

**RESOLUTION ADOPTING THE BY-LAWS
OF THE
CLEAN ENERGY COOPERATIVE, INC.**

WHEREAS, the Clean Energy Cooperative, Inc. (Cooperative) was formed with the recording of its Articles of Incorporation with the Pennsylvania Department of State, Corporation Bureau under the Pennsylvania Cooperative Corporation Law of 1988; and

WHEREAS, counsel to the Cooperative has prepared the attached proposed By-laws, which have been reviewed by the Board of Directors.

NOW THEREFORE BE IT:

RESOLVED, that the Board of Directors hereby adopts the attached as the By-laws of the Cooperative.

I, Michele Sands , the duly elected Secretary of Clean Energy Cooperative, Inc., hereby certify that the above resolution of its Board of Directors was duly approved and enacted at the organizational meeting of the Board of Directors held on May 28th, 2014, at which a quorum was present and voting.

By: /s/Michele Sands/s/

Secretary

By-Laws of the Clean Energy Cooperative, Inc.

Article I: Organization

- 1.1 **Name.** The name of the organization shall be Clean Energy Cooperative, Inc. (referred to herein as the “Cooperative”).
- 1.2 **Relevant Law.** These Bylaws contain the rules by which the Cooperative will govern its internal affairs and the methods by which it will evidence its external actions. These Bylaws have been prepared in accordance with the provisions of the Pennsylvania Cooperative Corporation Law of 1988 (referred to herein as the “Act”), and the applicable provisions of the Pennsylvania Business Corporation Law of 1988.
- 1.3 **Purposes of the Cooperative.** The Cooperative is organized under the Act for the purposes of engaging in any lawful business to acquire, produce, manufacture, furnish, or distribute any goods or services on a cooperative basis for the mutual benefit of its members. In furtherance of the foregoing purposes, and in addition to the foregoing purposes, the Cooperative shall have and may exercise all of the rights, powers and privileges now or hereafter conferred upon a cooperative organized under the laws of Pennsylvania. In addition, it may do everything necessary, suitable, proper, convenient or expedient for the accomplishment of any of its cooperative purposes, in Pennsylvania or elsewhere. The mission of the Cooperative is to sustainably develop renewable energy resources for a healthy and just energy future for our community, using local investment and providing positive returns for its members.
- 1.4 **Principal Office.** The principal office of the Cooperative shall be located at 1030 Main Street, Honesdale PA 18431. The Board of Directors of the Cooperative (referred to herein as the “Board”) may change the principal office of the Cooperative from time to time.

Article II: Membership

- 2.1 **Eligibility.** Membership in the Cooperative shall be open to any individual or entity who/that is in accord with the Cooperative’s purposes and mission, and is willing to accept the responsibilities of membership as prescribed by the Board.
- 2.2 **Nondiscrimination.** Membership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.
- 2.3 **Admission.** Any eligible individual or entity may be admitted to membership by the Board upon submitting an application and investing equity in an amount and on such terms as determined by the Board. The Board, in its sole discretion, may reject an application for membership if it finds that the applicant, or its application for membership, has not met the requirements or qualifications specified in these bylaws, or in the policies, rules or regulations adopted by the Board.
- 2.4 **Return of Equity.** Equity shall be returned upon termination of membership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary for the reasonable or prospective capital needs of the Cooperative.
- 2.5 **Rights.** Members have the right to elect the Cooperative’s Board, to attend meetings of the Board, to receive notice of and attend membership meetings and to approve amendments to these Bylaws. Other than the rights specified herein, management of the Cooperative shall be

vested in the Board. A member who has not fully paid his or her financial obligations to the Cooperative shall not be eligible to be elected as a Director, or to serve as a Director.

