



## **MEMORANDUM CONCERNING THE PROPOSED AMENDED AND RESTATED BYLAWS**

Throughout the first half of 2021, the Board of Directors of Fox Islands Electric Cooperative, Inc. (FIEC) worked with the FIEC's CEO to review, discuss, and revise FIEC's Bylaws. The Board determined that an amended and restated version of the Bylaws was desirable to revise obsolete and archaic language, eliminate redundant provisions, incorporate and align the Bylaws with current state and federal law, and otherwise update the Bylaws to reflect current business practices.

At the regular meeting held on June 22, 2021, the Board voted to present the Amended and Restated Bylaws to FIEC's members for adoption. The substantive changes are summarized as follows:

### **Article I – The Cooperative**

- Identifies applicable state and federal law and regulation.

### **Article II – Definitions**

- Adds a definition section for commonly used terms.

### **Article III – Membership**

- Redefines membership to include every person or entity receiving energy or services from FIEC
- Eliminates membership fee and certificate.
- Provides for an opt-out of membership. The only difference between a member and non-member is that non-members may not vote in FIEC elections. All services, tariffs, and terms and conditions are the same for both members and non-members.
- Revises the joint member section as applicable to spouses to align with current business practices.
- Rearranges and revises the termination of membership provisions to align with current business practices.

### **Article IV – Meetings of the Members**

- Includes language to reschedule or change the venue of the annual meeting for unforeseen circumstances, such as extreme weather and a health emergency.
- Changes the provisions for calling a special meeting of the members.
- Provides that a quorum may be determined by mail ballot for election purposes.

- Adds record dates for determining members who are entitled to receive notice and a ballot by mail.
- Aligns the proxy section with Maine law.

#### Article V – Board Members

- Revises the language to state that members only vote for the directors in their district (i.e., North Haven or Vinalhaven). The districts are already divided so that directors represent each island; North Haven has 3 directors, and Vinalhaven has 6 directors.
- Changes the term of election to 3 years. The term is currently 2 years, which causes uneven election cycles.
- Streamlines the director nomination process to only a petition signed by at least 15 members. The current bylaws allow for a nominating committee, nomination by petition, and nomination at the annual meeting when most of the voting is already complete. This proposed change simplifies the process by having all candidates nominated in the same manner.
- Adds and revises sections applicable to director resignation and removal.
- Updates indemnification language to align with Maine law.

#### Article VI – Officers

- Aligns officer duties with current business practices.
- Adds an appointed officer section to include the chief executive officer (formerly general manager).
- Deletes obsolete bonding section. All directors and officers are covered by FIEC’s director & officer insurance policy.

#### Article VII – Meetings of the Board

- Adds member notice requirements.
- Adds electronic meeting provisions for situations when meetings may not be held in person.
- Adds open meetings, public comment, and executive session provisions. Establishes that the Board may not make any decisions or take action in any session that is closed to its patrons.

#### Article VIII – Nonprofit Operation and Capital Credits

- Revises and updates language for clarity.
- Adds a section to provide for the assignment of capital credits.

#### Article IX – Financial Transactions

- Removes obsolete language.

#### Article X – Disposition of Property

- No substantive changes.

#### Article XI – Dissolution

- Aligns with Maine law and removes obsolete language.

#### Article XII – Miscellaneous

- Adds notice provisions to both FIEC and its patrons.

The Board unanimously approved the proposed changes. An affirmative vote of the majority of members voting is needed for adoption.

The final proposed document and redlined document detailing the proposed changes are attached. If you have any questions about the proposed Amended and Restated Bylaws, please call FIEC's office at (207) 863-4636.

**FOX ISLANDS ELECTRIC COOPERATIVE, INC.**  
**AMENDED AND RESTATED BYLAWS**  
**Effective July 26, 2021 (Proposed)**

**Article I – The Cooperative**

Fox Islands Electric Cooperative, Inc. is a rural electrification cooperative organized under 35-A M.R.S.A. §3701, et seq. and consumer-owned transmission and distribution utility as defined in 35-A M.R.S.A. §3501. The Cooperative is regulated by the Public Utilities Commission of the State of Maine according to Maine law and its Members through an elected governing body according to the Cooperative's Articles of Incorporation and these Bylaws.

The Cooperative shall not be operated for profit but for the mutual benefit of its Members and shall be operated to maintain its tax-exempt status under 26 U.S.C. § 501(c)(12).

**Article II – Definitions**

As used in these Bylaws:

“Board of Directors,” “Board of Trustees,” and “Board” mean a body of natural persons duly qualified and elected or appointed as provided for in these Bylaws to govern the Cooperative's business affairs.

“Capital Credit” means the Patronage Capital allocated to the Patrons.

“Cooperative” means Fox Islands Electric Cooperative, Inc.

“Director” and “Trustee” mean a seated member of the Cooperative's Board of Directors.

“Member” means a person or entity receiving electric energy, transmission and distribution service, and/or other services furnished by the Cooperative who has not opted out of membership as provided for in these Bylaws. The term “Member” as used in these Bylaws includes spouses holding a joint membership. Members are entitled to vote for Directors as provided for in these Bylaws.

“Officer” means the President, Vice President, Secretary, Treasurer, Chief Executive Officer, and other officers as may be designated by the Board pursuant to these Bylaws.

“Patron” means a person or entity that purchases or has purchased electric energy from the Cooperative.

“Patronage Capital” means all amounts received by the Cooperative from sales of electric energy and distribution services related to such sales in excess of the cost of providing such sales and services and such other margins as may be designated and allocated as patronage capital by the Board.

## **Article III – Membership**

**Section 1. Requirements for Membership.** Any person or entity that purchases electric energy, transmission and distribution service, and/or other services furnished by the Cooperative is deemed to have consented to use such energy or service and be a Member of the Cooperative. Service and billing records of the Cooperative showing service in the name of a person or entity shall presumptively establish membership of that person or entity.

No Member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

Any person or entity may opt-out of or withdraw from membership by notifying the Cooperative in writing. A person or entity giving such notice shall not be considered a Member of the Cooperative or be entitled to vote in Cooperative elections but shall continue to be eligible for electric service under the Cooperative's tariffs, terms, and conditions.

**Section 2. Joint Membership.** Spouses may apply for a joint membership or convert an existing individual membership to a joint membership. All rights and liabilities of membership apply to joint memberships as follows:

- (a) The presence at a meeting of either spouse shall be regarded as the presence of one Member and jointly waives notice of the meeting;
- (b) The signature of either or both spouses on a nominating petition shall constitute only one Member signature unless one spouse holds a separate individual membership that is not part of the joint membership;
- (c) The vote of either spouse shall constitute one joint vote;
- (d) A waiver of notice signed by either spouse shall constitute a joint waiver;
- (e) Notice to either spouse shall constitute notice to both spouses;
- (f) Expulsion of either spouse shall terminate the joint membership;
- (g) Withdrawal of either spouse shall terminate the joint membership;
- (h) Either spouse, but not both, may be elected or appointed as an Officer or Director, provided that both meet the qualifications for such office;
- (i) Both spouses shall be jointly entitled to allocation of Patronage Capital and shall be jointly liable for debts to the Cooperative incurred in connection with the receipt of electric service, which liability shall survive termination of the joint membership;
- (j) Upon the death of either spouse who is a joint Member, the membership and any Capital Credits allocated to the joint membership shall be transferred to the surviving spouse; and

- (k) Joint membership shall terminate upon dissolution of marriage, and any joint Capital Credits will be divided equally between the parties unless a binding agreement or court order stipulating otherwise is provided to the Cooperative.

**Section 3. Transfer of Membership.** Membership in the Cooperative shall not be assignable or transferable except upon consent of the Board or pursuant to policies established by the Board.

**Section 4. Termination of Membership.**

- (a) Membership shall terminate upon the withdrawal, death, cessation of existence, or expulsion of a Member or upon the termination of all of the Member's service accounts. Upon termination of membership, the former Member's accrued Capital Credit allocations shall continue to be eligible for retirement or assignment consistent with these Bylaws.
- (b) Except for the retained right to Capital Credits, if any, termination of membership shall operate as a release of all rights, title, and interest of the former Member in the property and assets of the Cooperative; provided, however, that termination of membership shall not release the former Member or the former Member's estate from the debts or liabilities of such former Member to the Cooperative.
- (c) The Board may, by the affirmative vote of not less than two-thirds of all the Directors of the Board, expel any Member who fails to comply with any of the provisions of the Articles of Incorporation, these Bylaws, or tariffs, terms, or conditions adopted by the Board, but only if such Member is given not less than fifteen days prior written notice of the proposed action, reasons therefor, and an opportunity to be heard, orally or in writing, at least five days prior to the effective date of such action. Any expelled Member may be reinstated by a vote of the Board or by a vote of the Members at any annual or special meeting.

**Article IV – Meetings of Members**

**Section 1. Annual Meeting.** The annual meeting of the Members shall be held on the fourth Monday of July of each year, beginning with the year 1975, at a location on Vinalhaven or North Haven. The Board shall determine the time, date, and location of the annual meeting. The Board, in its discretion, may change the time, date, and location of the annual meeting, including a change to a month other than July, upon a Board determination that circumstances have occurred that could not be foreseen at the time the meeting was set, such as, but not limited to, an extreme weather event, health emergency, or fire, and upon such notice of the new meeting time, date, and location as is provided permitted by law.

