



Member driven. Technology focused.

## Articles of Incorporation and Bylaws

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*As Amended March 2, 2014*





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National Rural Telecommunications Cooperative  
Articles of Incorporation and Bylaws  
(As amended March 2, 2014)

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National Rural Telecommunications Cooperative

**ARTICLES OF INCORPORATION**

*We, the undersigned, five or more natural persons of the age of 21 years or more, do hereby voluntarily associate ourselves together and form a nonprofit association under the District of Columbia Cooperative Association Act, as amended (hereinafter referred to as the Act), and to that end duly adopt and acknowledge the following Articles of Incorporation:*

**ARTICLE I**

A. The Association is formed for the purpose of engaging in any lawful activity and to possess all of the general and special powers for which a nonprofit association may be organized and vested with under the Act; the Articles of Incorporation, Bylaws and policies of the Association; and the decisions of its membership in pursuit of such purposes for the benefit of its members and patrons as exercised by the Association's Board of Directors and subject to the limitations provided in Article I. B. hereof.

B. The Association shall engage only in those activities directly related to carrying out its purposes as stated in Subsection A of this Article I of these Articles of Incorporation, and shall at no time furnish services other than those therein set forth, including either obtaining or providing legislative expertise and services other than through contractual arrangements with the National Rural Utilities Cooperative Finance Corporation (NRUCFC) and the National Rural Electric Cooperative Association (NRECA); provided, however, that NRTC may obtain or provide such legislative expertise and services through appropriate staffing and specialized consultants with the prior approval of NRUCFC or NRECA.

**ARTICLE II**

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

**ARTICLE III**

The term of existence of the Association shall be perpetual.

**ARTICLE IV**

The Association shall be operated on a non-profit basis.

**ARTICLE V**

The principal office of the Association shall be located at 2121 Cooperative Way, Herndon, Virginia 20171.

**ARTICLE VI**

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

**David J. Batten**

Brunswick Electric Membership Cooperative  
Village Road and Bluff Drive  
Post Office Box 826  
Shallotte, NC 28459

**Gary J. Hobson**

Central Area Data Processing Corporation  
4178 North Service Road  
Post Office Box 408  
St. Peters, MO 63376



**Bob Bergland**

National Rural Electric Cooperative  
Association  
1800 Massachusetts Avenue, N.W.  
Washington, DC 20036

**Michael H. Core**

Delaware Rural Electric Cooperative,  
Incorporated  
26 North Union Street  
Post Office Box 6030  
Delaware, OH 43015

**Heywood C. Gay**

Georgia Electric Membership Cooperative  
148 International Boulevard, Suite 845  
Atlanta, GA 30043

**Charles B. Gill**

National Rural Utilities Cooperative  
Finance Corporation  
1115 30<sup>th</sup> Street N.W.  
Washington, DC 20007

**Jon Steinhaus**

Adams-Marquette Electric Central  
Cooperative  
401 Lake Street  
Friendship, WI 53934

**James A. Vann, Jr.**

Dixie Electric Cooperative  
402 East Blockmon Street  
Post Office Box 30  
Union Springs, AL 36089

**ARTICLE VII**

The names and addresses of the directors who shall manage the affairs of the Association until their successors shall have been otherwise elected and shall have qualified, are as follows:

**David J. Batten**

Brunswick Electric Membership Cooperative  
Village Road and Bluff Drive  
Post Office Box 826  
Shallotte, NC 28459

**W. Don Holland**

Little Ocmulgee Electric Membership  
Cooperative  
Railroad Avenue, Post Office Box 26036  
Alamo, GA 30411

**Charlie F. Jack**

Buckeye Power, Incorporated  
6677 Busch Boulevard  
Post Office Box 26036  
Columbus, OH 43226-0036

**A. Daniel Murray**

Adams Electric Cooperative, Incorporated  
153 North Stratton Street  
Post Office Box 130  
Gettysburg, PA 17325

**Ronald J. Steckman**

Freeborn-Mower Electric Cooperative,  
Incorporated  
County Road 46 East  
Post Office Box 611  
Albert Lea, MN 56007

**Robert W. Williams, Jr.**

Pee Dee Electric Cooperative, Incorporated  
McIver Road  
Post Office Box 491  
Darlington, SC 29532

**Charles B. Gill**

National Rural Utilities Cooperative  
Finance Corporation  
1115 30<sup>th</sup> Street N.W.  
Washington, DC 20007

**Bob Bergland**

National Rural Electric Cooperative  
Association  
1800 Massachusetts Avenue, N.W.  
Washington, DC 20036

**Michael H. Core**

Delaware Rural Electric Cooperative,  
Incorporated  
26 North Union Street  
Post Office Box 6030  
Delaware, OH 43015

**C. Mac Eddy**

Navopache Electric Cooperative, Incorporated  
Highway 260  
Post Office Box 308  
Lakeside, AZ 85929

**Heywood C. Gay**

Georgia Electric Membership Cooperative  
148 International Boulevard  
Suite 845  
Atlanta, GA 30043

**Martin McGrane**

Sioux Valley Empire Electric Association  
Highway 34 and Highway 77  
Post Office Box 216  
Coleman, SD 57017

**A. Daniel Murray**

Adams Electric Cooperative, Incorporated  
153 North Stratton Street  
Post Office Box 130  
Gettysburg, PA 17325

**Bernard R. Phillips, III**

Kansas Electric Cooperative, Incorporated  
5709 West 21<sup>st</sup> Street  
Post Office Box 4267  
Topeka, KS 66604

**Arthur E. Ruesch**

Hancock County Rural Electric Membership  
Corporation  
U.S. 40 East, Post Office Box 188  
Greenfield, IN 461140

**Gary J. Hobson**

Central Area Data Processing Corporation  
4178 North Service Road  
Post Office Box 408  
St. Peters, MO 63376

**W. Don Holland**

Little Ocmulgee Electric Membership  
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402 East Blockmon Street  
Post Office Box 30  
Union Springs, AL 36089

**Robert W. Williams, Jr.**

Pee Dee Electric Cooperative, Incorporated  
McIver Road  
Darlington, SC 29532

**ARTICLE VIII**

The Association is organized without shares and the number of memberships subscribed for is eighteen. Each member shall be entitled to one membership.

