

**BY-LAWS OF THE
BENGUET ELECTRIC COOPERATIVE, INC.**

As amended during the 34th Annual General Membership Assembly

On December 6, 2014

Kapangan Municipal Covered Court

Lomon, Kapangan, Benguet

Approved by the NEA on March 17, 2015

ARTICLE I
MEMBERSHIP

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association or body politic or subdivision thereof may become a member in Benguet Electric Cooperative, Inc. (hereinafter called the "Cooperative") by:

- a) filing a written application for membership therein;
- b) agreeing to purchase from the Cooperative electric energy as herein specified in Section 6, Article 1;
- c) agreeing to comply with and be bound by the Articles of Incorporation and By-Laws of the Cooperative, any rule and regulations adopted by the Board, and requirements of the National Electrification Administration;
- d) paying the membership fee herein specified, provided however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until the membership fee has been accepted by the Board; and,
- e) any person applying for membership must specifically state in his/her application the number of the house he/she lives (if any), the street or sitio and/or barangay where he/she resides.

No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable, except as provided in this By-Laws. No bonafide applicant for membership who is able and willing to satisfy and abide by all such terms and conditions shall be denied arbitrarily, capriciously or without good cause.

SECTION 2. MEMBERSHIP CERTIFICATES. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto and/or member's identification card duly signed by the President and by the Secretary of the Cooperative and the member including an attached one inch by one inch photo of the member. No membership certificate or identification card shall be issued for less than one for less than membership fee fixed in this By-Laws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued thereof upon such uniform terms and indemnity to the Cooperative as the Board may prescribe.

SECTION 3. JOINT MEMBERSHIP. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. Any application for membership by a husband or a wife alone shall automatically be deemed to be an application for joint membership to include the spouse, whose name shall likewise be indicated thereon. Any application failing to indicate thereon the name of the applicant's spouse shall be deemed as application for single membership. The term member, as used in this By-Laws shall be deemed to include a husband and wife holding joint membership, and any provision relating to the rights and liabilities of membership shall apply equally with respect to the holders of joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions or in respect to the holders of a joint membership shall be as follows:

- a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of meeting;
- b) The vote of either separately or both jointly shall constitute a joint waiver;
- c) A waiver of notice signed by either or both shall constitute a joint waiver;
- d) Notice to either shall constitute notice to both;
- e) Expulsion of either shall terminate the joint membership; and,
- f) Either but not both may be elected or appointed as officer or Board member, provided that the qualifications for such office are met.

SECTION 4. CONVERSION OF MEMBERSHIP.

- a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, By-Laws and rules and regulations adopted by the Board. The outstanding membership certificates shall be surrendered, and shall be re-issued by the Cooperative in such manner as shall indicate the changed membership status.
- b) Upon death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be re-issued in such manner as shall indicate the changed membership status, provided however, that the estate of the deceased shall not be released from any debts due to the Cooperative.

SECTION 5. RIGHTS OF THE MEMBERS. Every bonafide member shall have the following rights:

- a) to vote;
- b) to hold elective office;
- c) to be informed of cooperative affairs;
- d) to examine the cooperative's book of accounts at any reasonable time during office hours;
- e) to bring charges against any Board Member, Officer or Employee; and,
- f) to receive one free permanent electric service connection upon payment of membership fee subject to existing rules and regulations.

SECTION 6. MEMBERSHIP FEE. The membership fee shall be Five Pesos (P5.00).

SECTION 7. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used in the premises specified in his application for membership, and shall pay therefore at rates which shall, from time to time, be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished the members as capital and each member shall be credited with the capital so furnished as provided in Article VII of this By-Laws. Each member shall pay all amounts owed by him to the Cooperative as when the same shall become due and payable.

SECTION 8. TERMINATION OF MEMBERSHIP.

- a) Any member may withdraw from membership upon compliance with uniform terms and conditions as the Board may prescribe. The Board, through a resolution, by the affirmative vote or not less than two-thirds of all members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws, or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative and such failure shall have continued for at least ten (10) days after such notice was given that such failure makes him liable to expulsion.