The purpose of the annual meeting shall be to elect Directors, present reports for the previous fiscal year, and transact such other business as may properly come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting shall not result in a forfeiture or dissolution of the Cooperative.

**Section 2. Special Meetings.** A special meeting of the Members may be called by the Board President, two-thirds of Directors, or by a petition signed by at least ten percent of the Members and delivered to the Cooperative. Such petition shall cite the specific purpose or purposes for which the special meeting is being called and shall be in conformity with all applicable laws, the Cooperative's Articles of Incorporation, and these Bylaws. Any special meeting of the Members shall be held at a location on Vinalhaven or North Haven at a time, date, and location determined by the Board.

**Section 3. Notice of Members' Meetings.** Written or printed notice stating the date, time, and location of the meeting and the purpose or purposes for which the meeting is called, shall be given to each Member, either personally or by mail, not less than ten days nor more than twenty-five days before the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail with postage prepaid addressed to the Member at his or her address as it appears on the records of the Cooperative.

The failure of any Member to receive notice of an annual or special meeting of the Members shall not invalidate any actions which may be taken by the Members at any such meeting.

**Section 4. Quorum.** Fifty Members, present in person, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

**Section 5. Voting.** Each Member shall be entitled to only one vote upon each matter submitted to a vote by the Members. All questions shall be decided by the majority of Members voting thereon by mail, in person, or by proxy, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. A Member who has submitted a mail ballot on any matter shall not be entitled to vote in person.

**Section 6. Action by Mail Ballot.** Any action that may be taken at any annual or special meeting of the Members may be taken without a meeting if the Cooperative mails a ballot to every Member entitled to vote on the matter. Such action has the same effect as action taken at a meeting of Members. The mail ballot shall state each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by mail ballot shall:

- (a) state the percentage of approvals necessary to approve each matter other than the election of Directors;
- (b) state the time by which ballots eligible to be counted must be received by the Cooperative or an independent third party with whom the Cooperative has contracted for the storage and counting of ballots; and
- (c) be accompanied by written information sufficient to permit each Member casting such ballot to reach an informed decision on the matter.

Approval by mail ballot pursuant to this section shall be valid only when the number of votes cast by mail ballot equals or exceeds the quorum required to be present at a meeting authorizing the

action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by mail ballot.

**Section 7. Order of Business.** Except as otherwise provided in these Bylaws, the Board shall determine the agenda, program, and order of business for any meeting of the Members called by the Board. The Board President shall determine the agenda for meetings called by the President. The matters to be considered at a special meeting called by petition of the Members shall be as presented in the petition. The President, or his or her designee, shall preside at each Member meeting and may exercise the duties and take actions reasonably necessary to conduct the meeting in an efficient manner.

The order of business at a meeting of the Members shall generally be as follows:

- (a) Read the notice of the meeting and proof of notice publication or mailing, or the waiver or waivers of notice of the meeting, as the case may be;
- (b) Report on the number of Members present in person in order to determine the existence of a quorum;
- (c) Read the unapproved minutes of the previous meeting of the Members and take necessary action thereon;
- (d) Present and consider reports of Officers, Trustees, and committees, if applicable;
- (e) Member comment;
- (f) Unfinished business;
- (g) New business; then
- (i) Adjournment.

**Section 8. Record Dates.** The record date for determining the Members who are entitled to notice of any annual or special meeting of the Members and to vote by written mail ballot at such meeting shall be thirty days prior to the date of the annual or special meeting of the Members at the close of business. The record date for determining the Members who are entitled to vote in person at any annual or special meeting of the Members shall be the date of such annual or special meeting at such time as the meeting is called to order.

**Section 9. Proxies.** At all meetings of Members, a Member may vote by a written, signed proxy. Each proxy shall designate the particular meeting at which it is to be voted and shall be filed with the Secretary before or at the time of the meeting. Only a Member may hold and vote a proxy. No Member shall vote as proxy for more than three Members at any meeting of the Members. No proxy shall be valid after sixty days from the date of its execution. The presence at such meeting of the Member who signed the proxy shall revoke the proxy, and such Member shall be entitled to



vote at the meeting in the same manner and with the same effect as if the Member had not executed a proxy.

## **Article V – Board Members**

**Section 1. General Powers.** The business affairs of the Cooperative shall be managed by a Board of nine Directors that shall exercise all of the powers of the Cooperative not conferred upon or reserved to the Members by law, the Cooperative’s Articles of Incorporation, or these Bylaws.

### **Section 2. Election and Tenure of Office.**

- (a) The persons named as Directors in the Articles of Incorporation shall compose the Board until the first annual meeting or until their successors shall have been elected and shall have qualified.
- (b) The islands of Vinalhaven and North Haven shall each constitute a district for the purpose of electing Directors. Commencing with the 1975 Annual Meeting Election of Trustees and thereafter, there shall be six Directors from Vinalhaven and three Directors from North Haven, all elected by secret ballot and to serve until their successors are elected and qualified. Each Director shall be elected by the Members of the district he or she represents.
- (c) At the Annual Meeting in the year 1975, three Trustees representing Vinalhaven and two representing North Haven shall be elected for one year, and the other three representing Vinalhaven and the other one representing North Haven shall be elected for two years. Succeeding Trustees shall be elected for two-year terms.
- (d) At the Annual Meeting in the year 2022, two Directors representing Vinalhaven and one representing North Haven shall be elected for three years, and one Director representing Vinalhaven and one Director representing North Haven shall be elected for two years. At the Annual Meeting in the year 2023, two Directors representing Vinalhaven and one Director representing North Haven shall be elected for three years, and one Director representing Vinalhaven shall be elected for one year. Thereafter, succeeding Directors shall be elected for three-year terms.
- (e) If an election of Directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the Members shall be held for the purpose of electing Directors within a reasonable time thereafter.

**Section 3. Qualifications.** To be eligible to become or remain a Director of the Cooperative, a person must:

- (a) be a Member of the Cooperative;
- (b) be an individual eighteen years of age or older;
- (c) purchase electric energy within their district; and

- (d) not be an employee of the Cooperative.

Upon establishment of the fact that a Director is holding the office in violation of any of the foregoing provisions, the Director is deemed to have resigned, and the Board shall remove such Director from office. Nothing contained in this section shall affect in any manner whatever the validity of any action taken at any meeting of the Board.

**Section 4. Nominations.** A nomination for Director may be made by written petition signed by at least fifteen Members and filed with the Cooperative not more than forty days nor less than twenty days prior to the annual meeting. A nominee will be placed on the ballot if such nominee meets the requirements of Section 3 of this Article, the nominee's petition contains at least fifteen valid Member signatures, and the nominee's petition is received by the Cooperative at the Cooperative's main office by the close of business at least twenty days prior to the annual meeting. The Cooperative's staff shall determine whether a petition is valid within one business day of receipt and shall promptly notify the party who submitted the petition of such determination. Nominating petitions may be revised and resubmitted to address any deficiencies before the submission deadline.

**Section 5. Election of Directors.** When there is a contested Director election, the Secretary of the Cooperative, or their designee, shall mail or cause to be mailed to each eligible Member a ballot listing the candidates nominated for Director in the Member's district. Voting for Directors shall conclude when the President calls to order the annual meeting of the Members in any election year. The nominees from each district receiving the highest number of votes shall be deemed elected as Directors of the Board. A qualified candidate who is not contested shall be deemed elected. Ballots cast in an election for any Director seat will be made available to any candidate for that seat upon request of the candidate. Ballots will be retained under seal by the Cooperative for a period of three years following the election.

**Section 6. Resignation.** A Director may resign at any time by giving written notice to the President. The resignation shall be effective upon delivery of the notice unless the notice states a later effective date. A Director is deemed to have resigned upon the determination by a vote of a majority of Directors seated on the Board subject to Section 7 of this Article that the Director:

- (a) failed to attend at least sixty percent of the annual, regular, and special meetings of the Board in any twelve consecutive months, which absences were not excused by the Board;
- (b) does not meet the qualifications for Director established in Section 3 of this Article;
- (c) has failed to comply with Board-approved policies concerning duties, standards of conduct, and conflict of interest;
- (d) engaged in fraudulent or dishonest conduct or gross abuse of authority or discretion with respect to the Cooperative; or
- (e) otherwise has failed to meet the fiduciary obligations of a Director of the Cooperative.

**Section 7. Removal or Involuntary Resignation Procedure.** A majority of seated Directors must authorize any charges against a Director elected by the Members that could result in removal or involuntary resignation. A Director shall be informed in writing of the charges and evidence supporting the charges at least twenty days prior to the meeting of the Board at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person, in writing, or by counsel and to present evidence regarding the charges.

Any Director appointed by the Board, not elected by the Members, to fill a vacancy may be removed with or without cause by a vote of the majority of Directors seated on the Board.

**Section 8. Removal of a Director by Members.** The Members may call a special meeting of the Members for the purpose of removing a Director with or without cause by filing a petition with the Cooperative signed by at least ten percent of the Members. The question of the removal of a Director shall be considered and voted upon at the special meeting of the Members called for that purpose. The Director facing removal and the Members requesting such removal shall be given opportunities to speak at such special meeting. A Director may be removed only if the number of votes cast for removal exceeds those against removal.

**Section 9. Vacancies.** A vacancy occurring on the Board shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term or until a successor qualified under Section 3 of this Article is elected.