- 2.6 **Responsibilities.** In addition to any qualification for membership established by law, by the Articles of Incorporation, or by the Board, in order to acquire and maintain membership in good standing, a person shall provide such amount of capital as is determined by the Board. A member shall become delinquent if he/she/it fails to meet the financial obligations to the Cooperative, as set forth in these Bylaws and/or the Policy Statement, within thirty days of notice thereof and may be placed into inactive status, in which case his, her or its membership may be terminated in accordance with Section 2.7. In order to maintain active membership in the Cooperative, members shall keep current in equity investments due to the Cooperative, and shall abide by these Bylaws and the decisions of the membership and the Board. References in these Bylaws to the rights of members shall be understood to refer only to active members in good standing.
- 2.7 **Termination of Membership.** A member may terminate his or her membership voluntarily at any time by written notice to the Cooperative. Membership may be terminated involuntarily only: (a) for failure to pay fees, dues and assessments, in accordance with Section 2.6; or (b) for other cause by a two thirds (2/3) vote of the Board after a hearing. The member against whom a termination vote is being considered shall be informed thereof in writing at least ten (10) days in advance of the meeting, and shall have the opportunity to be heard at such meeting either in person or by counsel. Upon termination of membership, all rights and interests of such person in the Cooperative shall cease, except for rights to redemption of equity and redemption of retained patronage dividends. Voluntary termination of membership under this section shall not preclude a person from again applying for membership in the Cooperative at a later time. Termination of membership or withdrawal from membership in any manner shall not release a member from any debts, liabilities or any outstanding, continuing, or residual contractual obligations to or through the Cooperative.
- 2.8 **Nontransferability.** Membership rights and interests may not be transferred to any person without the advance approval of the Board. No member shall hold more than one membership in the Cooperative.
- 2.9 **Access to information.** Members shall be provided reasonably adequate information as to the organizational and financial affairs of the Cooperative at reasonable times and for proper purposes, with appropriate limitations as determined by the Board.
- 2.10 **Settlement of disputes.** In any dispute between the Cooperative and a member or former member that involves normal membership transactions and that cannot be resolved through informal negotiation, it shall be the policy of the Cooperative to use mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.
- 2.11 **Property Interest of Members.** Members shall have no individual or separate interest in the property or assets of the Cooperative except, upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been returned. Any remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate contributed patronage capital of each bears to the total contributed patronage capital of all members and former members.

Article III: Member Meetings

- 3.1 **Annual Meeting.** A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on operations and finances, to review policy issues that vitally affect the Cooperative, to elect Directors as set forth in Article IV, and to transact such other business as may come before the meeting.
- 3.2 **Special Meetings.** The Board shall cause a special meeting of the membership to be called upon either a majority vote of the Board, or the written petition of at least fifty percent (50%) of members. The notice of meeting shall be issued within thirty (30) days after the presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting.
- 3.3 **Notice of meetings.** Notice of the date, time, place and purpose of each meeting of the membership shall be given by, or at the direction of, the Secretary or other authorized person to each member of record entitled to vote at the meeting at least thirty (30) days prior to the day named for a meeting that will consider a fundamental change under Chapter 19 of the Business Corporation Law of 1988 (relating to fundamental changes); or at least five (5) days prior to the day named for the meeting in any other case. Any notice of a meeting of the membership shall be given to the person either personally or by sending a copy thereof:
- (a) By first class or express mail, postage prepaid, or courier service, charges prepaid, to the member's postal address appearing on the books of the Cooperative. Notice under this subparagraph shall be deemed to have been given to the member entitled thereto when deposited in the United States mail or with a courier service for delivery to that member; or,
 - (b) By facsimile transmission, e-mail or other electronic communication to the member's facsimile number or address for e-mail or other electronic communications supplied by the member to the Cooperative for the purpose of notice. Notice under this subparagraph shall be deemed to have been given to the member entitled thereto when sent.
- 3.4 **Quorum.** At any annual or special members' meeting, a quorum necessary for the transaction of business shall be thirty (30%) percent of the total number of members; provided, however, that once the membership reaches fifty (50) members, the percentage of members necessary for a quorum shall be reduced to twenty (20%) percent. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members present in person at the meeting plus the members represented by valid absentee ballots.
- 3.5 **Voting.** Each membership shall have only one vote. There shall be no proxy voting on any matter.
- 3.6 **Voting by mail.** For a period of at least one week prior to the annual membership meeting, and for a period of at least one week prior to any special membership meeting at which members will vote, the Cooperative shall provide members with an opportunity to vote by absentee ballot, either by mail or at a location or locations, as may be determined by the Board. Absentee balloting procedures shall be determined by the Board. Valid absentee votes shall be counted together with votes cast at a meeting for a total vote count on any issue.
- 3.7 **Action without a meeting.** Actions of the members may be taken without a meeting if a consent in writing, stating the action to be taken, is signed by all members.

