

BY-LAWS
of
SUSSEX
RURAL ELECTRIC
COÖPERATIVE

== 24 Main Street ==
SUSSEX, NEW JERSEY



Effective November 20, 1939

WILCOX PRESS
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SUSSEX RURAL ELECTRIC COOPERATIVE

The aim of Sussex Rural Electric Cooperative (hereinafter called the "Cooperative") is to make electric energy available to its shareholders (hereinafter called "members") at the lowest cost consistent with sound economy and good management.

BY-LAWS

ARTICLE I Members

Section 1. Qualifications and Obligations.

Any person, firm, corporation or body politic may become a member in the Cooperative by:

- (a) paying the membership fee hereinafter specified;
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the articles of incorporation of the Cooperative and these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors,

provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by a vote of a majority of the members of the board of directors. At each meeting of the members all share subscriptions and applications for membership (hereinafter called "application for membership") received more than ninety (90) days prior to such meeting and which have not been accepted by the board of directors shall be submitted by the

board of directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b) and (c) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the members' meeting to which his application will be submitted and such applicant may be present and heard at the meeting. No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b) and (c).

Section 2. Membership Fee. Payment of Five Dollars (\$5.00) in full for a share of stock (hereinafter called the "membership fee") shall make the member eligible for one (1) service connection. An additional fee of \$5.00 shall be paid for such additional service connection requested by the member, but no shares of stock shall be issued therefor.

Section 3. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises referred to in the application of such member for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by resolution of the board of directors; provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the board of directors shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the board of direct-

ors from time to time, regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable.

Section 4. Non-liability for Debts of the Cooperative. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no members shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 5. Expulsion of Members and Surrender of Share Certificates. The board of directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member and cause his share certificate (hereinafter called "membership certificate") to be surrendered if such member shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Cooperative, or these bylaws or any rules or regulations adopted from time to time by the board of directors. The membership certificate, so surrendered, shall be cancelled by the board of directors. Any member so expelled, and whose membership certificate has been surrendered, may be reinstated as a member by a vote of the members at any annual or special meeting. The action of the members with respect to any such reinstatement shall be final.

Section 6. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

Section 7. Transfer and Termination of Membership. (a) Membership in the Cooperative and the certificate representing the same shall be transferable only under the conditions here-

inafter stated. Membership in the Cooperative and the certificate representing the same shall be transferable to any person, firm, corporation or body politic who or which is eligible for membership in the Cooperative and becomes a member of the Cooperative under the conditions set forth in these bylaws. Upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall thereupon terminate, and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Cooperative; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

In case of termination of membership for any reason, such member shall be entitled to a refund of his membership fee or such part thereof, if any, as the board of directors may determine.

(b) Transfers of shares of stock of the Cooperative shall be made only on the books of the Cooperative by the registered holder thereof or by his attorney thereto authorized by Power of Attorney duly executed and filed with the Secretary of the Cooperative. Any member who shall desire to sell any share of the capital stock of the Cooperative owned by him shall first offer such share to the Cooperative and the Cooperative shall have exclusive right and option to purchase such share at Five Dollars (\$5.00) per share within thirty (30) days after the offer. After the expiration of such time the member, if the Cooperative shall not have exercised its option to purchase such share, shall be free to make any other sale of such share so offered to the Cooperative for sale, subject to Section 1

of Article I of these bylaws.

A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provisions of subdivisions (b) and (c) of section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.

When a membership is held jointly by a husband and wife, upon the death of either such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death on the books of the Cooperative the certificate may be reissued to and in the name of such survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

Section 8. Removal of Directors and Officers. Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing

the charges against him shall have the same opportunity.

ARTICLE II Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members shall be held on the third Monday of November of each year, at such place at Sussex in the County of Sussex State of New Jersey as shall be designated 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. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings. Special meetings of the members may be called by at least three (3) directors or upon a written request signed by at least ten per centum (10%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Sussex in the State of New Jersey 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 cases 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 twenty (20) days before the date of the meet-

ing, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member; provided, however, that with respect to all meetings at which directors are to be elected such notice shall be so delivered not less than ten (10) days nor more than fourteen (14) days before the date of the meeting. In case of a joint membership notice given to either husband or wife shall be deemed notice to both joint members. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, 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.