**Section 10. Director Compensation and Expenses.** Directors shall not receive a salary for their services, except that Members of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, training programs, or performing committee assignments when authorized by the Board; said fixed sum to be initially ten dollars a meeting. If authorized by the Board, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses.

**Section 11. Indemnification.** To the extent permitted by Maine law, no Director or Officer of the Cooperative shall be personally liable for injury to persons or property arising out of a tort committed by an employee of the Cooperative for monetary damages for breach of fiduciary duty as a Director or Officer unless the Director or Officer personally engaged in misconduct causing the injury. Furthermore, no employee, Director, or Officer shall be liable to the Cooperative or its Patrons for monetary damages for breach of fiduciary duty as an employee, Director, or Officer if the employee, Director, or Officer performed his or her duties in good faith and in a manner reasonably believed to be in the best interest of the Cooperative. The limitations of liability in this section shall not extend to (a) the receipt of a financial benefit to which the person is not entitled, (b) intentional infliction of harm on the Cooperative or its Patrons, or (c) intentional violation of criminal law.

The Cooperative shall indemnify any person made a party to a threatened, pending, or completed action, suit, civil, criminal, administrative, or investigative proceeding, whether formal or

informal, because such person was or is serving as an employee, Director, or Officer of the Cooperative, subject to a determination by the Board of Directors that the employee, Director, or Officer being indemnified acted in good faith and reasonably believed that his or her conduct was in the best interest of the Cooperative. The Cooperative's obligation to indemnify as set forth in this section shall not extend to (a) the receipt of a financial benefit to which the person is not entitled, (b) intentional infliction of harm on the Cooperative or its Patrons, or (c) intentional violation of criminal law.

## **Article VI – Officers**

**Section 1. Elected Officers.** The Cooperative shall have the elected offices of President, Vice President, Secretary, Treasurer, and such other Officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

**Section 2. Election and Term of Office.** The Officers shall be elected annually by and from the Board at the first regular meeting of the Board after each annual meeting of the Members. Each Officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the Members or until his or her successor shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

**Section 3. Appointed Officers.** The Board shall appoint a Chief Executive Officer and such other Officers as it may deem appropriate. The Chief Executive Officer may be, but is not required to be, a Member of the Cooperative. The Chief Executive Officer shall be responsible for the management of the affairs of the Cooperative and shall have such authority as the Board may from time to time vest in him or her.

**Section 4. Resignation and Removal of Officers.** An Officer may resign at any time by giving written notice to the President. The resignation shall be effective upon delivery of the notice unless the notice states a later effective date. The Board may remove any Officer by an affirmative vote of a majority of seated Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

**Section 5. President.** The President shall preside at all meetings of the Cooperative, sign all documents that have been authorized by resolution of the Board, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other Officer or agent of the Cooperative or shall be required by law to be otherwise signed or executed, and perform all duties incident to the office of President and such other duties as may be assigned by the Board from time to time.

**Section 6. Vice President.** In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as may be assigned by the Board from time to time.

**Section 7. Secretary.** The Secretary shall authenticate the Cooperative's records, ensure that minutes are prepared and notice is given in accordance with these Bylaws, and perform such other duties as may be assigned by the Board from time to time.

**Section 8. Treasurer.** The Treasurer shall ensure that the financial affairs of the Cooperative are managed consistent with law, the Cooperative's Articles of Incorporation, these Bylaws, and Board policy and perform such other duties as may be assigned by the Board from time to time.

**Section 9. Delegation of Duties.** In the event of the inability or refusal to act, temporary absence, or death of any Officer elected or appointed by the Board, or for any other reason that the Board may deem sufficient, the Board may delegate the powers and duties of any such Officer to any other Officer or Director.

### **Article VII – Meetings of Board**

**Section 1. Regular Meetings.** A regular meeting of the Board shall be held without notice immediately after and at the same place as the annual meeting of the Members. A regular meeting of the Board shall also be held monthly at such time and place within Vinalhaven, North Haven, or electronically as designated by the Board.

**Section 2. Special Meeting.** Special meetings of the Board may be called by the President or by any three Directors. The President or Directors calling the meeting shall designate the time and place within Vinalhaven, North Haven, or electronically for the meeting.

**Section 3. Notice of Regular and Special Board Meetings.** Written notice of the time, date, place, and purpose of any meeting of the Board shall be delivered to each Director either personally, electronically, or by mail, by or at the direction of the Secretary, at least seven days before the date set for the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Director at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid. Member notice of the time, date, place, and purpose of any meeting of the Board shall be posted at the Cooperative's main office at least seven days before the date set for the meeting. Copies of the agenda shall be made available to Members upon request at the Cooperative's main office. Appearance at the meeting shall be deemed a waiver of any defective notice.

**Section 4. Quorum.** A majority of Directors seated on the Board shall constitute a quorum; provided that if less than such majority of the Board is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time. The act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

**Section 5. Attendance by Electronic Means.** For good cause and with approval of the Board, a Director who is not physically present in person may participate in a regular or special meeting of the Board using electronic communication by which all Directors participating in the Board Meeting may instantaneously converse with each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting. No

Director shall be permitted to attend Board meetings electronically more than three times within any consecutive twelve months unless and to the extent that the Board by affirmative vote authorizes additional electronic attendance.

**Section 6. Attendance at Meetings.** All meetings of the Cooperative shall be open to Patrons, subject to reasonable restrictions as determined by the Board. If a meeting is held electronically, the meeting shall be deemed open if Patrons are able to address the Board and to see and hear Board proceedings electronically, either online or by physical attendance at the location of the meeting, to the same extent as are Directors participating in the meeting. At every regular meeting of the Board, Patrons of the Cooperative shall be given the opportunity to address the Board concerning the policies and business of the Cooperative. Unless otherwise determined by the Board President from time to time, such comment shall be permitted for up to one-half hour at each regular meeting, with three minutes allotted to each individual speaker.

**Section 7. Executive Session.** By a two-thirds affirmative vote of the Directors present, the Board may go into executive session during any regular or special meeting for consideration of documents or testimony given in confidence. The Board shall not make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money at any session that is closed to the Patrons. Prior to the time the Board convenes in executive session, the Board shall announce the general topic of the executive session.

**Section 8. Minutes.** Written minutes shall be made of all meetings of the Board by or at the direction of the Secretary.

**Section 9. Committees.** The Board may create one or more committees and appoint one or more Directors to serve on such committees. Each committee shall have the responsibilities and authority to act to the extent delegated by the Board, subject to limitations in law, the Cooperative's Articles of Incorporation, and these Bylaws.

## **Article VIII – Nonprofit Operation and Capital Credits**

**Section 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall be operated on a cooperative nonprofit basis for the mutual benefit of its Patrons. No interest or dividends shall be paid or payable by the Cooperative on capital furnished by its Patrons.

**Section 2. Allocation of Patronage Capital.** The Patrons of the Cooperative shall furnish capital for the Cooperative through their patronage. The Cooperative shall account on a patronage basis to all its Patrons for all amounts received and receivable from the furnishing of electric energy distribution in excess of operating and non-operating costs and expenses chargeable against the furnishing of electric energy distribution. The Cooperative shall allocate capital on a patronage basis as Capital Credits to its Patrons after the end of each fiscal year. Any underpayments of capital incurred by reasons of an operating deficit in any prior year or years shall be first deducted from the overpayments of capital in the current and future years before any capital is credited to the Patron.

The books and records of the Cooperative shall reflect the Capital Credits allocated to each Patron. The Cooperative shall notify each Patron of the amount of Capital Credits allocated to the Patron's account within a reasonable time after completing the audit of the prior fiscal year. No Patron shall be entitled to receive any payment of Capital Credits until such time and in such amount as the Board shall authorize.

Capital Credit allocations shall have the same status as though the Cooperative paid the amount allocated to the Patron in cash in pursuance of a legal obligation to do so, and the Patron then furnished the Cooperative a corresponding amount as capital.

All non-operating amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year and to the extent not needed for that purpose, allocated to its Patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of Patrons, as herein provided.

**Section 3. Retirement of Capital Credits.** If at any time prior to dissolution or liquidation the Board of Directors determines that the financial condition of the Cooperative will not be impaired thereby, the capital credited to Patrons' accounts may be retired in full or in part in compliance with the law and the Cooperative's loan covenants. Any such retirements of capital furnished prior to January 1, 1990, 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.

For capital furnished after January 1, 1990, the Board of Directors, in compliance with the law and the Cooperative's loan covenants, shall determine the method, basis, priority, and order of retirement; provided that no unreasonable difference between classes of Patrons shall be created or maintained with respect to capital retirements.

**Section 4. Retirement of Capital Credits for Deceased Patrons.** Notwithstanding any other provision of these Bylaws, the Board of Directors at its discretion shall have the power upon the death of any Patron, who was a natural person, to retire the capital credited to such Patron upon terms and conditions that the Board may prescribe; provided, however, that the financial condition of the Cooperative will not be impaired thereby and subject to any limitations imposed by law and any loan covenants.

**Section 5. Assignment of Capital Credits.** Patrons may request in writing that all rights, title, and interest to the Capital Credits allocated to their patronage account be assigned to a third party, provided that the Patron agrees in writing to the terms of such assignment established by the Board from time to time.

## **Article IX: Financial Transactions**

**Section 1. Contracts.** Except as otherwise provided in these Bylaws or applicable law or regulation, the Board may authorize any Officer, employee, or agent to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative; such authority may be general or confined to specific instances.