- 3.8 **Participation by Telephone at Member Meetings.** Members may participate in meetings of the members and shall be deemed to be present at such meetings as though physically present if they are participating by means of a conference telephone, internet-based video conference or similar communications equipment by which all persons participating at the meeting can hear each other and respond to matters properly brought before the meeting. Members participating by such communications means shall be deemed present for all purposes including determination of quorum.
- 3.9 **Non-Individual Member Delegates.** Each non-individual member shall be represented at membership meetings of the Cooperative by one (1) voting delegate designated by the member's board of directors, or its appropriate governing body. Upon becoming a member, the secretary, or equivalent corporate officer, of each non-individual member shall certify to the Secretary of the Cooperative the name and address of the delegate designated by it to represent it at membership meetings and the date of expiration of the term of such delegate. Each such member may, at any time by resolution of its board of directors, or its appropriate governing body, terminate the appointment of its delegate. The secretary or equivalent corporate officer of such member shall advise the Secretary of the Cooperative promptly in writing of any change in its delegate.

ARTICLE IV: Board of Directors

- 4.1 **Powers, Duties and Terms.** The three (3) Directors named in the Articles of Incorporation shall serve as the Board of Directors until the first annual meeting of the membership, or until their successors are duly elected and qualified. Thereafter, the Board of Directors shall consist of seven (7) members. At the first annual meeting of the membership, seven (7) Directors shall be elected from among the individual members in good standing of the Cooperative, three (3) of whom shall be elected for a three (3) year term, three (3) of whom shall be elected for a two (2) year term, and two (2) of whom shall be elected for a one (1) year term. Thereafter, each Director shall be elected to a three (3) year term, and each Director shall hold office until the end of his/her respective term, or until his/her successor is duly elected and qualified, or until the Director resigns, or is removed. The Board shall have full power to govern the Cooperative, including, but not limited to, hiring management and evaluating its performance, approving budgets and fiscal controls, borrowing money and granting security therefore, ensuring fair and equitable conditions of employment, leadership in the realm of long range policy, and assuring that the mission of the Cooperative is carried out.
- 4.2 **Meetings.** Regular meetings of the Board shall be held at a time and place as the Board shall determine. A Reorganization meeting of the Board shall be held immediately following the Annual Meeting (Section 3.1) for the purpose of electing the Officers, as set forth in Article V. A special meeting of the Board shall be convened at the discretion of the President, or within two weeks upon receipt of a written request by at least two (2) members of the Board to the President. One or more Directors may participate in a meeting of the Board, or a meeting of any committee, by means of conference telephone, internet-based video conference or similar communications equipment by means of which all persons participating in the meeting can hear each other and respond to matters properly brought before the meeting. Participation in a meeting by such communications shall constitute presence in person at the meeting for all purposes including determination of quorum. No notice shall be required for regularly scheduled meetings, but Directors shall receive from the Secretary at least five days written notice or three days notice delivered in person, by direct telephone or acknowledged electronic contact of the time and place of special meetings. Attendance at Board meetings is open to

the general membership, but the Board in its sole discretion may limit member participation. The Board may meet in closed session when it determines that such a session is appropriate.

- 4.3 **Quorum.** A majority of the current Board members shall constitute a quorum.
- 4.4 **Conflicts of Interest.** Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board or a committee. Directors having such an interest may not participate in the decision of the matter nor, unless the Board or committee otherwise directs, in the discussion of the matter.
- 4.5 **Vacancies.** A vacancy or vacancies on the Board shall be deemed to exist:
- (a) in the case of the death, resignation or removal of any Director;
 - (b) if the Board by resolution declares vacant the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony;
 - (c) if the authorized number of Directors is increased; or
 - (d) if the members fail, at any meeting of members at which any Director or Directors are elected, to elect the number of Directors to be voted for at that meeting.
- Any vacancy among Directors elected by the members may be filled by appointment by the Board. A Director so appointed to fill a vacancy shall serve for the remainder of the term of his or her predecessor.
- 4.6 **Indemnification.** Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit, proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person, or another of whom the person is or was the legal representative, is or was a Director, officer, employee, volunteer or agent of the Cooperative shall be indemnified and held harmless to the fullest extent permissible under the law against all expenses, liability, and loss (including attorney's fees), judgments, damages, punitive damages, fines, and amounts paid or to be paid in settlement reasonably incurred or suffered by the person in connection therewith), so long as such person acted in good faith and in a manner he or she reasonably believed to be within the scope of his or her authority and for a purpose that person reasonably believed to be in, or not opposed to, the best interests of the Cooperative and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Such right of indemnification shall not be exclusive of any other right which such Directors, officers, employees, volunteers or agents may have or thereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any by-law, agreement, provision of law, or otherwise, as well as their rights under this Section. The Cooperative shall be entitled to purchase insurance for such indemnification, as determined from time to time by the Board.
- 4.7 **Directors Not Personally Liable.** To the fullest extent that the laws of the Commonwealth of Pennsylvania as in effect on the date of the adoption of this section or as such laws are thereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Cooperative shall be personally liable as such for monetary damages for any action taken, or any failure to take action, as a Director. Specifically, a Director shall not be personally liable for monetary damages, unless (1) the Director has breached or failed to perform the duties of his/her office and (2) the breach or failure to perform constitutes self-dealing, willful misconduct, or recklessness. Any amendment or repeal of this section or adoption of any other provision of these Bylaws or the Cooperative's Articles of Incorporation which has the effect of increasing Director liability shall operate prospectively only and shall not have any effect with respect to any action taken, or failure to act, prior to the adoption of such amendment, repeal, or other provision. In performing his/her duties, a Director may rely in good faith upon