Section 4. Quorum. As long as the total number of members does not exceed one thousand (1,000), at least fifteen per centum (15%) of the total number present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members provided at least five per centum (5%) of the total number of members are present in person. In case the total number of members shall exceed one thousand (1,000) then at least one hundred fifty (150) of the members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members. In case of a joint membership the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present in person or represented by proxy may adjourn the meeting from time to time without further notice.

Section 5. Voting. Each member shall be

entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the articles of incorporation of the Cooperative, or these bylaws. If a husband and wife hold a joint membership they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 6. Proxies. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No person shall vote as proxy for more than three (3) members at any meeting of the members and no proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy, only if the secretary of the Cooperative be informed by him in writing of his attendance prior to the meeting.

In case of a joint membership a proxy may be executed by either the husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not

been executed, only if the secretary of the Cooperative be informed by him in writing of his attendance prior to the meeting.

Section 7. Order of Business. The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. 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.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournments.

ARTICLE III Directors

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative or by these bylaws conferred upon or reserved to the members.

Section 2. Qualifications and Tenure. At each annual meeting of the members, directors shall be elected by ballot, by and from the members to serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of directors. No member shall be eligible to become or remain a director or to hold any position of trust in the

Cooperative who is not a bona fide resident in the area served by the Cooperative, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative, and no person shall take or hold office as a director who is the incumbent of or candidate for an elective public office in connection with which a salary is paid. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

Section 3. Nominations. It shall be the duty of the board of directors to appoint, not less than thirty (30) days nor more than sixty (60) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. No officer or member of the board of directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting a list of nominations for directors, but any fifteen (15) or more members may make other nominations in writing over their signatures not less than fifteen (15) days prior to the meeting and the Sec-

retary shall post the same at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by the committee on nominations and the nominations made by petition, if any. Nothing contained herein shall, however, prevent additional nominations to be made from the floor at the meeting of the members. The members may, at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

Section 4. Vacancies. Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the board of directors shall be filled by a majority vote of the remaining directors and directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified.

Section 5. Compensation. Directors as such shall not receive any salary for their services, but by resolution of the board of directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the members.

Section 6. Rules and Regulations. The board

of directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 7. Accounting System and Reports. The board of directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, 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. All accounts of the Cooperative shall be examined by a committee of the board of directors which shall render reports to the board of directors at least four (4) times a year at regular meetings of the board of directors. The board of directors shall also within thirty (30) days 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 Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

Section 8. Change in Rates. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the board of directors shall be held without notice other than this bylaw, immediately after, and at the same place as, the an-

nual meeting of the members. A regular meeting of the board of directors shall also be held monthly at such time and place in Sussex County, New Jersey, as the board of directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. Special meetings of the board of directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the board of directors may fix the time and place (which shall be in Sussex County, New Jersey), for the holding of any special meeting of the board of directors called by them.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the board of directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, provided, that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting. The act of the majority of the directors present at a meet-

ing at which a quorum is present shall be the act of the board of directors.

ARTICLE V Officers

Section 1. Number. The officers of the Cooperative shall be a president, Vice-President, Secretary and Treasurer and Assistant Secretary and Treasurer. The offices of Secretary and of Treasurer may be held by the same person and the office of Assistant Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected, by ballot, annually by and from the board of directors at the first meeting of the board of directors held after 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. Each officer shall hold office until the first meeting of the board of directors 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. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 4. Vacancies. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the board of directors for the unexpired portion of the term.

Section 5. President. The President:

- (a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the board of directors;
- (b) shall sign, with the Secretary certificates of membership, the issue 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 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 Cooperative, or shall be required by law to be otherwise signed or executed; and

- (c) in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the board of directors 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 and shall perform such other duties as from time to time may be assigned to him by the board of directors.

Section 7. Secretary. The Secretary shall:

- (a) keep the minutes of the members and 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;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed 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 with the provisions of these bylaws;
- (d) keep a register of the post office address of each member which shall be fur-

- nished to the Secretary by such member;
- (e) sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the board of directors;
 - (f) have general charge of the books of the Cooperative in which a record of the members is kept;
 - (g) keep on file at all times a complete copy of the 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 forward a copy of the bylaws and of all amendments thereto to each member; and
 - (h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board of directors.
- Section 8. Treasurer.** The Treasurer shall:
- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
 - (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys 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) in general perform 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 of directors.

Section 9. Manager. The board of directors 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 as the board of directors may from time to time require of him and shall have such authority as the board of directors may from time to time vest in him.