**Section 2. Accounting System and Reports.** The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any applicable regulatory bodies. The Board shall also, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year.

**Section 3. Financial Instruments.** All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such Officer or Officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

**Section 4. Deposits.** All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select or invested in a prudent manner and in the best interests of the Cooperative as the Board may determine.

**Section 5. Change in Tariffs and Terms and Conditions.** The Board may adopt, amend, restate, and otherwise promulgate tariffs and terms and conditions as it may deem advisable for the provision of electric service consistent with the Articles of Incorporation, these Bylaws, and applicable law and regulations.

**Section 6. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first of December of the same year.

#### **Article X: Disposition of Property**

The Cooperative may not sell, lease, or otherwise dispose of all or any substantial portion of its property unless such sale, lease, or other disposition is authorized at a meeting of the Members thereof by the affirmative vote of not less than two-thirds of all the Members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the Members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative; provided further that the Board may upon the authorization or a majority of those Members of the Cooperative present at a meeting of the Members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this State pursuant to the act under which this Cooperative is incorporated.



## **Article XI: Dissolution**

**Section 1. Dissolution.** By a two-thirds majority vote, the Board may adopt a resolution recommending dissolution of the Cooperative and submit such resolution to the Members for a vote. The resolution shall state the reasons why the termination of the Cooperative is deemed advisable, the time by which it should be accomplished, and the names of three individuals who are Members of the Cooperative who shall act as trustees and have full power to do all things necessary to liquidate assets and terminate the affairs of the Cooperative. The question of dissolution shall be determined by a two-thirds affirmative majority vote of the Members present and voting in person or by mail ballot at any regular or special meeting of the Members.

**Section 2. Property Interest of Members.** Upon dissolution, after the debts and liabilities of the Cooperative have been paid and all capital furnished through patronage has been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate patronage of each bears to the total patronage of all Members during the seven years preceding the date of the filing of the certificates of dissolution.

## **Article XII: Miscellaneous**

**Section 1. Non-liability for Debts of the Cooperative.** The Directors, Officers, Employees, Members, and Patrons of the Cooperative are not personally liable for the acts, debts, liabilities, or obligations of the Cooperative.

**Section 2. Binding Nature.** The Cooperative and its Patrons are bound by the terms, conditions, and provisions of the Cooperative's Articles of Incorporation, these Bylaws, tariffs, and terms and conditions of service, as those documents may be amended from time to time.

**Section 3. Membership in Other Organizations.** The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the Members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the Board may authorize the Cooperative to purchase stock in or become a member of any corporation or organization organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification and a corporation for the purpose of acquiring electric facilities and materials.

**Section 4. Policies, Tariffs, Terms and Conditions, and Regulations.** The Board shall have the power to make and adopt such policies, tariffs, terms and conditions, and regulations that are not inconsistent with law, the Articles of Incorporation, these Bylaws or the requirements of the Cooperative's lienholders as the Board may deem advisable for the management of the business and affairs of the Cooperative.

**Section 5. Area Coverage.** The Cooperative shall provide reasonably continuous and adequate electric utility service to all Patrons within the Cooperative's service area pursuant to the Cooperative's tariffs and terms and conditions of service.

**Section 6. Notice to the Cooperative.** Legal notice to the Cooperative shall be physically delivered or sent by certified mail with return receipt requested to the Cooperative's principal office at 66 Main Street, Vinalhaven, Maine, 04863, addressed to the attention of the Chief Executive Officer.

**Section 7. Notice to Patrons.** Any notice given under these Bylaws may be given as follows:

- (a) if given by mail, notice shall be deemed to be delivered when deposited in the United States mail addressed to the recipient at the recipient's address as it appears in the Cooperative's records with postage thereon prepaid; or
- (b) if given electronically, notice shall be deemed to be delivered when it is electronically transmitted to the recipient at the recipient's email address as it appears in the Cooperative's records.

The failure of any recipient to receive notice of any meeting shall not invalidate any action that may be taken at such meeting. Any recipient may waive any notice given under these Bylaws by:

- (a) written waiver signed by the recipient entitled to notice and delivered to the Cooperative; or
- (b) attendance at a meeting, which shall waive objection to lack of notice or defective notice of the meeting and objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the recipient objects to considering the matter when it is presented.

**Section 8. Corporate Seal.** The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Maine."

**Section 9. Amendments.** These Bylaws may be altered, amended, or repealed by the Members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal and a proxy.

**FOX ISLANDS ELECTRIC COOPERATIVE, INC.**  
**AMENDED AND RESTATED BYLAWS**  
**Effective July 26, 2021 (Proposed)**

**Article I – The Cooperative**

Fox Islands Electric Cooperative, Inc. is a rural electrification cooperative organized under 35-A M.R.S.A. §3701, et seq. and consumer-owned transmission and distribution utility as defined in 35-A M.R.S.A. §3501. The Cooperative is regulated by the Public Utilities Commission of the State of Maine according to Maine law and its Members through an elected governing body according to the Cooperative’s Articles of Incorporation and these Bylaws.

The Cooperative shall not be operated for profit but for the mutual benefit of its Members and shall be operated to maintain its tax-exempt status under 26 U.S.C. § 501(c)(12).

**Article II – Definitions**

As used in these Bylaws:

“Board of Directors,” “Board of Trustees,” and “Board” mean a body of natural persons duly qualified and elected or appointed as provided for in these Bylaws to govern the Cooperative’s business affairs.

“Capital Credit” means the Patronage Capital allocated to the Patrons.

“Cooperative” means Fox Islands Electric Cooperative, Inc.

“Director” and “Trustee” mean a seated member of the Cooperative’s Board of Directors.

“Member” means a person or entity receiving electric energy, transmission and distribution service, and/or other services furnished by the Cooperative who has not opted out of membership as provided for in these Bylaws. The term “Member” as used in these Bylaws includes spouses holding a joint membership. Members are entitled to vote for Directors as provided for in these Bylaws.

“Officer” means the President, Vice President, Secretary, Treasurer, Chief Executive Officer, and other officers as may be designated by the Board pursuant to these Bylaws.

“Patron” means a person or entity that purchases or has purchased electric energy from the Cooperative.

“Patronage Capital” means all amounts received by the Cooperative from sales of electric energy and distribution services related to such sales in excess of the cost of providing such sales and services and such other margins as may be designated and allocated as patronage capital by the Board.

## Article III – Membership

~~**Section 1. Requirements for Membership.** Any person, firm, association, corporation, or body politic or subdivision thereof shall become a member of FOX ISLANDS ELECTRIC COOPERATIVE, INC. (hereinafter called the "Cooperative") upon receipt of electric energy distribution service or other services furnished by the Cooperative or an affiliate of the Cooperative, provided that the applicant has first~~

~~(a) — Made a written application for membership therein;~~

~~(b) — Agreed to purchase from the Cooperative electric energy distribution or other services furnished by the Cooperative or an affiliate of the Cooperative as hereinafter specified;~~

~~(c) — Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board of directors; and~~

~~(d) — Paid the membership fee hereinafter specified.~~

~~Any person or entity that purchases electric energy, transmission and distribution service, and/or other services furnished by the Cooperative is deemed to have consented to use such energy or service and be a Member of the Cooperative. Service and billing records of the Cooperative showing service in the name of a person or entity shall presumptively establish membership of that person or entity.~~

No ~~member~~Member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws. ~~A Member's membership shall be considered to have commenced on the earlier of date that the Member actually began taking service or the date that the Member made a written application for membership.~~

~~Any person or entity may opt-out of or withdraw from membership by notifying the Cooperative in writing. A person or entity giving such notice shall not be considered a Member of the Cooperative or be entitled to vote in Cooperative elections but shall continue to be eligible for electric service under the Cooperative's tariffs, terms, and conditions.~~

### ~~**Section 2. Membership Certificates.**~~

~~Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board. Such certificates shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for. In case a certificate is Lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the board may prescribe.~~

~~**Section 2. Joint Membership.** A husband and wife, using the same or different last names, Spouses may apply for a joint membership and, subject to their compliance with the requirements set forth in Section I of this Article, may be accepted for such membership. The term 'member as~~

~~used in these bylaws shall be deemed or convert an existing individual membership to include a husband and wife holding a joint membership and any provisions relating to the. All rights and liabilities of membership shall apply equally with respect to the holders of a to joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be memberships~~ as follows:

- (a) The presence at a meeting of either ~~or both spouse~~ shall be regarded as the presence of one ~~member and shall constitute a joint waiver of~~ Member and jointly waives notice of the meeting;
- (b) The signature of either or both spouses on a nominating petition shall constitute only one Member signature unless one spouse holds a separate individual membership that is not part of the joint membership;
- ~~(c) The~~ vote of either ~~separately or both jointly spouse~~ shall constitute one joint vote;
- ~~(ed)~~ A waiver of notice signed by either ~~or both spouse~~ shall constitute a joint waiver;:
- ~~(de)~~ Notice to either ~~shalt spouse shall~~ constitute notice to both spouses;
- ~~(ef)~~ Expulsion of either spouse shall terminate the joint membership;
- ~~(fg)~~ Withdrawal of either spouse shall terminate the joint membership;
- ~~(g) Divorce shall terminate a joint membership; and~~
- (h) Either spouse, but not both, may be elected or appointed as an ~~officer~~ Officer or ~~board member~~ Director, provided that both meet the qualifications for such office;:
- (i) Both spouses shall be jointly entitled to allocation of Patronage Capital and shall be jointly liable for debts to the Cooperative incurred in connection with the receipt of electric service, which liability shall survive termination of the joint membership;
- (j) Upon the death of either spouse who is a joint Member, the membership and any Capital Credits allocated to the joint membership shall be transferred to the surviving spouse; and
- (k) Joint membership shall terminate upon dissolution of marriage, and any joint Capital Credits will be divided equally between the parties unless a binding agreement or court order stipulating otherwise is provided to the Cooperative.