information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by (a) one or more officers or employees of the Cooperative whom the Director reasonably believes to be reliable and competent in the matters presented, or (b) counsel, public accounts, or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person, or (c) a committee of the Board of Directors or Cooperative upon which the Director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence. A Director shall not be considered to be acting in good faith, however, if such Director has knowledge concerning a matter which would cause his/her reliance on any of the foregoing to be unwarranted. In discharging the duties of their respective positions, the Board of Directors, committees of the Board of Directors and Cooperative, and individual Directors may, in considering the best interests of the Cooperative, consider the effects of any action upon employees, upon suppliers of the Cooperative, and upon communities in which offices or other establishment of the Cooperative are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of such person's fiduciary standard of care. In addition, absent breach of fiduciary duty, lack of good faith, or self-dealing, actions taken by a Director or failure to take action shall be presumed to be in the best interests of the Cooperative.

- 4.8 **Committees.** The Board shall have the power to establish committees composed of Board members with such powers as are designated by the Board.
- 4.9 **Removal.** A member of the Board may be removed by a two-thirds vote of the Cooperative's membership whenever the best interests of the Cooperative would be served by doing so, provided the Director has been given the opportunity to be heard. A member of the Board may be removed by action of the Board for cause at a regular or special Board meeting by a vote of two-thirds of all Board members. Board members shall be obligated to the best of their ability to attend all Board meetings.
- 4.10 **Action without a meeting.** Actions of the Board, or any committee, may be taken without a meeting if a consent in writing, stating the action to be taken, is signed by all Directors (or by all committee members, as the case may be) and filed with the minutes of the Board or committee meeting, as the case may be.

ARTICLE V: OFFICERS

- 5.1 **Number.** The officers of the Cooperative shall be a President, a Vice President, a Secretary and a Treasurer, who shall be Directors and elected by the Board. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board. The offices of Secretary and Treasurer may be combined by the Board and designate the combined office as Secretary-Treasurer.
- 5.2 **Election and Term of Office.** The initial officers of the Cooperative to be elected by the Board shall be elected at the first meeting of the Board. Thereafter, the officers of the Cooperative to be elected by the Board shall be elected annually at the first meeting of the Board held after each annual meeting of the membership. Each officer shall hold office until her/his successor shall have been duly elected and qualified or until her/his death or until s/he shall resign or shall have been removed in the manner hereinafter provided.

- 5.3 **Removal.** Any officer elected or appointed by the Board may be removed by a majority vote of the Board whenever in its judgment the best interests of the Cooperative would be served thereby.
- 5.4 **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.
- 5.5 **President.** The President shall be the principal executive officer of the Cooperative and, subject to the control of the Board, shall in general supervise and control all of the business and affairs of the Cooperative. S/he shall, when present, preside at all meetings of the members and of the Board. S/he may sign, with the Secretary or any other proper officer of the Cooperative thereunto authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.
- 5.6 **Vice President.** In the absence of the President or in the event of her/his death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to her/him by the President or the Board.
- 5.7 **Secretary.** The Secretary shall keep the minutes of meetings of the Members and of the Board in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these bylaws or as required, be custodian of the corporate seal and records of the Cooperative and keep a register of the post office address and other contact information of each member which shall be furnished to the Secretary by such member and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to her/him by the President or by the Board.
- 5.8 **Treasurer.** If required by the Board, the Treasurer shall give a bond for the faithful discharge of her/his duties in such sum and with such surety or sureties as the Board shall determine. The bond premium shall be paid by the Cooperative. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Cooperative; 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 banks, trust companies or other depositories as shall be selected in accordance with these bylaws and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to her/him by the President or by the Board.