**ARTICLE IX**

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

**ARTICLE X**

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

1. By paying its debts and expenses.
2. By returning to the members of the Association the par value of the membership certificates.
3. By payment to the holders thereof the face amount of any Patronage Capital Certificates which may be then outstanding, pro-rated if necessary.
4. By distributing any surplus to all patrons who have been members or subscribers at any time during the six years preceding the date of dissolution on a pro-rata basis in proportion to their patronage during such six year period.

**ARTICLE XI**

These Articles may be amended by a two-thirds (2/3) vote of members eligible to vote and present at a meeting called for such purpose; except that the provisions of Article I.A. Sections one through six and Article I.B. may not be amended without the unanimous vote of the members eligible to vote from District 11 as defined in the Bylaws.

**IN WITNESS WHEREOF**

the undersigned incorporators have hereunto set their hands this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

**DISTRICT OF COLUMBIA**

I, Sarah L. Dodson, a Notary Public of the District of Columbia, hereby certify that on the 15th day of August, personally appeared before me, W. Don Holland, David J. Batten, Charlie F. Jack, Michael H. Core, A. Daniel Murray, Heywood C. Gay, Gary J. Hobson, Ronald J. Steckman, Jon Steinhaus, James A. Vann, Jr., Robert W. Williams, Jr., Charles B. Gill, Bob Bergland, who, being by me first duly sworn, declared that they signed the foregoing document as incorporates, and that the statements contained there are true.

Notary Public, D.C.

My Commission Expires April 30, 1991

**BYLAWS**

**ARTICLE I PURPOSES AND POWERS**

**Section 1 Purposes**

The purposes of the National Rural Telecommunications Cooperative (hereinafter called the “Association” or “NRTC”) shall be as stated in its Articles of Incorporation.

**Section 2 Powers**

For the accomplishment of its purposes, the powers of this Association shall be those conferred upon it by the District of Columbia Cooperative Association Act, as may be amended from time to time (hereinafter referred to as the “Act”) as the same are described more particularly in the Articles of Incorporation.

**ARTICLE II MEMBERS, MEMBERSHIP AND ASSOCIATES**

**Section 1 Eligibility for Membership and Associate Status**

There shall be four classes of membership and an affiliated class in the Association: Class A, Class B, Class C and Class Group members and an associate class.

*Class A Membership*

A Class A member shall be both the National Rural Utilities Cooperative Finance Corporation ("CFC") and the National Rural Electric Cooperative Association ("NRECA") and an organization which qualifies for membership in both CFC and NRECA.

*Class B Membership*

A Class B member shall be both the NTCA-The Rural Broadband Association (“NTCA”) and a not-for-profit cooperative telephone or mutual aid organization which qualifies for membership in NTCA.

*Class C Membership*

A Class C member shall be a locally owned and operated independent telephone company which qualifies for membership in NTCA.

### *Class Group Membership*

Class A, Class B and Class C members or any of them may apply to NRTC to admit a Class Group member to membership, which member shall be an entity that is majority owned, operated and controlled by the applicant-member(s) in accordance with policies and guidelines established by the NRTC Board of Directors (hereinafter “Board of Directors” or “Board”); provided, however, that a prospective Class Group member that is fifty percent or less (but in no instance lower than twenty-five percent) applicant-member owned may be considered for Class Group membership if effective control of the applicant-member is demonstrated at the time of the application to the satisfaction of the Board of Directors. The applicant-member (i.e. Class A, B, or C) shall be the delegate (“Delegate”) of the Class Group for all membership purposes.

### *Associates*

#### *Other Cooperative Business Organizations*

An associate can be an organization structured under general cooperative business guidelines which works for the benefit of its member owners.

#### *Dealers/Distributors*

An associate can be a dealer or distributor recommended to NRTC by an NRTC member. A dealer/distributor associate must be actively working with an NRTC member in the provision of equipment or services.

#### *Affiliated Organizations*

An associate can be an affiliated organization which has been determined by the Board of Directors to be important and useful to NRTC, its members, or NRTC areas of involvement. The Board will consider on a case-by-case basis such affiliated organization applications which may be presented during regular meetings.

## **Section 2 Method and Terms of Admission to Membership and Associate Status**

- a) An applicant for each class of membership or associate status shall make application therefore, and shall forward said application to the Secretary-Treasurer accompanied by payment for the membership fee which shall be established by the Board. Associate fees and dues shall be as prescribed in Section 2(c).
- b) The Secretary-Treasurer shall present each application with the required accompanying documents and payment of membership or associate fee to the Board of Directors for approval; and upon determination that the applicant has fully complied with the eligibility and other requirements of these Bylaws, the applicant may be admitted to membership or associate status. A certificate of membership or associate status, in a form as specified by the Board of Directors and complying with the requirements of the Act, shall be issued to the applicant upon admission to membership or associate status and unless otherwise noted in these Bylaws, the applicant shall have all the rights, privileges, duties and

responsibilities of either membership or associate status as defined by the Board from and after the date of issuance.