- b) The membership of a member who, for a period of six (6) months after service is available to him has not purchased energy from the Cooperative may be cancelled by resolution of the Board.
- c) Upon withdrawal, death or expulsion of a member, the membership certificate of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debt due the Cooperative.
- d) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debt or obligation owed by the member to the Cooperative.

ARTICLE II
PROPERTY RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. PROPERTY INTEREST OF MEMBERS. The members are the joint owners of the Cooperative, with their individual equity in its assets determined on the basis of their patronage. 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 retired as provided in the By-Laws, the remaining property and assets of the Cooperative shall be distributed among members and former members in the proportion which aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution, or if the Cooperative shall not have been in existing for such a period, during the period of its existence.

SECTION 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the member shall be exempted from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debt or liability of the Cooperative.

ARTICLE III
MEETING OF MEMBERS

SECTION 1. ANNUAL MEETING. The annual meeting of members shall be held every first Saturday of December and every year thereafter at such date and place within the service area of the Cooperative as selected by the Board and which shall be designated in the notice of meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meetings. District meetings shall be held as provided in Article IV of this By-Laws for the purpose of electing Board members.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by resolution of the Board, or upon written request signed by any three (3) Board members, by the President or by thirty (30) members of five percent (5%) of all the members, whichever shall be lesser and it shall thereupon be the duty of the Secretary to cause the notice of meetings to be given as hereinafter provided. Special meetings of the members may be held at any place within the area served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBERS MEETING. Written notice stating the purpose, place, day and hour of the meeting and, in case of special meeting or annual meeting at which business requiring special notice is to be transferred is called, shall be delivered not less than ten (10) days or more than twenty five (25) days before the date of meeting, either personally or by mail, by the Secretary or upon the failure to do same, by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the Philippine mail, addressed to the member at his address as it appears on the records of the

Cooperative, with postage thereupon prepaid. Where practical and necessary, broadcast media may be availed of.

SECTION 4. QUORUM. A quorum for the transaction of business at all meetings of the members of the Cooperative having not more than one thousand (1,000) members shall be five percent (5%) of all members, and of a cooperative having more than one thousand (1,000) members shall be five percent (5%) of all members or one hundred (100), whichever is lesser. However on matters pertaining to making decisions on the possible entry of private capital into BENEKO, be it in the form of a joint venture, build-operate-transfer, or merger or whatever type allowed by NEA, the quorum shall be cumulative of fifty one percent (51%) of all members excluding juridical membership who may meet on a per district basis inasmuch as there is no single venue available to accommodate 51% of all members-consumers. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person. Failure to obtain a quorum at an annual membership meeting shall not prevent a Board member duly elected at a district meeting from taking office.

SECTION 5. ORDER OF BUSINESS. The order of business at annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meetings:

- a) Report on the number of members present in person in order to determine the existence of a quorum;
- b) Reading of the notice of the meeting and the proof of the due publication or mailing thereof, or the waiver or waivers or notice of the meeting, as the case may be;
- c) Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon;
- d) Presentation and consideration of reports of officers, manager and committees;
- e) Unfinished business;
- f) New business; and,
- g) Adjournment.

SECTION 6. VOTING. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a majority of the members present, except as otherwise provided by law or other provisions of this By-Laws.

ARTICLE IV BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be the responsibility of the Board, including the General Manager sitting as an ex-officio member of such body, without voting power, which shall formulate and adopt policies and plans, promulgate rules and regulations for the management, operations and conduct of the business of the Cooperative, and exercise all the powers of the Cooperative, except such as By-Laws, Articles of Incorporation, or this By-Laws conferred upon or reserved to the members of the Cooperative, or reserved by the National Electrification Administration. Powers of the Board shall be exercised only by actions and determinations shall be recorded in the official minutes of Board meetings. The authority of any individual member of the Board may be exercised only as a participant in a regularly called and legal meeting of the Board.