ARTICLE VI: Patronage Dividends

- 6.1 **Allocations to members.** The Cooperative shall allocate and distribute to members the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with cooperative principles, applicable state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made, and may establish reasonable reserves.

- 6.2 **Consent of members.** By obtaining or retaining membership in the Cooperative, each member shall be deemed to consent to take into account, in the manner and to the extent required by federal and state tax law, any patronage refund received from the Cooperative.
- 6.3 **Retained amounts.** Patronage dividends not currently distributed by check or rebate shall be credited or charged to revolving capital accounts in the names of recipient members. Retained patronage dividends shall accrue no dividend or interest. Retained amounts that are no longer needed for capital purposes of the Cooperative may be redeemed in such amounts and at such times as may be determined by the Board. At that time they shall be redeemed only in the order of the oldest outstanding amounts and only on a ratable basis among such amounts for each fiscal year, except that redemptions may be made payable only to members who are then in good standing or become so within a period of time determined by the Board.

ARTICLE VII: Shares

- 7.1 **Issuance and Terms.** To evidence capital funds provided by members, the Cooperative shall issue its common stock with a par value of one (1) dollar per share. The minimum capital requirement may be increased by the Board. The Board shall have the authority to divide the authorized and unissued shares into classes or series, or both, and to determine for any class or series its voting rights, designations, preferences, limitations and special rights, if any. The shares shall be uncertified and issued only upon full payment of their purchase price.
- 7.2 **Redemption.** Upon request following termination of membership, common shares shall be redeemable at the net book value. Redemption proceeds shall be subject to offset by amounts due and payable to the Cooperative by the member. Redemption shall be permitted and processed under terms determined by the Board, and only provided that the Board has determined that the equity is no longer necessary for the reasonable or prospective capital needs of the Cooperative. No redemption shall be made when such payment would impair the ability of the Cooperative to meet its other obligations as they become due.
- 7.3 **Preferred Shares.** The Cooperative may issue uncertified preferred shares to any person or entity upon such terms and conditions as shall be established by the Board. The preferred shares shall carry no voting rights.

ARTICLE VIII: Fiscal Policy

- 8.1 **Fiscal year.** The fiscal year of the Cooperative shall run for a period of 52 weeks, ending on December 31 of each year.
- 8.2 **Contracts.** Except as otherwise provided in these bylaws, the Board 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.
- 8.3 **Checks, Drafts, etc.** All checks, drafts, wire transfers or other orders for the payment of money shall be signed by the Treasurer, or such other Officer as the Board, by resolution may designate. The Board shall approve, by Resolution, a limit on the amount of a check or withdrawal that can be made by the Treasurer without the signature of a second Officer. Any check or withdrawal above that amount must be signed by the Treasurer and one other Officer, or two Officers if the Treasurer is not available. All notes, bonds or other evidences of indebtedness issued in the name of the Cooperative to a lending institution shall be signed by the President and the Secretary after approval by the Board of Directors.

- 8.4 **Deposits.** All funds of the Cooperative shall be deposited to the credit of the Cooperative in such banks or financial institutions as the Board may select.
- 8.5 **Member Loans.** The terms of any loans made by a Member to the Cooperative shall be approved by the Board of Directors and shall be consistent with the Cooperative's Administrative Policies, Regulations, Rules and Procedures. The Member Loan documents shall be executed by the President and Secretary, or by such other persons designated by a resolution approved by the Board of Directors.

ARTICLE IX: By-laws

- 9.1 **Amendments.** These By-laws may be amended or repealed in whole or in part by a majority of the members who participate in the vote during a meeting of the membership per Section 3. An amendment may be proposed by majority vote of the Board or by petition of at least fifty percent (50%) of members in good standing. Notice of any amendment shall be given to the membership at least thirty (30) days prior to the meeting at which it will be considered.