- c) Parties interested in associate status shall make application to NRTC. Upon submission of the appropriate documents and payment of dues, the Board may approve associate status. Dues may be assessed on an annual basis and may consist of initial and/or annual assessments as established by the Board, from time to time.
- d) Upon admission, the following membership and associate rights and privileges shall apply:

*Class A and B Members*

Class A and B members have full membership and voting rights and privileges, and shall have representation on the NRTC Board of Directors.

*Class C Members*

Class C members shall have full membership rights and privileges, excluding voting privileges and Board representation.

*Class Group Members*

Each Class Group member shall exercise all membership privileges through its respective Class Group Delegate, which such Delegate may exercise in its sole discretion. A Class Group member shall not have Board representation or voting privileges, except as representative of its respective Delegate, if so designated.

*Associates*

Each Associate shall be accorded those rights and privileges beneficial to NRTC and its members as determined by the Board of Directors. Associates shall not be granted voting rights or Board representation.

**Section 3 Property Rights of Members; Non-Liability for Debts of the Association**

The property rights of all members shall be equal: they shall be entitled to the return of the par value of their membership certificates when and as provided by law, and in the Articles of Incorporation and these Bylaws. The property of the members of the Association shall be exempt from execution for the debts of the Association and no member shall be liable or responsible for any debts or liabilities of the Association.

#### **Section 4 Transfer of Membership-Withdrawal**

- a) Membership in the Association and certificates representing such membership shall not be transferable, except that: (i) in case of a merger or consolidation of a member with another corporation; or (ii) formation of a new organization that is owned, operated, and/or controlled by the member, membership may be vested in the successor or new organization, provided the latter is eligible for membership.
- b) Withdrawal from membership and retirement of membership certificates may be accomplished in the manner prescribed in the Act. For the purpose of sections of the Act referring to the par value of a member's holdings, the par value of membership certificates which constitute such holdings shall be the amount of the membership fee prescribed for the applicable class of membership in Article II, Section 2, Subsection (a) of these Bylaws.
- c) Withdrawal from membership of a Class Group member (other than a Class A, Class B or Class C member) shall be deemed to occur at the time the Class Group member is no longer owned or controlled by its parent Class A, Class B and/or Class C member(s) within the minimum ownership and control parameters set forth in Section 1 of this Article and any policies and guidelines adopted by the Board of Directors. The Board of Directors, in their sole discretion, may also deem a withdrawal from membership of a Class Group member (other than a Class A, Class B or Class C member) to occur in the event of such Class Group member's insolvency, assignment for the benefit of creditors, or other instance indicating financial instability or adverse business relations of such Class Group member.

#### **Section 5 Effect of Termination of Membership or Associate Status**

Termination of membership or associate status in any manner shall operate as a release of all right, title, and interest of the member or associate in the property and assets of the Association (except that, unless applicable law requires otherwise, the Board shall have the option to redeem the patronage equity, if any, of such terminated member or associate within a reasonable time after such termination, and such patronage equity shall not be returned out of order or in a different priority than that to which the terminated member or associate would otherwise be entitled to); provided, however, that such termination of membership or associate status shall not release the member or associate from debts or liabilities of such member or associate to the Association.

## **Section 6 Suspension of Membership Rights**

Upon failure of any member or associate, after thirty (30) days written notice, to pay any amounts due the Association or comply with membership or associate obligations, including dues payments, membership or associate rights in the Association may be suspended by the Association in its sole discretion. Upon such suspension, the member or associate shall not be entitled to receive services from the Association and the member shall not be entitled to cast a vote at any meeting of the members during such suspension. Payment of all amounts due the Association, including charges and obligations which accrue during the suspension and full compliance with all membership or associate obligations shall automatically reinstate the membership or associate rights.

## **ARTICLE III MEETING OF MEMBERS**

### **Section 1 Annual Meeting**

The annual meeting of the members shall be held on the dates coincident with the annual meeting(s) of the members of NRECA and NTCA, or as otherwise directed by the Board at such time and place as shall be designated by the Board of Directors in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Unless otherwise directed by the Board, the annual meeting of the members shall be held in two separate sessions in conjunction with the annual meetings of NRECA (for Class A member voting) and NTCA (for Class B member voting) and the annual meeting of the members of NRTC shall be adjourned at the conclusion of the final session of such meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting may be held on the holiday or an appointed succeeding business day or as otherwise directed by the Board. In the event that the national welfare or the best interest or convenience of the Association shall, in the judgment of the Board of Directors, demand a postponement or advancement of the annual meeting, such annual meeting may be postponed for a period not exceeding 180 days, or advanced not more than 90 days, by the Board of Directors, and all members shall be notified of the postponement or advancement, and the date fixed for the postponed or advanced annual meeting, and such annual meeting when so held in accordance with such notice shall be and constitute the regular annual meeting of members in as full, complete and ample a manner as though held on the date herein specified. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Association.

### **Section 2 Special Meetings**

Special meetings of the members may be called by the Chairman, by a majority of the Board of Directors, or upon written request signed by at least ten percent (10%) of the total of all eligible voting Class A and Class B members and it shall thereupon be the duty of the Secretary-



Treasurer to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place specified in the notice of the special meeting.