SECTION 2. ELECTION AND TENURE

- a. ELECTION

- 1) The persons named as Board members in the Articles of Incorporation shall compose the interim Board until the first annual meeting date, heretofore indicated, or until their successors shall have been elected and shall have qualified.
- 2) Prior to the first annual meeting, as heretofore provided in this By-Laws, first regular members shall be elected to office at district meetings. Each Board member shall represent one of the districts, and shall be elected in conformance with the procedures as herein after described except that the term of office for each will be as follows:
 - A. The Board members representing District I, III and IV, all within Baguio City, shall each be elected to serve for one year until their successors shall have been elected and shall have qualified.
 - B. The Board members representing Districts V (Bokod), VII (La Trinidad), and X (Tublay) shall each be elected to serve two years or until their successors shall have been elected and shall have qualified.
 - C. The Board members representing Districts II (Baguio City), VI (Itogon), VIII (Sablan) and IX (Tuba) shall each be elected to serve for three years until their successors shall have been elected and shall have qualified. Beginning with the expiration of the terms of office of the Board members elected to fill vacancies caused by expiration of the incumbents' terms of office shall each be elected for three year terms.
- 3) Newly elected Board members shall assume office on the first day of January of the year following their election.

b. TERM OF OFFICE

- 1) The term of office of a regularly elected member of the Board of Directors shall be three (3) years. Such member shall be entitled to only two consecutive re elections.
- 2) A member of the Board who is elected in a special election under section 3(3.2) of this Code or in a postponed regular election conducted after the Annual Meeting date of the year in process, shall take his/ her Oath of Office Immediately after proclamation and shall serve until the Annual Meeting date of the year of the unexpired portion of his/ her term.
- 3) A member of the Board who is considered resigned per NEA Memo No. 2012-16 dated 06 July 2012, or its subsequent amendment thereto if applicable, may not be re-appointed by the Board to serve the unexpired portion of his term.
- 4) A board of director who has just completed his consecutive terms or an equivalent tenure of nine (9) years in office shall no longer be eligible for appointment to a Board vacancy per Section 3 (3, 2,).
- 5) Newly elected Board members shall assume office immediately after taking their oath of office.

SECTION 3. QUALIFICATIONS. No person shall be elected as a Director unless he possess the following qualifications:

- a. He or she is a Filipino citizen;
- b. He or she is a graduate of a four (4) year course;
- c. He or she is between twenty one (21) and seventy (70) years old on the date of election;
- d. He or she is of good moral character; Good moral character may be established with the submission of a certificate issued by any of the following:
 1. Barangay where the candidate resides;
 2. National Bureau of Investigation;
 3. Philippine National Police; or
 4. Leader of religious sect where the candidate is affiliated
- e. He or she is a member of the EC in good standing for the last five (5) years immediately preceding the election or appointment and shall continue to be a member in good standing during his or her incumbency;

A member of good standing shall mean that said member:

1. Has no unsettled or outstanding obligation to the cooperative during his membership in the cooperative whether personal or commercial or industrial connection of which he or she is the owner or a co-owner; three (3) months prior to the time of filing of certificate of candidacy; provided that for incumbent members of the EC Board who will seek re-election, unsettled or outstanding obligation shall be deemed to include power bills, cash advances, disallowances (including NEA audit findings) and materials and equipment issuances, reckoned from the time of filing of certificate of candidacy.
 2. Has not been apprehended for electric pilferage;
A mere apprehension of electric pilferage by the EC, even without conviction for such offense by any court, shall be a valid ground for disqualification. The word "apprehension" should be taken in the strict context as used in Republic Act No. 7832, otherwise known as "Anti-Electricity and Electric Transmission Line or Materials Pilferages Act of 1994" which means that a person is caught in flagrante delicto for violating the provision of the said Act;
 3. Has not been removed for cause as a director or an employee from any EC.
In general, removal or termination of service from the EC is caused by a grave offense or violation/s of policies, rules and regulations. A former director or employee with a record of termination/removal for cause from public service or for just causes as defined in Article 282 of the Labor Code as amended shall not be qualified to be elected or appointed as director of an EC.
- f. He or she is an actual resident and consumer in the district that he or she seeks to represent for at least two (2) years immediately preceding the election; and
- g. He or she has attended at least two (2) Annual General Membership Assemblies (AGMA) for the last five (5) years immediately preceding the election or appointment.

(NEW SECTION)

SECTION 3-A. DISQUALIFICATIONS.