**Section 3. Transfer of Membership.** Membership in the Cooperative shall not be assignable or transferable except upon consent of the Board or pursuant to policies established by the Board.

~~**Section 4. Conversion of Membership.**~~

- ~~(a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws and rules and regulations adopted by the board.~~
- ~~(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor.~~
- ~~(c) When a joint membership is terminated by divorce the reassignment of Patronage Capital Credits and return of membership fee shall be on an equal basis to each party previously holding the joint membership.~~

**~~Section 6. Purchase of Electrical Energy Distribution Service.~~**

~~Each member shall, as soon as electric energy distribution service shall be available, purchase from the Cooperative all electric energy distribution purchased for use on the premises specified in his application for membership, and shall pay therefor at rates which shall be from time to time fixed by the board. Production or use of electric energy distribution 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. It is expressly understood that amounts paid for electric energy distribution in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such a minimum amount regardless of the amount of electric energy distribution consumed, as shall be fixed by the board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.~~

**Section 4. Termination of Membership.**

- ~~(a) Any member may withdraw from Membership shall terminate upon compliance with the withdrawal, death, cessation of existence, or expulsion of a Member or upon the termination of all of the Member's service accounts. Upon termination of membership, the former Member's accrued Capital Credit allocations shall continue to be eligible for retirement or assignment consistent with these Bylaws.~~
- ~~(b) Except such uniform terms for the retained right to Capital Credits, if any, termination of membership shall operate as a release of all rights, title, and conditions as the board may prescribe. interest of the former Member in the property and assets of the Cooperative; provided, however, that termination of membership shall not release the former Member or the former Member's estate from the debts or liabilities of such former Member to the Cooperative.~~
- ~~(c) The boardBoard may, by the affirmative vote of not less than two-thirds of all the membersDirectors of the boardBoard, expel any memberMember who fails to comply with any of the provisions of the articlesArticles of incorporation, bylawsIncorporation, these Bylaws, or rulestariffs, terms, or regulationsconditions adopted by the boardBoard,~~

but only if such ~~member shall have been~~ Member is given not less than fifteen days prior written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for of the proposed action, reasons therefor, and an opportunity to be heard, orally or in writing, at least ~~ten~~ five days after prior to the effective date of such notice was given action. Any expelled ~~member~~ Member may be reinstated by a vote of the ~~board~~ Board or by a vote of the ~~members~~ Members at any annual or special meeting. ~~The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy distribution from the Cooperative, or of a member who has ceased to purchase energy distribution from the Cooperative, may be cancelled by resolution of the board.~~

- ~~(b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.~~
- ~~(c) Annually, all accounts on the "worthless" list, as defined by the board of directors of the Cooperative from time to time, shall be terminated and action taken as described in (d) below.~~
- ~~(d) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative, and provided further, however, that the Cooperative shall deduct from the capital assigned account of the member/nonmember on the "worthless" list, as defined by the board of directors of the Cooperative from time to time, any debts or obligations owed the Cooperative.~~

#### **Article IV - Meetings of Members**

**Section 1. Annual Meeting.** The annual meeting of the ~~members~~ Members shall be held on the fourth Monday of July of each year, beginning with the year 1975, at a location on Vinalhaven or North Haven, as selected by the board and which shall be designated in the . The Board shall determine the time, date, and location of the annual meeting. The Board, in its discretion, may change the time, date, and location of the annual meeting, including a change to a month other than July, upon a Board determination that circumstances have occurred that could not be foreseen at the time the meeting was set, such as, but not limited to, an extreme weather event, health emergency, or fire, and upon such notice of the meeting, for the new meeting time, date, and location as is provided permitted by law.

The purpose of ~~electing board members, passing upon the annual meeting shall be to elect Directors, present~~ reports for the previous fiscal year, and ~~transacting~~ transact such other business as may properly come before the meeting. It shall be the responsibility of the ~~board~~ Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting ~~at the designated time~~ shall not ~~work~~ result in a forfeiture or dissolution of the Cooperative.

## Section 2. Special Meetings.

~~Special meetings~~ A special meeting of the ~~members~~Members may be called by ~~resolution of the board~~Board President, two-thirds of Directors, or ~~upon~~by a ~~written request~~petition signed by ~~any three board members, by the President, or by ten per centum or more~~at least ten percent of the ~~all the members,~~Members and ~~it~~delivered to the Cooperative. Such ~~petition~~ shall ~~thereupon be the duty of~~cite the specific purpose or purposes for which the special meeting is being called and shall be in conformity with all applicable laws, the Secretary to cause notice of such meeting to be given as hereinafter provided. ~~Special meetings~~ Cooperative's Articles of Incorporation, and these ~~Bylaws.~~ Any special meeting of the ~~members~~Members shall be held at a location on Vinalhaven or North Haven as designated at a time, date, and location determined by the ~~board and~~ shall be specified in the notice of the special meeting.~~Board.~~

**Section 3. Notice of Members' Meetings.** Written or printed notice stating the ~~place, day~~date, ~~time,~~ and ~~hour~~location of the meeting and, ~~in case of a special meeting or an annual meeting at which business requiring special notices to be transacted,~~ the purpose or purposes for which the meeting is called, ~~or a change in the order of business,~~ shall be ~~delivered~~given to each Member, ~~either personally or by mail,~~ not less than ten days nor more than twenty-five days before the date of the meeting, ~~either personally or by mail, by or at the direction of the Secretary or upon a default in duty by the Secretary, by the persons calling the meeting, to each member.~~ If mailed, such notice shall be deemed to be ~~delivered~~given when deposited in the United States ~~Mail,~~mail with postage prepaid addressed to the ~~member~~Member at his or her address as it appears on the records of the Cooperative, ~~with postage thereon prepaid.~~

The failure of any ~~member~~Member to receive notice of an annual or special meeting of the ~~members~~Members shall not invalidate any actions which may be taken by the ~~members~~Members at any such meeting.

**Section 4. Quorum.** Fifty ~~members~~Members, present in person, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. ~~The minutes of each meeting shall contain a list of the members present in person.~~

**Section 5. Voting.** Each ~~member~~Member shall be entitled to only one vote upon each matter submitted to a vote ~~at a meeting of~~by the ~~members~~Members. All questions shall be decided by ~~a vote of a~~the majority of ~~the members~~Members voting thereon by mail, in person, or by proxy, except as otherwise provided by law, the ~~articles~~Articles of Incorporation, or these Bylaws. A Member who has submitted a mail ballot on any matter shall not be entitled to vote in person.

**Section 6. Action by Mail Ballot.** Any action that may be taken at any annual or special meeting of the Members may be taken without a meeting if the Cooperative mails a ballot to every Member entitled to vote on the matter. Such action has the same effect as action taken at a meeting of Members. The mail ballot shall state each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by mail ballot shall:



- (a) state the percentage of approvals necessary to approve each matter other than the election of Directors;
- (b) state the time by which ballots eligible to be counted must be received by the Cooperative or an independent third party with whom the Cooperative has contracted for the storage and counting of ballots; and
- (c) be accompanied by written information sufficient to permit each Member casting such ballot to reach an informed decision on the matter.

Approval by mail ballot pursuant to this section shall be valid only when the number of votes cast by mail ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by mail ballot.

**Section 7. Order of Business.** Except as otherwise provided in these Bylaws, the Board shall determine the agenda, program, and order of business for any meeting of the Members called by the Board. The Board President shall determine the agenda for meetings called by the President. The matters to be considered at a special meeting called by petition of the Members shall be as presented in the petition. The President, or his or her designee, shall preside at each Member meeting and may exercise the duties and take actions reasonably necessary to conduct the meeting in an efficient manner.

The order of business at a meeting of the Members shall generally be as follows:

- (a) Read the notice of the meeting and proof of notice publication or mailing, or the waiver or waivers of notice of the meeting, as the case may be;
- ~~(a)~~(b) Report on the number of membersMembers present in person in order to determine the existence of a quorum;
- ~~(b) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.~~
- ~~(c) Balloting for election of board members.~~
- (c) Read the unapproved minutes of the previous meetingsmeeting of the membersMembers and the taking oftake necessary action thereon;
- ~~(e) Presentationd) Present and consideration ofconsider reports of officers, trusteesOfficers, Trustees, and committees, if applicable;~~
- (e) Member comment;
- (f) Unfinished business;

- (g) New business; then
- ~~(h) Special program.~~
- (i) ~~Report of balloting.~~
- ~~(k) Adjournment.~~

**Section 8. Record Dates.** ~~The record date for determining the Members who are entitled to notice of any annual or special meeting of the Members and to vote by written mail ballot at such meeting shall be thirty days prior to the date of the annual or special meeting of the Members at the close of business. The record date for determining the Members who are entitled to vote in person at any annual or special meeting of the Members shall be the date of such annual or special meeting at such time as the meeting is called to order.~~

**Section 9. Proxies.** ~~At all ~~meeting~~meetings of ~~members~~Members, a ~~member~~Member may vote by proxy executed in writing by the member. Such a written, signed proxy. Each proxy shall designate the particular meeting at which it is to be voted and 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~~Only a Member may hold and vote a proxy. 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. ~~Members at any meeting of the Members.~~ No proxy shall be valid after sixty ~~(60)~~ days from the date of its execution. The presence ~~of a member~~ at ~~asuch~~ such meeting of the ~~members~~Member who signed the proxy 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~~the proxy,~~ and such joint member or ~~members~~Member shall be entitled to vote at ~~such~~the meeting in the same manner and with the same effect as if ~~a proxy~~the Member had not ~~been~~executed a proxy.