### **Section 3 Notice of Members' Meetings**

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days, or in the case of a regular meeting of the members, no more than sixty (60) days, before the date of the meeting, either personally, by mail, or by such other means as may be permissible under applicable law, by or at the direction of the Secretary-Treasurer, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, in a sealed envelope, addressed to the member at his or its address as it appears on the records of the Association, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. Notice to a Class Group delegate shall constitute notice to all members of its Class Group.

### **Section 4 Quorum**

The presence of voting representatives of at least ten percent (10%) of the total number of the Class A and Class B members of the Association shall constitute a quorum for the transaction of business at all meetings of the members. Provided, however, for purposes of each annual meeting described in Article III, Section 1 of these Bylaws, the quorum percentage specified above shall be of the Class A or Class B members, respectively and as applicable, at each annual meeting session. In the event that less than a quorum as herein provided shall be present at any regular meeting or special meeting, a majority of those Class A and Class B members present may adjourn the meeting from time to time without further notice.

### **Section 5 Voting**

- a) Each Class A member or its Class Group member designate, if applicable, shall be entitled to one vote and no more upon each matter submitted to a vote at all meetings of the members. Each Class A member shall be entitled to cast one vote and no more for each of the director positions on the ballot representing Class A members in voting District Nos. 1 through 10 as identified in Article IV, Section 2 of these Bylaws.
- b) Each Class B member, or its Class Group member designate, if applicable, shall be entitled to one vote and no more on each matter submitted to a vote at all meetings of the members, except for voting to elect or remove directors. Each Class B member shall be entitled to cast one vote and no more for each director position on the ballot representing Class B members at large in voting District No. 12 as identified in Article IV, Section 2 of these Bylaws.

- c) On any matter submitted to a vote of the members, any member having a right to vote thereon may cast its vote by mail in the manner described herein. At the discretion of the Board, the Secretary-Treasurer shall send to the members a copy of any proposal scheduled to be offered at a meeting, together with the notice of said meeting, and the mail votes cast by the members shall be counted together with those cast at the meeting if such mail votes are returned to the Association within the number of days specified by the Secretary-Treasurer in the notice and any such vote cast shall be counted as if the representative was present and voting at the meeting.
  
- d) The procedure described herein need not be employed for all matters voted upon at the same meeting. Any mail vote received within the number of days specified as provided above shall also be counted in determining the presence of a quorum.
  
- e) At the discretion of the Board, subject to applicable law, any matter submitted to a vote of the members may be conducted by electronic means, including but not limited to electronic mail, facsimile, or electronic voting machine.

#### **Section 6 Member Voting Representatives and Alternates**

Each Class A and Class B member admitted to membership pursuant to Article II, Section 2 of these Bylaws shall be entitled to select either by vote of its membership, or its board of directors, one of its members, directors or employees or a member, director or employee of a Class A or Class B member to act as the voting representative, and one such person to act as the alternate, of such Class A or Class B member at the meetings of the Association. Such representative or alternate when so selected shall continue to be the representative or alternate, respectively, of such member until the representative or alternate shall resign or the member shall have selected a successor representative or alternate and shall have so notified the Secretary-Treasurer of the Association in writing. In the event both the representative and the alternate of such member shall fail or be unable to act, then the president, general manager, chief executive officer or chairman of the board of such Class A or Class B member may self-certify to represent and cast the vote of such Class A or Class B. No individual may represent more than one Class A or Class B member and proxy voting is prohibited in all meetings. Such voting representative or alternate when so selected and upon said Class A or Class B member having qualified as provided in Article II, Section 2 of these Bylaws shall continue to be the voting representative or alternate, respectively, of such Class A or Class B member until he shall resign or the member shall have selected a successor voting representative or alternate and shall have so notified the Secretary-Treasurer of the Association in writing by an instrument executed in the name of the Class A or Class B member through a legally authorized officer.

## **Section 7 Order of Business**

The order of business at the annual meeting of the members, and so far as applicable and possible at all other meetings of the members, shall be established as set forth in each meeting agenda and conducted in a manner consistent with these Bylaws and rules of parliamentary procedure as selected by the Board in its sole discretion consistent with the provisions of Article XIV, Section 4 of these Bylaws. A proposed agenda shall accompany each meeting notice.

## **ARTICLE IV DIRECTORS**

### **Section 1 Number and General Powers**

The business and affairs of the Association shall be managed by a Board of not less than 12 nor more than 24 Directors, pursuant to this Article IV, which shall exercise all of the powers of the Association except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

### **Section 2 Voting Districts**

a) There is hereby established the following voting districts (“District(s)”), unless and until such voting Districts, are changed by action of the Board of Directors:

No. 1: Maine, Vermont, New Hampshire, Massachusetts, New York, Connecticut, Rhode Island, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, and North Carolina.

No. 2: South Carolina, Georgia, Florida, and all territories, possessions and commonwealths of the United States bordering upon or in the Atlantic Ocean.

No. 3: Kentucky, Tennessee, Mississippi, and Alabama.

No. 4: Michigan, Indiana, Ohio, and West Virginia.

No. 5: Wisconsin, Iowa, and Illinois.

No. 6: North Dakota, South Dakota, and Minnesota.

No. 7: Wyoming, Nebraska, Colorado, and Kansas.

No. 8: Oklahoma, Missouri, Arkansas, and Louisiana.

No. 9: Washington, Montana, Idaho, Oregon, Nevada, California, Utah, Alaska, Hawaii, and all territories, possessions and commonwealths of the United States bordering upon or in the Pacific Ocean, except the Panama Canal zone.

