, any and all rights of the member to the Cooperative's goods, services, assets or property cease and any sublicense to use the Touchstone Energy trademarks is deemed terminated.

### **ARTICLE III** **Directors**

**Section 3.1–Number and General Powers.** The business and affairs of the Cooperative shall be managed by a Board of Directors numbering thirteen (13), which shall exercise all of the powers of the Cooperative except such as are by law, or by the Articles of Incorporation, or by these Bylaws conferred upon or reserved to the Members. By majority vote of the entire Board of Directors, the number of Directors may be recommended increased or decreased from time to time pursuant to a specific plan of implementation, but in no event shall there be less than three (3) or no more than thirteen (13) Directors on the Board. A recommended decrease or increase in the number of Directors pursuant to this Section is subject to a vote by Members ratifying the decrease or increase, as the case may be.

**Section 3.2–Term.** The term of office for each Director shall be three (3) years. Directors on the Board shall serve staggered three (3) year terms such that approximately one-third (1/3) of the Board stands for election each year. The Board by policy shall establish the schedule of Director terms, and periodically shall review directors' staggered terms to ensure terms are balanced. A Director may not serve more than two (2), full and consecutive three (3) year terms without an intervening term in which the individual does not serve as a Director.

**Section 3.3–Qualifications.** Each Director, to be eligible to be nominated, elected, appointed, serve, and continue to serve, shall be either a Director or a senior-level employee of a Full Member of the Cooperative. To be or remain qualified, a Director, nominated by a Regional Member, must be and remain a director or senior level employee of a Full Member affiliated with the Regional Member that nominated such director. Each Director shall be required at least annually, and in preparation for nomination and election, to report to the Cooperative to confirm his or her qualifications pursuant to this section. Upon establishment of

the fact that a Director does not currently meet the qualifications of this section, it shall be the duty of the Board to deem the position vacant and be filled pursuant to the provisions of this Article regarding vacancies.

**Section 3.4–Nomination.** Each Regional Member shall have the right to nominate one (1) individual as a candidate for election to the Board. However, each Regional Member whose previous nominee was elected, shall not have the right to make future nominations so long as the previously elected nominee continues to serve on the Board. Any Full Member may also nominate a candidate for election by timely petition containing the approval for the nomination by at least thirty-five (35) individual Full Members, or five percent (5%) of the total current Members, whichever is larger. The Board by policy may establish procedures for implementation of the nomination and election process.

**Section 3.5–Election.** Candidates duly nominated shall stand for election as Directors. Election procedures shall ensure that each Full Member of the Cooperative shall have one vote for each Board seat to be filled in an election. Regional Members only shall have the right to obtain and cast proxy votes from their affiliated Full Members for purposes of the Director elections.

**Section 3.6–Vacancies.** Any vacancy occurring among the Directors, whether by death, resignation, removal, or disqualification shall be filled by a majority vote of the Board, and any Director so elected shall serve the remaining unexpired term assigned to the vacant seat.

**Section 3.7–NRECA Board Liaison.** In addition to any then current Directors, the chief executive officer of the National Rural Electric Cooperative Association may also appoint from time to time one individual who shall be a liaison to the Board and who also shall be given notice as provided for Directors of all meetings. The individual shall serve as liaison between the Cooperative and the National Rural Electric Cooperative Association, and shall have no formal vote on the Board and whose presence is not counted in determining a quorum.

## **ARTICLE IV**

### **Meetings of Directors**

**Section 4.1–Board Meetings.** Board of Directors meetings, regular or special, may be held at such times and places as may be necessary and convenient as the Board from time to time may provide subject to the Notice provisions of Article V. Attendance at such meetings may be accomplished in person, or by telephone or video conference, or by electronic transmission, so long as all Directors may speak and be heard by such means.

**Section 4.2–Scheduling Meetings.** Meetings of the Board of Directors may be called by the President, the Executive Committee (if one is constituted), or by any six (6) Directors. The Secretary shall be responsible for appropriate notice for all meetings.

**Section 4.3–Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater majority is required by law or these Bylaws.

**Section 4.4–Committees.** The Board of Directors may appoint from among the Directors an Executive Committee, and also may appoint other committees, and may delegate authority, and provide charge to such committees, as the Board may deem necessary in the best interests of the Cooperative. Such committees shall report their work back to the Board in such format as the Board deems convenient.

## **ARTICLE V**

### **Notice**

**Section 5.1.** Notice of the time, place and purpose of any Membership Meeting shall be given no less than ten (10) nor more than sixty (60) days prior to the meeting.

**Section 5.2.** Notice of the time, place and purpose of any regular meeting of the Board of Directors, shall be given in a timely manner at least five (5) business days previous thereto by written notice delivered either personally, mailed, by facsimile or electronic transmission to each authorized individual on the Board, at the address so provided by the individual entitled to such notice. The attendance of any person at any meeting, for which notice was required, shall constitute waiver of notice of such meeting. Notices of Board meetings shall be given to all Regional Members and advisory committee chairs.

**Section 5.3.** Notice of the time and purpose of a special board meeting to be held telephonically, electronically or by video conference shall be given in a timely manner at least forty-eight (48) hours prior to such meeting.

**Section 5.4.** Required communications, including notice, document transfer and voting may be accomplished, as determined by the Board in a manner convenient and efficient for the Cooperative and its members and Directors.

## **ARTICLE VI**

### **Officers**

**Section 6.1–Required Officers.** The officers of the Cooperative shall be chosen by the Board of Directors, and shall be a president, vice president, a secretary and a treasurer. The offices of secretary and treasurer may be held by the same person, and the ministerial duties thereof for secretary and treasurer may be delegated for efficiency and convenience. These officers shall be elected at least annually at the meeting of the Board following the Annual Meeting of the Cooperative.