Section 10. Bonds of Officers. The board of directors shall require the treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

Section 11. Compensation. The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the board of directors.

Section 12. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI

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 Cooperative, 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, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers of the Cooperative 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 Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of directors may select.

ARTICLE VII

Membership Certificates

Section 1. Certificates of Membership. Membership in the Cooperative shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent with, the articles of incorporation of the Cooperative or these bylaws. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

Section 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the board of directors may prescribe.

ARTICLE VIII

Revenues and Receipts

Subject to the provisions of any mortgage or deed of trust given or assumed by the Cooperative, the board of directors shall, after the expiration of each fiscal year and after paying or making provision for the payment of all obligations and expenses of the Cooperative properly chargeable against its revenues and receipts for such fiscal year, apply the unexpended revenues and receipts for such fiscal year:

First—to the establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes,

bonds or other evidences of indebtedness issued, or the payment of which shall have been assumed, by the Cooperative in an amount which shall not be less than an amount equal to the total of the interest and principal payments required to be made during the next following calendar year in respect of such notes, bonds or other evidences of indebtedness; and

Second—to the establishment and maintenance of a general reserve fund for working capital to provide, among other things, for insurance, taxes, maintenance, improvements, new construction and contingencies in an amount which the board of directors shall deem reasonable; and

Third—to the distribution among the members in proportion to their patronage during the fiscal year in which such revenues and receipts were received; provided, however, that any sum available for distribution to a member as aforesaid shall be first applied against any member's indebtedness, if any, to the Cooperative.

Such application shall be made within ninety (90) days after the expiration of each fiscal year, and all revenues and receipts for such fiscal year not needed for the foregoing purposes shall, as and when determined by the members, be applied by the board of directors for the following purpose:

(a) the establishment and maintenance of a reserve fund to be used for education in cooperation and in the effective use of electricity:

ARTICLE IX

Waiver of Notice

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws.

In case of a joint membership a waiver of notice signed by either husband or wife shall be deemed a waiver of notice of such meeting

by both joint members.

ARTICLE X

Disposition of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- (a) property which in the judgment of the board of directors neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not, in any one (1) year exceed in value ten per centum (10%) of the value of all of the property of the Cooperative;
- (b) services of all kinds, including electric energy; and
- (c) personal property acquired for resale, unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds ($\frac{2}{3}$) of the members voting thereon at such meeting in person or by proxy, and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, Reconstruction Finance Corporation, or any agency or instrumentality thereof, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and where-

ever situated, all upon such terms and conditions as the board of directors shall determine.

ARTICLE XI

Fiscal Year

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

ARTICLE XII

Membership in Other Organizations

The Cooperative shall not become a member of any other organization without an affirmative vote of the members at a meeting called as provided in these bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business.