No. 10: Arizona, New Mexico, and Texas.

No. 11: CFC and NRECA.

No. 12: All states and the District of Columbia in which there are not-for-profit cooperative telephone or mutual aid organizations which qualify for membership in NTCA.

No. 13 NTCA.

- b) From such time as there shall be at least one member in a District, such District shall be represented by one Board member, except for District No. 11 which shall have two directors, one to be the Governor of CFC, and one to be the Chief Executive Officer or General Manager of NRECA as determined by NRECA.
- c) District No. 12 shall have four directors who will be elected at-large by Class B members of the Association.
- d) District No. 13 shall have one director who shall be the Chief Executive Officer of the NTCA-The Rural Broadband Association.
- e) In the event that a member conducts operations in more than one state or District, it shall be deemed to be a member within the state or District in which its principal headquarters is located.

### **Section 3 RESERVED**

### **Section 4 Nominations**

All candidates for election to the Board of Directors from Districts 1 to 10, inclusive, and District No. 12 shall be nominated in the following manner:

- a) The Board of Directors shall designate a nominating committee of at least three persons, each person to be a trustee, director or manager of a member.
- b) The nominating committee shall, at least 60 days before the annual meeting at which candidates for the Board are to be elected, submit to the Secretary-Treasurer of this Association the names of one or more persons for each position for which an election is to be held, together with a statement of each nominee's background, qualifications, availability and eligibility to serve if elected. In the event a nominating committee has not been designated, or fails to select one or more nominees for each position for which an election is to be held or otherwise fails to comply with the provisions of this Section 4, the Board of Directors shall on behalf of the nominating committee, name the nominees or as many nominees as shall be necessary to complete a full slate. Nominations made by the nominating committee, the Board of Directors (if applicable), and petition, if any, in accordance with subsection (3) of this Section 4, shall be voted upon at the annual meeting.
- c) In addition to the nominees named by the nominating committee, other nominations may be made by petition and submitted to the Secretary-Treasurer of the Association at least 40 days prior to the annual meeting together with a statement of the nominee's background, qualifications, availability and eligibility to serve, if elected. Nominations for District Nos. 1 to 10, inclusive, may be made by petition of at least thirty (30) Class A members within

the applicable District. Nominations for District No. 12 may be made by petition of at least thirty (30) Class B members in District No. 12.

### **Section 5 Election**

All Board members shall be elected in the following manner:

- a) At each annual meeting, each duly designated voting representative of each Class A member organization shall vote by written ballot and shall be entitled to cast one vote for one candidate for each position for which a Class A director is to be elected. Each duly designated voting representative of each Class B member organization shall vote by written ballot and shall be entitled to cast one vote for each candidate for each position for which a director is to be elected in District No. 12. Unless otherwise directed by the Board, the election of Class A directors shall be held at the annual meeting of the members of NRTC held in conjunction with the annual meeting of NRECA and the election of District No. 12 directors shall be held in conjunction with the annual meeting of NTCA.
- b) The Secretary-Treasurer shall be responsible for the preparation of the ballots. Each ballot shall show the names of the candidate or candidates for such position and the member organization which each represents.
- c) No other nominations are to be received at the annual meeting and the only candidates eligible for election are those certified by the Secretary-Treasurer.
- d) The Secretary-Treasurer shall mail to each Class A and Class B member, with the notice of the annual meeting, the names and a short biographical sketch of each candidate for the Board and the District for which he is a candidate.
- e) Notwithstanding the foregoing, when a candidate for the Board is running unopposed, in order to facilitate the conduct of the annual meeting, the Chairman may call for such election to be conducted upon unanimous consent or upon voice vote at such meeting.
- f) All newly elected Directors shall be seated as a member of the Board immediately following the conclusion of the final session of the annual meeting.

### **Section 6 Tenure of Office**

- a) Directors shall serve terms of three years or until their successors shall have been elected and shall have qualified. In counting the number of terms served by a Director, a "full term" is one which commences upon the election of a director by the membership, and generally ends upon the completion of three years of service on the Board of Directors. A Director who voluntarily tenders his resignation during his term shall be deemed to have served that full term.
- b) No director elected to represent District Nos. 1 to 10, inclusive, or District No. 12, shall serve more than four consecutive full three-year terms.

- c) When a vacancy occurs on the Board of Directors, the remaining directors may by a majority vote elect a successor director to fill the vacant position, to hold office for the balance of the term for such position.

### **Section 7 Qualifications**

- a) No person shall be eligible to become or remain a director of the Association to represent District Nos. 1 to 10, inclusive, or District No. 12, who:
  - 1. is not a director or trustee, or a general manager or chief executive officer of a Class A or Class B member or related Class Group representing its respective Class A or Class B Delegate or any member whose membership rights have been suspended; or
  - 2. has at any time committed a felony or other serious misdemeanor offense or plead guilty or no contest to such offense(s) or other offenses involving dishonesty; or
  - 3. has pursued any adversarial claim or litigation against the Association or any of its employees or directors at any time in the five (5) year period preceding the date of the proposed election or appointment; or
  - 4. is employed by or serves on the board of any entity which has pursued any adversarial claim or litigation against the Association or any of its employees or directors at any time in the five (5) year period preceding the date of the proposed election or appointment; or
  - 5. has vacated his seat as a director of the Association, for any reason, in the five (5) year period preceding the date of the proposed election or appointment; or
  - 6. has been employed, or whose spouse has been employed, by the Association at any time during the five (5) year period preceding the date of the proposed election or appointment; or
  - 7. has diverted or attempted to divert business or funds from the Association for direct or indirect personal gain or benefit; or
  - 8. is not a United States Citizen.
- b) Upon establishment of the fact that a director is holding the office of director of this Association in violation of this Section 7, the Board shall remove such Board member from office and declare this office vacant.
- c) Nothing contained in this Section 7 shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