Pursuant to Section 26-B of PD 269, as amended by the Act, any person shall be ineligible to be elected or be appointed as member of the board of directors or officers of an EC if:

1. Such person or his or her spouse holds any public office. For purpose of disqualification, any person holding an elective position or an appointive position with a salary grade of sixteen (SG 16) or higher or its equivalent shall not be eligible to be elected as member of the Board of Directors or officers of an EC;
2. Such person or his or her spouse has been a candidate in the last preceding local or national elections;
3. Such person has been convicted by final judgment of a crime involving moral turpitude;
4. Such person has been terminated from public office/government employment or private employment for just cause as defined in Article 282 of the Labor Code. For this purpose, termination from public office shall mean removal;
5. Such person is related within the fourth civil degree of consanguinity or affinity to any member of the EC Board of Directors, Department Manager, NEA- appointed Project Supervisor (PS) or Acting General Manger (AGM) or its equivalent or higher position; and

6. Such person is employed by or has financial interest in a competing enterprise or business of selling electric energy or electrical hardware to the cooperative or doing business with the EC including, but not limited to, the use or rental of poles; "Doing business" shall refer to the transaction related to the core or main line business of the EC, which is conveyance of electricity through its distribution facilities.

(NEW)

SECTION 3-B: Requirements for the filing of certificate of candidacy:

1. Duly accomplished and notarized Certificate of Candidacy (3 copies) with (3) copies 2" x 2" picture;
2. Court Clearance;(Municipal/Regional)
3. Photocopy of Tax Identification Number (TIN);
4. Birth Certificate (NSO)
5. Barangay Captain's certification that the candidate is an actual resident of the barangay/district he/she seeks to represent for the last two (2) years;
6. Certification from the Commission on Election (COMELEC) that he/she was not a candidate on any election immediately preceding the Electric Cooperative District Election;
7. Transcript of records or diploma (graduate of a 4 year course) ;
8. Certificate of Good Moral Character issued by any of the following: Barangay, National Bureau of Investigation, Philippine National Police, Leader of Religious Sect where the candidate is affiliated
9. Certification from the EC:
 - a. That the candidate is a bonafide member-consumer of the cooperative in the district he/she seeks to represent for the last five (5) years and actual consumer for the last two (2) years.
 - b. That the candidate is a member of the cooperative in good standing.
 - c. That the candidate has attended at least two (2) Annual General Membership Assemblies' (AGMA) for the last five (5) years.

SECTION 4. DISTRICTS.

- a) DEFINITION. A District is a segment or portion of the territory served or to be served by the Cooperative which shall be represented by one member of the Board of Directors.
- b) COMPOSITION. A District may be composed of a barangay determined by the Board or a city, or a group or portions thereof, as may be determined by the Board in accordance with provisions hereof and duly approved by the National Electrification Administration.
- c) NUMBER. The Cooperative shall have not less than five (5) districts but in no event shall the number thereof exceed fifteen (15). Unless and until changed, the Cooperative shall consist of the City of Baguio and the entire Province of Benguet as follows:

| | |
|-----------------------|------------------------------|
| <u>DISTRICTNUMBER</u> | <u>MUNICIPALITY/BARANGAY</u> |
|-----------------------|------------------------------|

| | |
|------------|-------------|
| DISTRICT I | BAGUIO CITY |
|------------|-------------|

| | |
|---------------|---------------------------------|
| DISTRICT II | BAGUIO CITY |
| DISTRICT III | BAGUIO CITY**Asin Road Barangay |
| DISTRICT IV | BAGUIO CITY**Irisan Barangay |
| DISTRICT V | BAGUIO CITY |
| DISTRICT VI | BAGUIO CITY |
| DISTRICT VII | LA TRINIDAD |
| DISTRICT VIII | ITOGON/BOKOD/KABAYAN |
| DISTRICT IX | TUBA/SABLAN |
| DISTRICT X | ATOK/TUBLAY/KAPANGAN/KIBUNGAN |
| DISTRICT XI | MANKAYAN/BUGUIAS/BAKUN |

As additional barangays, municipalities or cities or portions thereof are integrated in the Cooperative, the aforementioned districts may be increased provided that the total number specified herein is not exceeded.