ARTICLE XIII

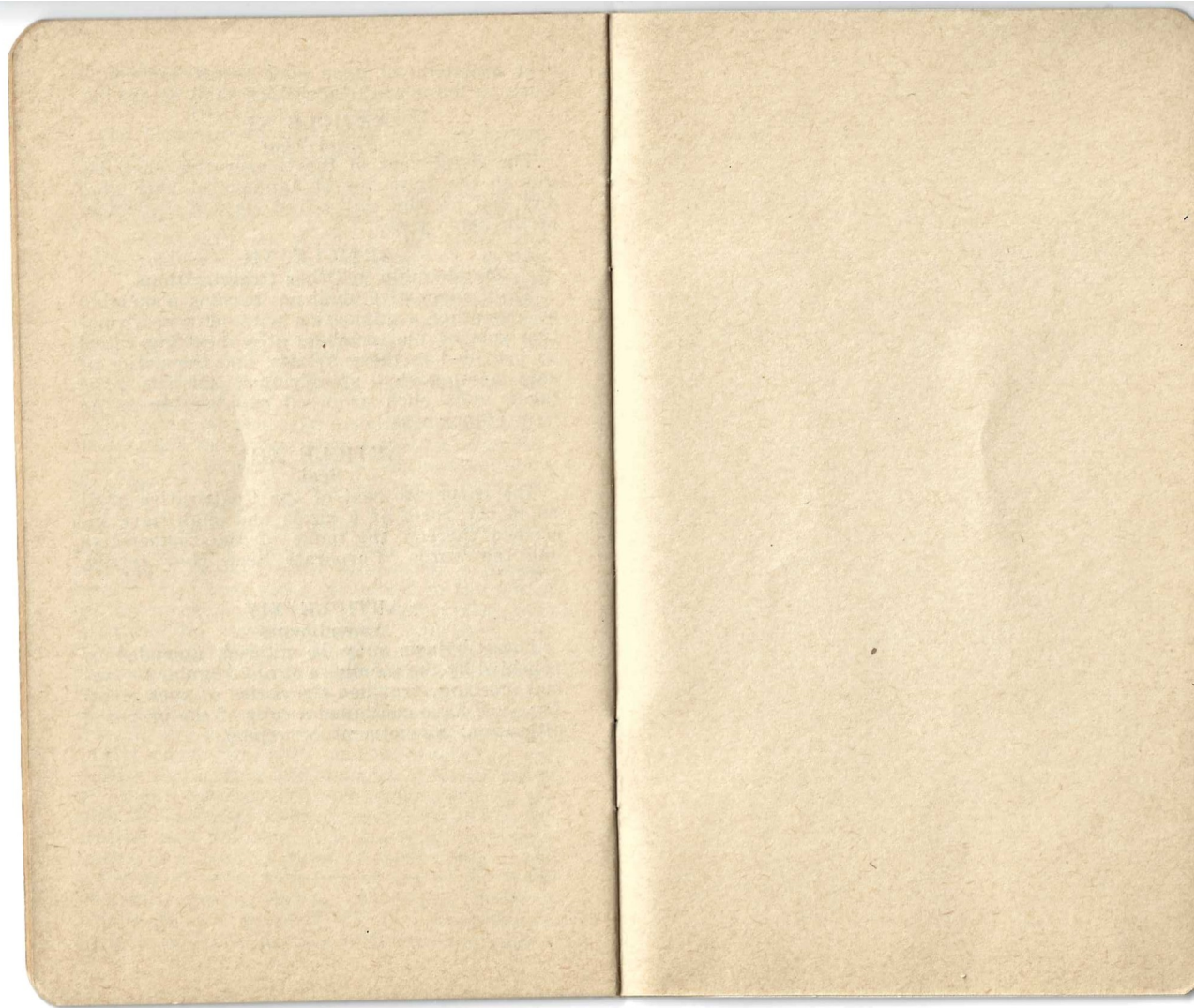
Seal

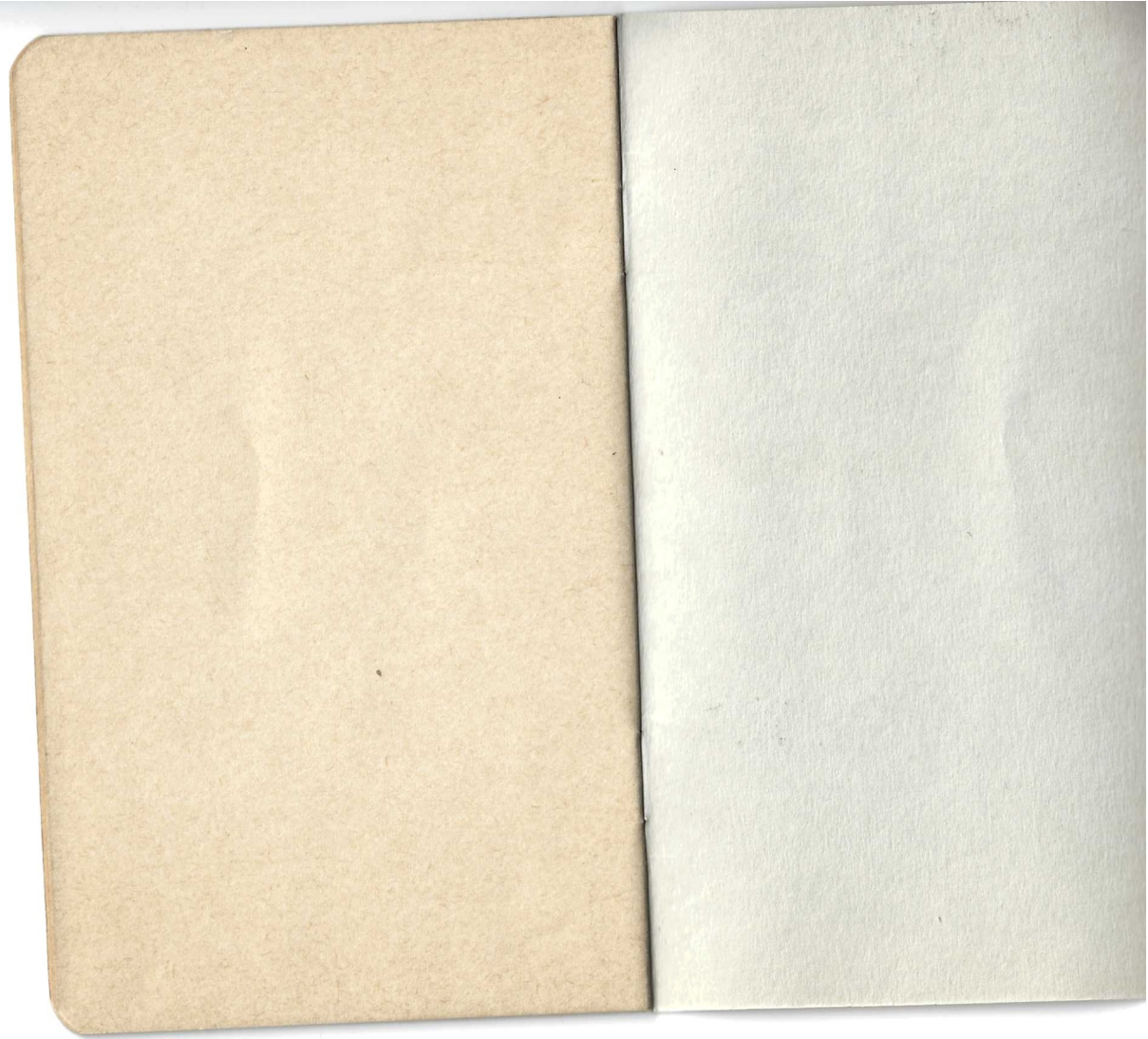
The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, New Jersey, 1937."