### **Section 8 Meetings**

- a) A regular meeting of the Board shall be held as soon as practical after the annual meeting. Regular meetings of the Board shall also be held at such times and places within or without the District of Columbia as designated by the Board. Such regular meetings may be held without notice other than in the resolution of the Board fixing the time and place thereof.
- b) Special meetings of the Board may be called by the Chairman or by any three directors, and it shall thereupon be a duty of the Secretary-Treasurer to cause notice of such meeting to be given as hereinafter provided. The

Chairman or directors calling the meeting shall fix the time and place for the holding of the meeting.

- c) Written notice of the time, place and purpose of any special meeting of the Board shall be delivered by the Secretary-Treasurer, or his designee to each director by mail, electronic mail or other means permitted by law, or upon default in duty by the Secretary-Treasurer, or his designee by the Chairman or the directors calling the meeting, or their designee. Such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Association, with postage prepaid, or, if sent by means other than mail, upon delivery, at least ten days before the date set for such meeting.

### **Section 9 Quorum**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting; provided that if less than a majority are present at said meeting, a majority of those present may adjourn the meeting from time to time without further notice.

### **Section 10 Manner of Acting**

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Action on any matter required to be taken at a meeting of the Board of Directors may be taken by mail (if by consent resolution or mail ballot) or by telephone or such other means as may be permissible under applicable law. Such actions shall be fully effective as though taken at a regular or special meeting of the Board of Directors.

Any director who has, either directly or by virtue of his employment or affiliation with any member or associate, a significant financial interest in any matter requiring Board action shall be precluded from voting on such matter, but shall be counted for purposes of determining whether a quorum exists; provided further that such director may, at the sole discretion of the Chairman, be excluded from Board meetings or discussions on such matters in which case such excluded director shall not be counted for purposes of determining whether a quorum exists.

### **Section 11 Compensation**

Directors shall receive a fixed sum as established by the Board of Directors for their respective services for a designated period or periods of time defined by the Board of Directors with sum to be prorated for any portion of those periods of time served. As authorized by the Board, directors may be reimbursed for expenses actually and necessarily incurred in attending meetings of the Board and in carrying out Board business, or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for expenses.



## **ARTICLE V COMMITTEES**

The Board of Directors, in addition to other powers and authorities granted to it by law and these Bylaws, shall appoint such committees as it may deem proper and define the duties and prescribe the authority which such committees may exercise.

## **ARTICLE VI OFFICERS**

### **Section 1 Number**

The Officers of the Association shall be a Chairman, Vice-Chairman, Secretary-Treasurer, and such other officers with such duties as may be determined from time to time by the Board of Directors.

### **Section 2 Election and Term of Office**

The officers of the Board shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members, but no later than thirty days thereafter. The Chairman, Vice-Chairman and Secretary-Treasurer must be a member of the Board of Directors.

Each officer shall hold office until the organizational meeting of the Board of Directors held following the next succeeding annual meeting of the members, or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

### **Section 3 Removal of Officers**

Any officer or agent elected or appointed by the Board of Directors may be removed from such position by a majority of the full Board of Directors whenever in its judgment the best interests of the Association would be served thereby.

### **Section 4 Vacancies**

A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

### **Section 5 Chairman**

The Chairman shall:

- a) preside at all meetings of the members and of the Board of Directors;
- b) sign with the Secretary-Treasurer certificates of membership or associate status, the issuance of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, certificates, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and



c) in general perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

#### **Section 6 Vice Chairman**

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

#### **Section 7 Secretary-Treasurer**

The Secretary-Treasurer shall:

- a) cause to be kept the minutes of the meetings of the members and the meetings of the Board of Directors in one or more books provided for that purpose;
- b) see that all notices are duly given in accordance with these Bylaws or as required by law, including all notices of meetings required to be held by these Bylaws;
- c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to such documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws;
- d) keep a register of the post office address of each member which shall be furnished to the Secretary-Treasurer by such member;
- e) sign, with the Chairman, certificates of membership or associate status, the issuance of which shall have been authorized by resolution of the Board of Directors;
- f) have general charge of the books of the Association in which a record of the members and or associates is kept;
- g) keep on file at all times a complete copy of the Bylaws of the Association containing all amendments thereto, which copy shall always be open to the inspection of any member or associate, and at the expense of the Association forward a copy of the Bylaws and of all amendments thereto to each member and associate;
- h) have charge and custody of, and be responsible for, all funds and securities of the Association;
- i) receive and give receipt for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such bank or banks as shall be selected in accordance with the provisions of these Bylaws;
- j) in general perform all the duties incident to the office of the Secretary-Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors; and

- k) subject to applicable law and as otherwise may be provided for under these Bylaws, the Board of Directors may expressly delegate that (certain administrative) duties of the Secretary-Treasurer hereunder may be carried out by authorized designees as provided for in Article VI Section 8b.