SECTION 5. REDISTRICTING. In case the integration of additional barangays, municipalities or cities will require redistricting of the territory in order that all will be duly and equitably represented in the Board, then the Board shall, subject to the approval of the National Electrification Administration, undertake a redistricting thereof in accordance with the following criteria:

- a) Each district shall be composed of barangays or municipalities or cities or portions thereof that are contiguous to each other geographically and interconnected by roads and/or other means of transportation facilities.
- b) The number of members or potential members in each district shall, as much as possible, be equal.
- c) Each district shall, to the extent possible, have common dialect.

SECTION 6. NOMINATIONS. The procedure for nominations shall be determined by the Board subject to the NEA rules and regulations regarding the same.

SECTION 7. DISTRICT MEETINGS. District meetings shall be conducted in not less than thirty (30) days nor more than sixty (60) days before any annual meeting. On the occasion of the annual anniversary (October 5) of the Cooperative, the Board shall call a meeting of the members of each district in which the term of the incumbent Board member is due to expire for the purpose of electing one Board member to represent the members located within each of such districts.

Each Board member shall be elected by ballot at the district meeting held in the district he will represent, by and from the members of the office or until his successor shall have been elected and shall have qualified. In an election of the Board members shall not be held on the day designated herein for the district meeting or any adjournments thereof, a special meeting shall be held within a reasonable time thereafter but not later than provided for under this By-Laws. Failure to hold the district meeting at the designated time shall not work for a forfeiture or dissolution of the Cooperative.

The President, or, in his incapacity or absence, the Vice President or Secretary of the Cooperative may act as chairman and preside any district meeting or a chairman may be elected by the members present. A Secretary may be provided by the Cooperative or selected by the members present and shall record the proceedings of said meeting and together with the Chairman shall certify said proceedings to the Board. The certification of the Chairman and the Secretary of the election of the Board member by any district meeting shall be taken by the Cooperative as verification of the election of such Board member at such district meetings.

The Board shall appoint a three-man District Election Committee composed of a Chairman and two members who must be members of the Cooperative. The Chairman shall be a public school teacher. The committee on elections shall act within fifteen (15) days upon receipt on any election protest and the decision of the committee shall be final and unappealable.

SECTION 8. NOTICE OF DISTRICT MEETING. Written notice of district meetings stating the purpose, place, day and hour of the district meeting shall be delivered not less than seven (7) days before the date of each meeting, either personally or by mail to each of the members of the district. Broadcast media may be availed of if practical and necessary.

SECTION 9. QUORUM. Five percent (5%) of the members or one hundred (100) members, whichever is lesser, in the district shall constitute a quorum for the transaction of business at the district meeting. If less than a quorum is present at any district meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 10. VOTING. Each member in attendance at the district meeting shall be entitled to one vote. No member shall be permitted to vote by proxy or by mail at any district meeting.

SECTION 11-Any complaint against any Board Members, General Manager, Department Managers, Area Manager and Members of the Bids and Awards Committee (BAC) shall be filed with the National Electrification Administration-Administrative Committee (NEA-ADCOM) who has the primary and exclusive jurisdiction of administrative Cases. (Pursuant to Section 7-Jurisdiction of NEA over Administrative Cases-IRR R.A. 10531)

SECTION 12. VACANCY. The remaining members of the Board Directors, by majority vote, shall fill any vacancy occurring in the Board due to death, incapacity, disability, removal, resignation, or other similar cases from among nominees of the district where the vacancy occurs, who shall serve for the unexpired portion of the term.

SECTION 13. COMPENSATION. Board members shall not receive any salary for their services as such, but shall be entitled to a fixed fee for every attendance in Board meeting. Board members carrying out cooperative business authorized by the Board may be entitled to per diem and/or reimbursements for actual expenses incurred, subject to the existing policies and regulations of the NEA. No Board members shall receive compensation for serving the Cooperative in any other capacity.

ARTICLE V MEETINGS OF THE BOARD

SECTION 1. REGULAR MEETING. A regular meeting of the Board shall be held without notice, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board shall also be held twice a month at the principal office of the Cooperative at such time as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time thereof, provided that the date and time of the Board meeting shall be posted in the office of the Cooperative.