ARTICLE XIV

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.





PROPOSED AMENDMENTS TO THE BY-LAWS TO BE
CONSIDERED AT THE ANNUAL MEETING TO BE
HELD NOVEMBER 18, 1940.

RESOLVED, that Article III, Section 7 of the By-Laws be, and the same hereby is, amended to read as follows:

Section 7. ACCOUNTING SYSTEM AND REPORTS.

The board of directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, and shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of United States of America. All accounts of the Co-operative shall be examined by a committee of the board of directors which shall render reports to the board of directors at least four (4) times a year at regular meetings of the board of directors. The board of directors shall also 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 Co-operative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

RESOLVED, that Article V, Section 1 of the By-Laws be, and the same hereby is, amended to read as follows:

ARTICLE V.

OFFICERS

Section 1. NUMBER. The officers of the Co-operative shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as may be determined by the board of directors from time to time. The offices of secretary and of treasurer may be held by the same person.

RESOLVED, that Article VI, Section 2 of the By-Laws be, and the same hereby is, amended to read as follows:

Section 2, CHECKS, DRAFTS, ETC. 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 Co-operative, shall be signed by such officer or officers, agent or agents, employee or employees of the Co-operative and in such manner as shall from time to time be determined by resolution of the board of directors.

AND BE IT FURTHER RESOLVED, that Article XIV of the By-Laws be, and the same hereby is, amended to read as follows:

AMENDMENTS. These by-laws may be altered, amended, or repealed by the members of the Co-operative at any regular or special meeting. The notice of the meeting shall contain a copy of the proposed amendment, alteration, or repeal to be considered at the meeting.

RESOLVED, that Article III, Section II of the By-Laws be, and the same hereby is, amended to read as follows:

Section 2. QUALIFICATIONS AND TENURE. The directors shall be elected by ballot by the members at the annual meeting of the Co-operative. Immediately after the first election, they shall meet and divide themselves into three classes by drawing lots for one, two and three years. Those drawing the one year lots shall hold office until the next annual meeting. Those drawing the two year lots shall hold office until the second annual meeting. Those who draw the three year lots shall hold office until the third annual meeting. At each succeeding election three Directors shall be elected for three years to succeed those whose terms expire, subject to the provisions of these by-laws with respect to the removal of Directors. No member shall be eligible to become or remain a Director or to hold any position of trust in the Co-operative who is not a bonafide resident in the area served by the Co-operative, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Co-operative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Co-operative, and no person shall take or hold office as a Director who is the incumbent of or candidate for an elective public office in connection with which a salary is paid. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a Director, provided however, that neither one shall be eligible to become or remain a Director or to hold a position of trust in the Co-operative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.