## **Article V – Board Members**

**Section 1. General Powers.** ~~The business~~and affairs of the Cooperative shall be managed by a ~~board~~Board of nine ~~members which~~Directors that shall exercise all of the powers of the Cooperative ~~except such as are by law, the articles of incorporation or these bylaws~~not conferred upon or reserved to the ~~members~~Members by law, the Cooperative’s Articles of Incorporation, or these Bylaws.

## Section 2. Election and Tenure of Office.

- (a) The persons named as ~~board—members~~Directors in the ~~articles~~Articles of ~~incorporation~~Incorporation shall compose the ~~board~~Board until the first annual meeting or until their successors shall have been elected and shall have qualified.
- (b) The islands of Vinalhaven and North Haven shall each constitute a district for the purpose of electing Directors. Commencing with the 1975 Annual Meeting Election of Trustees and thereafter, there shall be six ~~trustees~~Directors from Vinalhaven and three Directors from North Haven, all elected by secret ballot and to serve until their successors are elected and qualified. Each Director shall be elected by the Members of the district he or she represents.
- (c) At the Annual Meeting in the year 1975, three ~~trustees~~Trustees representing Vinalhaven and two representing North Haven shall be elected for one year, and the other three representing Vinalhaven and the other one representing North Haven shall be elected for two years. Succeeding ~~trustees~~Trustees shall be elected for two-year terms.
- ~~(d) If an election of board members~~(d) At the Annual Meeting in the year 2022, two Directors representing Vinalhaven and one representing North Haven shall be elected for three years, and one Director representing Vinalhaven and one Director representing North Haven shall be elected for two years. At the Annual Meeting in the year 2023, two Directors representing Vinalhaven and one Director representing North Haven shall be elected for three years, and one Director representing Vinalhaven shall be elected for one year. Thereafter, succeeding Directors shall be elected for three-year terms.
- (e) If an election of Directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the membersMembers shall be held for the purpose of electing board membersDirectors within a reasonable time thereafter. Board members may be elected by a plurality vote of the members.

## Section 3. Qualifications.

~~No person shall~~ To be eligible to become or remain a ~~board member~~Director of the Cooperative, ~~who; a person must:~~

~~(a) is not a member in the area served or to be served by the Cooperative, or~~

- (a) be a Member of the Cooperative;
- (b) is in any way employed by or financially interested in a competing enterprise or a business sellingbe an individual eighteen years of age or older;
- (c) purchase electric energy distribution, or a business primarily engaged in selling electrical appliances, fixtures or supplies to the memberswithin their district; and
- (d) not be an employee of the Cooperative.

Upon establishment of the fact that a ~~board member~~Director is holding the office in violation of any of the foregoing provisions, the ~~board~~Director is deemed to have resigned, and the Board shall remove such ~~board member~~Director from office. Nothing contained in this section shall affect in any manner whatever the validity of any action taken at any meeting of the ~~board~~Board.

**Section 4. Nominations.** ~~It shall be the duty of the board to appoint, not less than thirty days nor more than sixty days before the date of a meeting of the members at which board members are to be elected, a committee on nominations consisting of not less than 6 nor more than 9 members who shall be selected from different sections so as to insure equitable representation. No member of the board may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least twenty days before the meeting a list on nominations for board members which shall include at least two candidates for each board position to be filled by the election. The Secretary shall be responsible for mailing with the notice of the meeting or separately but at least ten days before the date of the meeting, a statement of the number of board members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Any fifteen or more members acting together may make other nominations by petition and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, received at least twenty days before the meeting shall be included on the official ballot. Later nominations by petition shall be treated as nominations from the floor. The chairman shall call for additional nominations from the floor and nominations shall not be closed until at least one minute has passed during which no additional nomination has been made. No member may nominate more than one candidate. A nomination for Director may be made by written petition signed by at least fifteen Members and filed with the Cooperative not more than forty days nor less than twenty days prior to the annual meeting. A nominee will be placed on the ballot if such nominee meets the requirements of Section 3 of this Article, the nominee's petition contains at least fifteen valid Member signatures, and the nominee's petition is received by the Cooperative at the Cooperative's main office by the close of business at least twenty days prior to the annual meeting. The Cooperative's staff shall determine whether a petition is valid within one business day of receipt and shall promptly notify the party who submitted the petition of such determination. Nominating petitions may be revised and resubmitted to address any deficiencies before the submission deadline.~~

**Section 5. Election of Directors.** ~~When there is a contested Director election, the Secretary of the Cooperative, or their designee, shall mail or cause to be mailed to each eligible Member a ballot listing the candidates nominated for Director in the Member's district. Voting for Directors shall conclude when the President calls to order the annual meeting of the Members in any election year. The nominees from each district receiving the highest number of votes shall be deemed elected as Directors of the Board. A qualified candidate who is not contested shall be deemed elected. Ballots cast in an election for any Director seat will be made available to any candidate for that seat upon request of the candidate. Ballots will be retained under seal by the Cooperative for a period of three years following the election.~~

**Section 6. Resignation.** A Director may resign at any time by giving written notice to the President. The resignation shall be effective upon delivery of the notice unless the notice states a later effective date. A Director is deemed to have resigned upon the determination by a vote of a majority of Directors seated on the Board subject to Section 7 of this Article that the Director:

- (a) failed to attend at least sixty percent of the annual, regular, and special meetings of the Board in any twelve consecutive months, which absences were not excused by the Board;
- (b) does not meet the qualifications for Director established in Section 3 of this Article;
- (c) has failed to comply with Board-approved policies concerning duties, standards of conduct, and conflict of interest;
- (d) engaged in fraudulent or dishonest conduct or gross abuse of authority or discretion with respect to the Cooperative; or
- (e) otherwise has failed to meet the fiduciary obligations of a Director of the Cooperative.

**Section 7. Removal of Board Member by Members or Involuntary Resignation Procedure.**

~~A majority of seated Directors must authorize any charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members or 300, whichever is the lesser, may request the Director elected by the Members that could result in removal of such board member by reason thereof. Such board member or involuntary resignation. A Director shall be informed in writing of the charges and evidence supporting the charges at least twenty days prior to the meeting of the members Board at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.~~ in writing, or by counsel and to present evidence regarding the charges.

Any Director appointed by the Board, not elected by the Members, to fill a vacancy may be removed with or without cause by a vote of the majority of Directors seated on the Board.

**Section 8. Removal of a Director by Members.** The Members may call a special meeting of the Members for the purpose of removing a Director with or without cause by filing a petition with the Cooperative signed by at least ten percent of the Members. The question of the removal of a Director shall be considered and voted upon at the special meeting of the Members called for that purpose. The Director facing removal and the Members requesting such removal shall be given opportunities to speak at such special meeting. A Director may be removed only if the number of votes cast for removal exceeds those against removal.

**Section 9. Vacancies.** ~~Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of board members by the members, or by the death or resignation~~

~~of a board member, a~~ A vacancy occurring ~~in~~on the ~~board~~Board shall be filled by the affirmative vote of a majority of the remaining ~~board members~~Directors for the unexpired portion of the term or until a successor qualified under Section 3 of this Article is elected.

**Section 7.10. Director Compensation. ~~Board members and Expenses.~~ Directors** shall not receive ~~anya~~ salary for their services ~~as such~~, except that ~~members~~Members of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, ~~and~~training programs, or performing committee assignments when authorized by the ~~board~~Board; said fixed sum to be initially ten dollars a meeting. If authorized by the ~~board~~Board, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the ~~board~~Board in lieu of detailed accounting for some of these expenses.

**Section 11. Indemnification.** To the extent permitted by Maine law, no Director or Officer of the Cooperative shall be personally liable for injury to persons or property arising out of a tort committed by an employee of the Cooperative for monetary damages for breach of fiduciary duty as a Director or Officer unless the Director or Officer personally engaged in misconduct causing the injury. Furthermore, no employee, Director, or Officer shall be liable to the Cooperative or its Patrons for monetary damages for breach of fiduciary duty as an employee, Director, or Officer if the employee, Director, or Officer performed his or her duties in good faith and in a manner reasonably believed to be in the best interest of the Cooperative. The limitations of liability in this section shall not extend to (a) the receipt of a financial benefit to which the person is not entitled, (b) intentional infliction of harm on the Cooperative or its Patrons, or (c) intentional violation of criminal law.