SECTION 2. SPECIAL MEETING. Special meetings of the Board may be called by the President or by any three Board members, and it shall be thereupon the duty of the Secretary to cause a notice of such meeting to be given as hereinafter provided. The President or Board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. NOTICE OF SPECIAL BOARD MEETING. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally or by mail, by or at the directions of the Secretary, or upon default in duty by the Secretary, by the President or by the Board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited

in the Philippine mail addressed to the Board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date of the meeting.

SECTION 4. QUORUM. A majority of the Board shall constitute a quorum provided that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time, and provided further, that the Secretary shall notify any absent Board member of the time and place of such adjourned meeting. The act of the majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in this By-Laws.

ARTICLE VI OFFICERS

SECTION 1. NUMBER. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, PRO and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected by ballot annually, by and from the Board at the meeting of the Board immediately after the annual meeting of the members. If the election of officers shall not be held at such meetings, such election shall be held as soon as possible thereafter, as convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding meeting of the members or until his successors shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. REMOVAL OF OFFICERS AND AGENTS OF THE BOARD. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Cooperative will be served thereby.

SECTION 4. PRESIDENT. The President shall:

- a) be the principal officer of the Cooperative and unless otherwise determined by the members of the Board, shall preside at all meetings of the Board;
- b) sign, with the secretary, certificates of membership he issue of which shall have authorized by the Board or the members, and may sign any deed, mortgage, deed or trust, note, bond, contract or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by this By-Laws to some other officers and agents of the Cooperative, or shall be required by law to be otherwise signed or executed; and,
- c) in general, perform all duties incidental to the office of the President and such other duties as may be prescribed by the Board from time to time.

SECTION 5. VICE PRESIDENT. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President. The Vice President shall also perform other duties as may be assigned to him by the Board from time to time.

SECTION 6. SECRETARY. The Secretary shall be responsible for:

- a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose and kept in a secured file in the office of the Cooperative;
- b) seeing that all notices are duly signed in accordance with this By-Laws or as required by law;
- c) the safekeeping of the corporate books and record and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all

- documents the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of this By-Laws;
- d) keeping a register of the names and post office address of all members;
 - e) signing with the President certificates of membership, the issuance of which shall have been authorized by the Board or the members;
 - f) keeping on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing any member upon request; and,
 - g) in general, performing all duties incidental to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 7. TREASURER. The Treasurer shall be responsible for:

- a) assuring proper custody of all funds and securities of the Cooperative;
- b) assuring the proper receipt of and issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such bank or banks shall be selected by the Board in accordance with the requirements of the National Electrification Administration; and,
- c) the general performance of all the duties incidental to the office of the Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 8. PUBLIC RELATIONS OFFICER (PRO). The PRO shall coordinate public relations between the Board, management and the general public. The PRO shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 9. GENERAL MANAGER. The Board shall appoint a General Manager who shall be responsible to the Board for the management of the Cooperative in conformance with guidelines established upon the manager to keep the Board fully informed of all aspects of the operations and activities of the Cooperative. Appointment and dismissal of the manager shall require approval of NEA.

No incumbent member of the Board may hold or apply for the position of General Manager unless resigned six (6) months prior to application.

SECTION 10. BONDS OF OFFICERS. The Treasurer and any other officer or agent of the Cooperative charged with the responsibility for the custody of any of its funds or property shall be bonded in such sum as the Board shall determine. The Board, in its discretion, may also require any other officer, agents or employees of the Cooperative to be bonded in such amount as it shall determine.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. INTEREST OF DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a non-profit basis for the mutual interest of its patrons. No interest or dividends shall be paid or shall be payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY.

- a) In the furnishing of electric energy with the Cooperative's operations shall be so conducted that members and non-members alike will, through patronage, furnish capital for the cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, members and

non-members alike, for all accounts received and receivable from the furnishing of electric energy in excess of operating cost and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating cost and expenses at the amount of receipt by the Cooperative are received with the understanding that they are furnished by the members and non-members alike as capital. The Cooperative is obligated to pay credit to a capital account for each patron all such amounts in excess of operating cost and expenses.