#### **Section 8 Delegation of Authority**

- a) The Chairman and Vice-Chairman are authorized, except as herein otherwise provided, to re-delegate in writing their authority to sign any and all documents with full recognition that they continue to be fully responsible and accountable for all actions taken under such re-delegations. Such re-delegation may include the authority to sign on behalf of the Association contracts, certificates, mortgages, evidence of indebtedness, notes, bonds, guarantees or any other instrument.
- b) Incumbents of positions to whom the Chairman or Vice Chairman has re-delegated authority are authorized to designate in writing persons to act for them in their absence or inability to act subject to any instructions issued by the Chairman or Vice-Chairman or the incumbent; provided, however, that such incumbents may not designate persons to act for them unless such designee is an Assistant Officer, Attorney or Agent authorized by the Board of Directors.

#### **Section 9 Bonds of Officers**

The Board of Directors may require the Secretary-Treasurer or any other officer or employee of the Association charged with responsibility for the custody of any of its funds or property to give bond, the premium for which shall be paid by the Association, in such sum and with such surety as the Board of Directors shall determine.

#### **Section 10 Reports**

The officers of the Association shall submit at each annual meeting of the members reports covering the business of the Association for the previous fiscal year and showing the condition of the Association at the close of each fiscal year.

### **ARTICLE VII REMOVAL OF DIRECTORS FROM THE BOARD**

A director may be removed (i) with or without cause, by a vote of two-thirds of the members entitled to cast a ballot in the voting District at a regular or special meeting; or (ii) with cause by a vote of two-thirds of the Board of Directors at a regular or special meeting. The director involved shall have an opportunity to be heard at such meeting. A vacancy caused by any such removal shall be filled as specified in Article IV, Section 6(c) of these Bylaws.

### **ARTICLE VIII OPERATION OF ASSOCIATION**

The Board of Directors may approve a contract pursuant to which a non profit, cooperative corporation shall be responsible for carrying out the policies of the Association and except as to matters specifically reserved

to the Board of Directors and the officers in the Bylaws or by law, shall supervise the conduct of the day-to-day business of the Association.

## **ARTICLE IX CONTRACTS, CHECKS AND DEPOSITS**

### **Section 1 Contracts**

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances.

### **Section 2 Checks, Drafts, Etc.**

All checks, drafts or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, or employee or employees of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

### **Section 3 Deposits**

All funds of the Association shall be deposited from time to time to the credit of the Association in such bank or banks as the Board of Directors may select.

## **ARTICLE X WAIVER OF NOTICE**

Any member, director or officer may waive, in writing, before or after the meeting, any notice of meetings required to be given by these Bylaws.

## **ARTICLE XI IRREGULARITIES IN NOTICE**

Irregularities in the giving of any notice or the holding of any meeting provided for in these Bylaws shall not invalidate any action taken at such meeting.

## **ARTICLE XII ALLOCATION AND DISTRIBUTION OF NET SAVINGS**

### **Section 1 Non Profit Operation**

The Association shall at all times be operated on a cooperative non profit basis for the primary and mutual benefit of its patrons. No interest or dividends shall be paid or payable on its certificates of membership or associate status.

All net savings, representing the excess of revenues over operating costs and expenses, shall be received by the Association with the understanding that they are furnished by its patrons as capital and that the Association is obligated to pay by credits to a capital account and the reserve funds set up in Section 2 of this Article for each patron all such

amounts in excess of operating costs and expenses, to patrons in proportion to their patronage.

## **Section 2 Reserve Funds**

At the close of each fiscal year, not less than 10 percent (10%) of the net savings of the Association as determined by the Board of Directors shall be placed in a reserve fund until such time as the fund shall equal at least 50 percent (50%) of the capital paid-up. The amounts so placed in the reserve fund may be used in the general conduct of the Association business and shall be allocated on the books of the Association to patrons in proportion to their patronage.

Such reserves against bad debts and losses, and other reserves, shall be established as in the judgment of the Board of Directors are sufficient to assure the solvency of the Association and the achievement of its purposes, and to meet its obligations as they mature.

## **Section 3 Educational Fund**

At the close of each fiscal year, at least one quarter (1/4) of 1 percent (1%) of the net savings of the Association, or such higher percent as may be set by the Board of Directors, shall be placed in an educational fund to be used in teaching patrons the principles of cooperation.

## **Section 4 Patronage Capital Certificates**

The books and records of the Association shall be set up and kept in such a manner that at the end of each fiscal year the amount of patronage capital, if any, in the form of net savings so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron. The Association shall within a reasonable time after the close of the fiscal year, issue Patronage Capital Certificates, in form prescribed by the Board of Directors, which shall reflect the amount of patronage so credited to the patron's account. No dividends or interest shall be payable on such certificates. Patronage Capital Certificates issued to Class Group members (other than Class A, Class B or Class C members) shall indicate on their face that they are issued pursuant to a Class Group. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Association corresponding amounts for capital.

All other amounts received by the Association from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) 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 a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution of the Association, outstanding Patronage Capital Certificates shall be retired without priority on a pro rata basis in accordance with the provisions of Article XI of the Articles of Incorporation. If, at any time prior to dissolution, the Board of Directors shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to patrons' accounts and the Patronage Capital Certificates evidencing same may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

Capital credited to the account of each patron and Patronage Capital Certificates are not assignable, transferable or subject to redemption except as the Board of Directors, acting in accordance with applicable law and under policies of general application, shall determine otherwise. Patronage Capital Certificates indicating issuance to a Class Group member may be assigned or transferred to any Class A, Class B or Class C member of the Class Group with prior written notice to the Association.

The patrons of the Association, by dealing with the Association, acknowledge that the terms and conditions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Association and each patron, and both the Association and the patron are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions.