The Cooperative shall indemnify any person made a party to a threatened, pending, or completed action, suit, civil, criminal, administrative, or investigative proceeding, whether formal or informal, because such person was or is serving as an employee, Director, or Officer of the Cooperative, subject to a determination by the Board of Directors that the employee, Director, or Officer being indemnified acted in good faith and reasonably believed that his or her conduct was in the best interest of the Cooperative. The Cooperative's obligation to indemnify as set forth in this section shall not extend to (a) the receipt of a financial benefit to which the person is not entitled, (b) intentional infliction of harm on the Cooperative or its Patrons, or (c) intentional violation of criminal law.

~~Section 8. Pursuant to the terms, conditions and limitation of Title 13-B: MAINE NONPROFIT CORPORATION ACT M.R.S.A. §719.~~

~~The Cooperative shall indemnify its directors and officers who become parties or are threatened to become parties in any action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a director or officer of the Cooperative. The indemnification shall extend to all reasonable expenses, including judgments, attorney's fees, fines and amounts paid in settlement actually and reasonably incurred.~~



## Article VI – Officers

**Section 1. Elected Officers.** ~~Number. The officers of the Cooperative shall be a~~ The Cooperative shall have the elected offices of President, Vice President, Secretary, Treasurer, and such other ~~officers~~ Officers as may be determined by the ~~board~~ Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

**Section 2. Election and Term of Office.** The ~~officers~~ Officers shall be elected ~~by ballot,~~ annually by and from the ~~board~~ Board at the first regular meeting of the ~~board held immediately~~ Board after ~~the~~ each annual meeting of the ~~members.~~ If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be Members. Each ~~officer~~ Officer shall hold office until the first meeting of the ~~board~~ Board following the next succeeding annual meeting of the ~~members~~ Members or until his or her successor shall have qualified. A vacancy in any office shall be filled by the ~~board~~ Board for the unexpired portion of the term.

**Section 3. Appointed Officers.** The Board shall appoint a Chief Executive Officer and such other Officers as it may deem appropriate. The Chief Executive Officer may be, but is not required to be, a Member of the Cooperative. The Chief Executive Officer shall be responsible for the management of the affairs of the Cooperative and shall have such authority as the Board may from time to time vest in him or her.

**Section 4. Resignation and Removal of Officers.** An Officer may resign at any time by giving written notice to the President. The resignation shall be effective upon delivery of the notice unless the notice states a later effective date. The Board may remove any Officer by an affirmative vote of a majority of seated Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

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

**Section 5. The President.** ~~shall be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the board, The President shall preside at all meetings of the members and the board;~~ (b) ——— Cooperative, sign, with the Secretary, certificates of membership, the issue of which shall all documents that have been authorized by the board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other

~~instruments authorized by the board to be executed, resolution of the Board,~~ except in cases in which the signing and execution thereof shall be expressly delegated by the ~~board~~Board or by these ~~by laws~~Bylaws to some other ~~officer~~Officer or agent of the Cooperative; or shall be required by law to be otherwise signed or executed; and ~~(e) — in general,~~ perform all duties incident to the office of President and such other duties as may be ~~prescribed~~assigned by the ~~board~~Board from time to time.

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

**~~Section 67.~~ Secretary.** The Secretary shall ~~be responsible for (a) — keeping~~authenticate the Cooperative's records, ~~ensure that minutes of the meetings of the members of the board in books provided for that purpose;~~ ~~(b) — seeing that all notices are duly prepared and notice is given~~ in accordance with these ~~bylaws or as required by law;~~Bylaws, and ~~perform such other duties as may be assigned by the Board from time to time.~~ ~~(e) — the safekeeping of the corporate books and records and the seal~~

**~~Section 8.~~ Treasurer.** ~~The Treasurer shall ensure that the financial affairs of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance~~are managed consistent with law, the provisionsCooperative's Articles of Incorporation, these ~~bylaws;~~

~~(d) — keeping a register of the names~~Bylaws, and ~~post office addresses of all members;~~

~~(e) — signing, with the President, certificates of membership, the issue of which shall have been authorized by the board or the members;~~

~~(f) — keeping on file at all times a complete copy of the articles of incorporation~~Board policy and ~~bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto any member upon request;~~ and

~~(g) — in general, performing all duties incident to the office of Secretary and~~perform such other duties as ~~may be assigned by the Board from time to time~~ may be assigned to him by the ~~board.~~

~~(h) — Associate Secretary — The Associate Secretary shall perform the duties of Secretary at such times as the Secretary is unable to do so.~~

**~~Section 7.~~ Treasurer.**

The Treasurer shall be responsible for:



- ~~(a) — custody of all fund and securities of the Cooperative;~~
- ~~(b) — the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and~~
- ~~(c) — the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the board.~~

**~~Section 8. Manager.~~**

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

Section 9. Delegation of Duties. In the event of the inability or refusal to act, temporary absence, or death of any Officer elected or appointed by the Board, or for any other reason that the Board may deem sufficient, the Board may delegate the powers and duties of any such Officer to any other Officer or Director.

**Article VII – Meetings of Board**

**Section 1. Regular Meetings.** A regular meeting of the ~~b~~Board shall be held without notice immediately after and at the same place as the annual meeting of the ~~M~~members. A regular meeting of the ~~B~~board shall also be held monthly at such time and place within Vinalhaven, ~~or North Haven,~~ or electronically as designated by the ~~b~~Board. ~~Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.~~

**Section 2. Special Meeting.** Special meetings of the ~~b~~Board may be called by the President or by any three ~~board members~~Directors. ~~and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.~~ The President or ~~board members~~Directors calling the meeting shall ~~fix the time and place for the holding of the meeting.~~ designate the time and place within Vinalhaven, North Haven, or electronically for the meeting.

**Section 3. Notice of Regular and Special Board Meetings.** Written notice of the time, date, place, and purpose of any meeting of the ~~b~~Board shall be delivered to each ~~board member~~ Director either personally, electronically, or by mail, by or at the direction of the Secretary ~~or upon a default in duty by the Secretary, by the President or the board members calling the meeting, at least seven days before the date set for the meeting.~~ If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the ~~board member~~Director at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid ~~at least five days before the date set for the meeting.~~ Member notice of the time, date, place, and purpose of any meeting of the Board shall be posted at the Cooperative’s main office at least seven days before the date set for the meeting. Copies of the agenda shall be made available to Members upon request at the Cooperative’s main office. Appearance at the meeting shall be deemed a waiver of any defective notice.

**Section 4. Quorum.** A majority of ~~the board~~ Directors seated on the Board shall constitute a quorum; provided that if less than such majority of the Bboard is present at said meeting, a majority of the ~~board present~~ Directors present may adjourn the meeting from time to time ~~and provided further, that the Secretary shall notify any absent board members of the time and place of such adjourned meeting.~~ The act of a majority of ~~board members~~ Directors present at a meeting at which a quorum is present shall be the act of the Bboard, except as otherwise provided in these Bbylaws.

**Section 5. Attendance by Electronic Means.** For good cause and with approval of the Board, a Director who is not physically present in person may participate in a regular or special meeting of the Board using electronic communication by which all Directors participating in the Board Meeting may instantaneously converse with each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting. No Director shall be permitted to attend Board meetings electronically more than three times within any consecutive twelve months unless and to the extent that the Board by affirmative vote authorizes additional electronic attendance.

**Section 6. Attendance at Meetings.** All meetings of the Cooperative shall be open to Patrons, subject to reasonable restrictions as determined by the Board. If a meeting is held electronically, the meeting shall be deemed open if Patrons are able to address the Board and to see and hear Board proceedings electronically, either online or by physical attendance at the location of the meeting, to the same extent as are Directors participating in the meeting. At every regular meeting of the Board, Patrons of the Cooperative shall be given the opportunity to address the Board concerning the policies and business of the Cooperative. Unless otherwise determined by the Board President from time to time, such comment shall be permitted for up to one-half hour at each regular meeting, with three minutes allotted to each individual speaker.

**Section 7. Executive Session.** By a two-thirds affirmative vote of the Directors present, the Board may go into executive session during any regular or special meeting for consideration of documents or testimony given in confidence. The Board shall not make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money at any session that is closed to the Patrons. Prior to the time the Board convenes in executive session, the Board shall announce the general topic of the executive session.

**Section 8. Minutes.** Written minutes shall be made of all meetings of the Board by or at the direction of the Secretary.

**Section 9. Committees.** The Board may create one or more committees and appoint one or more Directors to serve on such committees. Each committee shall have the responsibilities and authority to act to the extent delegated by the Board, subject to limitations in law, the Cooperative's Articles of Incorporation, and these Bylaws.

## **Article VIII – Nonprofit Operation and Capital Credits**

**Section 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall ~~at all times~~ be operated on a cooperative ~~non-profit~~nonprofit basis for the mutual benefit of its ~~patrons~~Patrons. No interest or dividends shall be paid or payable by the Cooperative on ~~any~~ capital furnished by its ~~patrons~~Patrons.

**Section 2. Allocation of Patronage Capital ~~in Connection with Furnishing Electric Energy Distribution.~~** ~~The Patrons of the furnishing of electric energy distribution, the Cooperative's operations~~Cooperative shall ~~be so conducted that all patrons will through their patronage~~ furnish capital for the Cooperative. ~~In order to induce through their patronage and to assure that the.~~ The Cooperative ~~will operate on a nonprofit basis the Cooperative is obligated to~~shall account on a patronage basis to all its ~~patrons~~Patrons for all amounts received and receivable from the furnishing of electric energy distribution in excess of operating and non-operating costs and expenses ~~properly~~ chargeable against the furnishing of electric energy distribution. ~~All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital, provided however, that any~~The Cooperative shall allocate capital on a patronage basis as Capital Credits to its Patrons after the end of each fiscal year. Any underpayments of capital, incurred by reasons of ~~operation~~an operating deficit in any prior year or years shall be first deducted from the overpayments of capital in the current ~~of~~and future years, before any capital is credited to the Patron.