- b) The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account.
- c) All other amounts received by the Cooperative from its operation in excess of cost and expenses shall, insofar as permitted by law be [1] used to offset any losses incurred during the current or any prior fiscal year, and [2] to the extent not needed for that purpose, allocated included as part of the capital credited to the accounts of the patrons, as herein provided.
- d) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credited to the patrons' accounts shall be retired without priority on a non-rate basis for any payment is made on account of property rights of members. If at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to the patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.
- e) Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors-in-interest or successors-in-occupancy in all or part of such patron's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.
- f) Notwithstanding any other provisions of this By-Laws, the Board, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of this By-Laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon, provided however, that the financial condition of the Cooperative will not be impaired thereby.
- g) The patrons of the Cooperative, by dealing with the Cooperative, acknowledged that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of the Articles of Incorporation and By-Laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE VIII DISPOSITION OF PROPERTY

SECTION 1. The Cooperative may not otherwise sell, lease or except by consolidation or merger, otherwise dispose of its property (other than merchandise and property which shall represent not in excess of ten percent (10%) of the value of the Cooperative's total asset, or which, in the judgment of the Board, are not necessary or useful in operating the cooperative) unless such sale, lease or except in consolidation

or merger, other disposition is authorized at a meeting of the members thereof by the affirmative and consented to by the NEA and any other lending source which holds lien or any of the Cooperative properties, provided, however, that notwithstanding anything therein contained, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize execution and delivery of a mortgage or a deed of trust, or the pledging of encumbering otherwise, or any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired, and wherever situated, as well as the revenue there from, all upon such terms and conditions as the Board shall determine, to secure any borrowing by or indebtedness of the Cooperative to the government of the Philippines or any instrumentality or agency thereof or any lending institution approved by the NEA.

ARTICLE IX

SEAL

SECTION 1. The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the cooperative, date of incorporation, and the word SEAL engraved thereon.

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. CONTRACTS. Except as otherwise provided in this By-Laws, the Board may authorize any officer or officers or agents to enter into any contract or execute and deliver any instrument in the name and in behalf of the Cooperative, and such authority may be general or confined to specific instance, except as limited or authorized in the loan agreement with the National Electrification Administration.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent, employee or employees of the Cooperative and in accordance with NEA rules and regulations.

SECTION 3. DEPOSITS. All funds except petty cash of the Cooperative shall be deposited to the credit of the Cooperative in such bank or banks as the Board may select, subject to the approval of NEA.

SECTION 4. CHANGE OF RATES. Changes in the rates charged by the Cooperative for electric energy become effective only after approval by the Energy Regulatory Commission (ERC)

SECTION 5. FISCAL YEAR. The fiscal year of the Cooperative shall begin on the first day of each year and shall end on the last day of the same year.

ARTICLE XI

MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative may, upon the authorization of the Board and approval of the National Electrification Administration, purchase stock in or become a member of any other cooperative or corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification.

SECTION 2. AUDIT. The Board shall, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the

Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following meeting.

SECTION 3. AREA COVERAGE. The Board shall make diligent effort to see the electric service is extended to all unserved persons within the Cooperative service area who [a] desire such service; and, [b] meet all reasonable requirements established by the Cooperative as a condition of such service, provided that the financial viability of the Cooperative will not be impaired.

SECTION 4. NEPOTISM. No relative of the General Manager nor any member of the Board up to the third degree of relationship, either in consanguinity or affinity, shall be employed by the Cooperative or receive compensation for service to the Cooperative.

ARTICLE XII
AMENDMENTS

SECTION 1. This By-Laws may be altered, amended or repealed only by affirmative vote or not less than the majority of the Cooperative present at a regular or special meeting and, provided further that the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. If any member or members desire to offer an amendment of any of said articles or sections, such member or members shall deposit a copy of said proposed amendment with the Secretary of the Board at least twenty (20) days before the meeting in which such resolution is to be offered and the said Secretary shall cause a copy of said proposed resolution to be included in the notice of meeting. All amendments to this By-Law shall be subject to NEA approval.

XXXXXX