#### **Section 5 Patronage Capital Distributions**

Each applicant who hereafter applies for and is admitted to membership or associate status in the Association and each member and associate of this Association on the effective date of this Bylaw shall, by such act alone, consent that the amount of any patronage capital distributions with respect to such member's or associate's patronage occurring after December 31, 1996, which are made in written notices of allocation (as defined in 26 U.S.C. 1388) and which are received by such member or associate from the Association, will be taken into account by such member or associate at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received by such member or associate.

## **ARTICLE XIII SEAL**

The corporate seal of the Association shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words "Corporate Seal, District of Columbia."

## **ARTICLE XIV MISCELLANEOUS**

### **Section 1 Fiscal Year**

The dates when the fiscal year of the Association shall begin and end shall be fixed by the Board of Directors.

### **Section 2 Books; Auditing**

The Board of Directors shall cause to be established and maintained a complete accounting system. The Board shall after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Association as of the end of such fiscal year. A financial report, conforming to the requirements of the Act shall be submitted to the annual meeting of the members of the Association.

### **Section 3 Annual Report**

An annual report shall be prepared and filed as required by the Act and a copy thereof shall be kept on file at the principal office of the Association.

### **Section 4 Rules of Order**

The conduct of the meetings of this Association and its committees shall be governed by the latest available revision of Roberts Rules of Order except as such rules may be inconsistent with these Bylaws.

### **Section 5 Waiver of Notice of Meetings**

Whenever any notice is required to be given of any meeting by law or by the provisions of these Bylaws, a waiver thereof in writing signed by the person or persons or on behalf of the organization or organizations entitled to receive such notice, whether before or after the date and time stated therein, shall be equivalent and have the same effect as the giving of such notice. Presence without objection in a meeting of a person or on behalf of an organization entitled to notice of the meeting shall also constitute waiver of notice.

### **Section 6 Numbers and Genders**

All words used herein in the singular number shall extend to and include the plural. All words used in the plural number shall extend to and include the singular. All words used in any gender shall extend to and include all genders.

## **ARTICLE XV AMENDMENTS**

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of the Class A and Class B members present and voting at any regular or special meeting provided that at such regular or special meeting notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. In addition it shall require the affirmative vote of two-thirds (2/3) or more of all members in each of the 13 Districts to amend or repeal paragraph (b) of Section 2 Voting Districts of Article IV. After any alteration, amendment or repeal of these Bylaws has been adopted, all members shall be notified of such action as soon as is conveniently possible.

## **ARTICLE XVI INDEMNIFICATION**

### **Section 1 Right to Indemnification**

To the extent that any current or former director, officer or employee of the Association (each an "Indemnified Person") is not covered by insurance or fidelity bond, he or she shall be indemnified and held harmless by the Association to the fullest extent allowed by law as described in this Article against expenses incurred in the defense of any threatened or pending action, suit, or proceeding (but excluding an action by or in the right of the Association) (each a "Proceeding") by reason of the fact that the Indemnified Person is or was a director, officer or employee of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another business entity, trust or other enterprise. The indemnification provided in this Article shall apply where the Indemnified Person acted in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, but shall not apply where the Proceeding was a result of: (i) his or her willful misconduct; (ii) a crime, unless such he or she had reasonable cause to believe that the act was lawful; (iii) a transaction that resulted in an improper personal benefit of money, property or services to such Indemnified Person or a related party; or (iv) an act or omission that was not in good faith or was beyond the scope of authority of the Indemnified Person, the Association pursuant to the Act, the Association's Articles of Incorporation, or these Bylaws. In addition, such indemnity shall be effective only in the event that the Indemnified Person provides the Board of Directors written notice of the Proceeding within a reasonable time after the institution thereof.

### **Section 2 Indemnification of Expenses**

An Indemnified Person shall be indemnified against expenses (including reasonable attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with a Proceeding; provided, however, that no indemnification is intended to benefit third parties in any manner. Unless otherwise required by the Act, any indemnification hereunder shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Indemnified Person is proper under the circumstances because such person has met the applicable standard of

conduct set forth in Section 1 above. Such a determination shall be made: (i) by the Board by a majority vote of a quorum consisting of Directors who are or were not parties to such Proceeding (“Disinterested Directors”); (ii) by independent legal counsel engaged by the Association in a written opinion, if such a quorum is not obtainable; or (iii) by the affirmative vote of a majority of the voting Members at any regular or special meeting. At the direction of a majority of Disinterested Directors, an Indemnified Person’s expenses incurred in defending a Proceeding may be paid by the Association in advance, but only upon receipt of a satisfactory undertaking by or on behalf of such Indemnified Person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Association as authorized herein. In the event that the entire Board is named as defendants in any action, the Board may act to provide that any expense may be paid in advance under the same conditions specified in this Section 2.

### **Section 3 Insurance and Fidelity Bonds**

The Association may provide, pay for and maintain directors and officers liability insurance (or equivalent coverage) for Indemnified Persons, whether or not the Association would have the power or obligation to indemnify any such person against such liability under the provisions of this Article or the Act. The Association shall also provide, pay for and maintain fidelity bonding through an appropriate group honesty bond, fidelity bond, commercial crime policy or similar bond or insurance policy. Coverage limits shall be no less than as required by the Act, and such limits may be adjusted by the Board from time to time.

### **Section 4 Right to Participate in Defense**

As a condition to any such right of indemnification or to receive advance expenses, the Association may require that it be permitted to participate in the defense of any Proceeding through legal counsel designated by the Association and at the expense of the Association.