~~The~~ books and records of the Cooperative shall ~~be set up and kept in such a manner that at~~reflect the ~~end of~~Capital Credits allocated to each Patron. The Cooperative shall notify each fiscal yearPatron of the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within Capital Credits allocated to the Patron's account within a reasonable time after completing the ~~close~~audit of the prior fiscal year ~~notify each patron. No Patron shall be entitled to receive any payment of the Capital Credits until such time and in such amount of capital so credited to his account. All such amounts credited to the capital account of any patron as~~ the Board shall authorize.

Capital Credit allocations shall have the same status as though ~~they had been the Cooperative~~ paid the amount allocated to the ~~patron~~Patron in cash in pursuance of a legal obligation to do so, and the ~~patron had~~Patron then furnished the Cooperative a corresponding ~~amounts for~~amount as capital.

All non-operating amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year and to the extent not needed for that purpose, allocated to its ~~p~~Patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of ~~p~~Patrons, as herein provided.

**Section 3. Retirement of Capital Credits.** If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be

impaired thereby, the capital credited to ~~patrons'~~Patrons' accounts may be retired in full or in part in compliance with ~~the~~ law and the ~~Cooperative's lien holders.~~Cooperative's loan covenants. Any such retirements of capital furnished prior to January 1, 1990, 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. ~~Beginning January 1, 1990, the Board of Directors, in compliance with law and the Cooperative's lienholder, shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.~~For capital furnished after January 1, 1990, the Board of Directors, in compliance with the law and the Cooperative's loan covenants, shall determine the method, basis, priority, and order of retirement; provided that no unreasonable difference between classes of Patrons shall be created or maintained with respect to capital retirements.

**Section 4. Retirement of Capital Credits for Deceased Patrons.** Notwithstanding any other provision of these ~~bylaws~~Bylaws, the ~~board~~Board of ~~directors~~Directors at its discretion, shall have the power ~~at any time~~ upon the death of any ~~patron~~Patron, who was a natural person, ~~if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to~~to retire ~~the~~ capital credited to any such ~~patron~~Patron upon ~~such~~ terms and conditions ~~as the board of directors acting under policies of general application, and the legal representatives of such patron's estate shall agree upon~~that the Board may prescribe; provided, however, that the financial condition of the Cooperative will not be impaired thereby and subject to any limitations imposed by law and any loan covenants.

**Section 5. Assignment of Capital Credits.** ~~Patrons may request in writing that all rights, title, and interest to the Capital Credits allocated to their patronage account be assigned to a third party, provided that the Patron agrees in writing to the terms of such assignment established by the Board from time to time. Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board, acting under policies of general application, shall determine otherwise.~~

## **Article IX: Financial Transactions**

**Section 1. Contracts.** Except as otherwise provided in these ~~b~~Bylaws or applicable law or regulation, the ~~b~~Board may authorize any ~~o~~Officer ~~or officers~~, employee, or agent ~~or agents~~ to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

**Section 2. Accounting System and Reports.** The Board shall cause to be established and maintained a complete accounting system ~~which, among other things, and~~ subject to applicable laws ~~and rules~~ and regulations of any applicable regulatory body~~ies~~, ~~shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America.~~ The ~~B~~Board shall also, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete

audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. ~~A report of such audit shall be submitted to the members at the next following annual meeting.~~

**Section 3. ~~Checks, Drafts, etc.~~ Financial Instruments.** All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such ~~o~~Officer or ~~O~~officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the ~~B~~board.

**Section 4. Deposits.** All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the ~~B~~board may select ~~or invested in a prudent manner and in the best interests of the Cooperative as the Board may determine.~~

~~**Section 5. Change in Rates Tariffs and Terms and Conditions.** The Board may adopt, amend, restate, and otherwise promulgate tariffs and terms and conditions as it may deem advisable for the provision of electric service consistent with the Articles of Incorporation, these Bylaws, and applicable law and regulations. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy distribution become effective.~~

**Section 6. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first of December of the same year.

### **Article X: Disposition of Property**

The Cooperative may not sell, lease, or otherwise dispose of all or any substantial portion of its property unless such ~~salesale~~, lease, or other disposition is authorized at a meeting of the ~~members~~Members thereof by the affirmative vote of not less than two-thirds of all the ~~members~~Members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the ~~board~~Board of the Cooperative, without authorization by the ~~members~~Members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the ~~board~~Board shall determine, to secure any indebtedness of the Cooperative; provided further that the ~~board~~Board may upon the authorization or a majority of those ~~members~~Members of the Cooperative present at a meeting of the ~~members~~Members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this State pursuant to the ~~Aetact~~ under which this Cooperative is incorporated.

### **Article XI: Dissolution**

**Section 1. Dissolution.** By a two-thirds majority vote, the Board may adopt a resolution recommending dissolution of the Cooperative and submit such resolution to the Members for a vote. The resolution shall state the reasons why the termination of the Cooperative is deemed advisable, the time by which it should be accomplished, and the names of three individuals who are Members of the Cooperative who shall act as trustees and have full power to do all things necessary to liquidate assets and terminate the affairs of the Cooperative. The question of dissolution shall be determined by a two-thirds affirmative majority vote of the Members present and voting in person or by mail ballot at any regular or special meeting of the Members.

**Section 12. Property Interest of Members.** Upon dissolution, after the debts and liabilities of the Cooperative ~~shall~~ have been paid and all capital furnished through patronage ~~shall have~~ has been retired as provided in these ~~b~~Bylaws, the remaining property and assets of the Cooperative shall be distributed among the ~~m~~Members and former ~~m~~Members in the proportion which the aggregate patronage of each bears to the total patronage of all ~~m~~Members during the seven years preceding the date of the filing of the certificates of dissolution ~~or, if the Cooperative shall not have been in existence for such period, during the period of its existence.~~

## **Article XII: Miscellaneous**

**Section 1. Non-liability for Debts of the Cooperative.** The Directors, Officers, Employees, Members, and Patrons of the Cooperative are not personally liable for the acts, debts, liabilities, or obligations of the Cooperative. ~~The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.~~

**Section 2. Binding Nature.** The Cooperative and its Patrons are bound by the terms, conditions, and provisions of the Cooperative's Articles of Incorporation, these Bylaws, tariffs, and terms and conditions of service, as those documents may be amended from time to time.

**Section 3. Membership in Other Organizations.** The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the ~~members~~Members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the Board may authorize the Cooperative ~~may upon the authorization of the board, to~~ purchase stock in or become a member of any corporation or organization organized on a ~~non-profit~~nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification, ~~or with the approval of the Administrator of REA, or any other~~ and a corporation for the purpose of acquiring electric facilities and materials.

**Section 4. Policies, ~~Rules~~Tariffs, Terms and Conditions, and Regulations.** The ~~board~~Board shall have the power to make and adopt such policies, ~~rule~~tariffs, terms and conditions, and regulations, that are not inconsistent with law, the ~~articles~~Articles of ~~incorporation~~Incorporation, these ~~bylaws~~Bylaws or the requirements of the ~~Cooperative's~~Cooperative's lienholders as ~~the~~ the Board may deem advisable for the management of the business and affairs of the Cooperative.



**Section 5. Area Coverage.** ~~The board~~Cooperative shall ~~make diligent effort to see that~~provide ~~reasonably continuous and adequate~~ electric utility ~~service is extended to~~ all ~~unserved persons~~Patrons within the ~~Cooperative~~Cooperative's service area ~~who;~~pursuant to the ~~Cooperative's tariffs and terms and conditions of service; and, (b) meet all reasonable requirements established by the Cooperative as a condition of such service.~~

**Section 6. Notice to the Cooperative.** Legal notice to the Cooperative shall be physically delivered or sent by certified mail with return receipt requested to the Cooperative's principal office at 66 Main Street, Vinalhaven, Maine, 04863, addressed to the attention of the Chief Executive Officer.

**Section 7. Notice to Patrons.** Any notice given under these Bylaws may be given as follows:

- (a) if given by mail, notice shall be deemed to be delivered when deposited in the United States mail addressed to the recipient at the recipient's address as it appears in the Cooperative's records with postage thereon prepaid; or
- (b) if given electronically, notice shall be deemed to be delivered when it is electronically transmitted to the recipient at the recipient's email address as it appears in the Cooperative's records.

The failure of any recipient to receive notice of any meeting shall not invalidate any action that may be taken at such meeting. Any recipient may waive any notice given under these Bylaws by:

- (a) written waiver signed by the recipient entitled to notice and delivered to the Cooperative;  
or
- (b) attendance at a meeting, which shall waive objection to lack of notice or defective notice of the meeting and objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the recipient objects to considering the matter when it is presented.

**Section 8. Corporate Seal.** ~~The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Maine." "Fox Islands Electric Co-op Incorporated 1975."~~

**Section 9. Amendments.** ~~These bylaws~~Bylaws may be altered, amended, or repealed by the ~~members~~Members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal and a proxy. ~~See Article III,~~