**Section 6.2–Additional Officers.** The Board of Directors may appoint such other officers with such authority and such terms as the Board may from time to time find advisable.

**Section 6.3–Tenure of Officers.** Required Officers terms are provided in Section 6.1. Additional officers of the Cooperative shall serve for such terms as may be provided by the Board and until their successors are chosen and qualify. Any officer may be removed by the Board, with or without cause, in the best judgment of the Board acting in the best interests of the Cooperative. Any vacancy occurring among the officers shall be filled by the Board.

**Section 6.4–The President.** The President shall be the principal executive officer of the Board of Directors, exercising the traditional power of presiding officer over all Board and Cooperative Member meetings.

**Section 6.5–Vice President.** The Vice President of the Cooperative shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

**Section 6.6–Secretary.** The Secretary shall attend all meetings of the Board and Cooperative Members and shall be responsible to accurately record all of the proceedings of the meetings and shall be the custodian of all such official records of the Cooperative in the traditional role of a secretary. The Secretary shall be responsible to give, or cause to be given, appropriate and timely notice of all meetings requiring notice and shall perform all other duties and handle all official correspondence of the Cooperative as prescribed by the Board.

**Section 6.7–Treasurer.** The Treasurer shall be the custodian of the corporate funds and securities of the Cooperative, shall keep full and accurate records of receipts and disbursements of the financial affairs of the Cooperative, and shall deposit all moneys and valuable effects in the name and to the credit of the Cooperative in such depositories as may be designated by the Board of Directors. The Treasurer shall periodically, as designated by the Board of Directors, make such financial reports and accounts as the Board may require. The Board may require the Treasurer, and such assistants as the Board deems necessary, provide such bond and surety, at the expense of the Cooperative, as the Board deems in the best interests of the Cooperative. Nothing herein precludes the Board from periodically demanding an independent financial audit of the financial books and affairs of matters under the authority of the Treasurer.

## **ARTICLE VII**

### **Operations**

**Section 7.1–Management Support.** As performed under the direction and control of the Board of Directors, all management and administrative services, support and supplies for Cooperative shall be provided exclusively by the National Rural Electric Cooperative Association.

**Section 7.2–Prohibitions on Regulated Affairs.** The Cooperative shall neither sell power nor engage in any activity subjecting itself or the National Rural Electric Cooperative Association to public utility regulation under any federal or state law.

**Section 7.3–Rules of Order.** Conduct of all meetings of the Cooperative shall be under such rules and procedures as set out in these Bylaws or policy, or approved by the majority of eligible voting members of such meeting. In absence of established or agreed procedure, the rules contained in the current edition of Robert’s Rules of Order Newly Revised shall govern the Cooperative in all cases to which they are applicable and in which that are not inconsistent with these Bylaws and any special rules of order the Cooperative may adopt.

**Section 7.4–Financial Transactions.** All checks, drafts, and orders for the payment of money, notes and other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or individual as the Board of Directors may from time to time designate.

**Section 7.5–Fiscal Year.** The fiscal year of the Cooperative shall be fixed by resolution of the Board of Directors.

**Section 7.6–Seal.** The corporate seal shall have inscribed thereon the name of the Cooperative, the year of its organization and the words “Corporate Seal, Arlington, Virginia.” The seal may be used by causing it or its facsimile thereof to be impressed or affixed or reproduced or otherwise upon the official document transactions of the Cooperative.

## **ARTICLE VIII**

### **Indemnification**

**Section 8.1.** The Cooperative 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, whether formal or informal, (“Proceeding”) because the person is or was a Director, officer, employee or agent of the Cooperative (“Indemnified Person”) against all reasonable 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 Proceeding.



**Section 8.2.** An Indemnified Person may seek an advance of expenses, including attorneys' fees, as such expenses are incurred in connection with a Proceeding in advance of its final deposition upon a written request for advancement accompanied by appropriate documentation of the expenses. Such request must include both of the following: (1) a written statement of the Indemnified Person's good faith belief that he has met the statutory standard of conduct in effect at the time the request is made, and (2) a written undertaking, executed personally or on behalf of the Indemnified Person, to repay the advance if it is ultimately determined that the standard of conduct has not been met.

**Section 8.3.** The Board of Directors, a committee of the board, or legal counsel appointed by the board, shall determine whether: (1) the Indemnified Person has met the statutory standard of conduct required for indemnification to be permissible, (2) the expenses being claimed by the Indemnified Person are reasonable, and (3) to approve payment of expenses prior to the final deposition of a Proceeding.

**Section 8.4.** 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, insurance policy, or otherwise.

**Section 8.5.** The rights created by this article shall inure to the benefit of each Indemnified Person and to the heirs, executors, or administrators of the Indemnified Person.

## **ARTICLE IX** **Amendments**

**Section 9.1** The Board of Directors shall have the authority to amend the Bylaws upon proper notice. Such amendments are not effective until ratified by a two-thirds (2/3) of the Members voting.

**Section 9.2** Members may propose Bylaw Amendments and may amend the Bylaws, or ratify Board approved amendments, at a Member Meeting or through written assent of two-thirds (2/3) of the Members voting, provided written notice of the proposed amendment is delivered at least ten (10) days in advance, and may prescribe that the Board may not override their amendment. Such Member-proposed Bylaw amendment must be sponsored by at least thirty-five (35) individual Full Members, or five percent (5%) of the total Members, whichever is larger.

**Approved: January 26, 2016**