

LANAO DEL NORTE ELECTRIC COOPERATIVE, INC.

LANECO



AMENDED BYLAWS

2021



www.laneco.co

ARTICLE I - MEMBERSHIP

SECTION 1. Kinds of Membership.

- a) Natural person - refers to living human being either single or joint in membership status with certain rights, privileges and responsibilities under the law.
- b) Juridical person - refers to any firm, corporation, association and local government unit with voting power.

SECTION 2. Requirements for Membership.

Any person of legal age, firm, association, corporation or body politic or subdivision thereof within the Cooperative's coverage area may become a member of Lanao del Norte Electric Cooperative, Inc. (LANECO) hereinafter called the "Cooperative" by:

- a) Attending an Orientation/Responsible Membership Seminar
- b) Submitting an accomplished written application for membership;
- c) Agreeing to purchase from the Cooperative electric energy as hereinafter specified in Section 8, Article 1;
- d) Agreeing to comply with and be bound by the Articles of Incorporation and By-Laws of the Cooperative, any rule and regulation adopted by the Board and requirements of the National Electrification Administration (NEA); and
- e) Paying the membership fee hereinafter specified, provided however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until the membership has been approved by the Board; and
- f) Submitting other requirements such as Mayors' permit for electrical installation, location map, blueprint copy of approved electrical plan for high voltage, industrial and commercial consumers, attendance to Pre-Membership Seminar (PMS), clearances from government agencies concerning right of way etc (*New/optional provision)

No member may hold more than one membership in the Cooperative. No bona fide 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 3. **Membership Certificates.**

Membership in the Cooperative shall be evidenced by a membership certificate which will be in such form and shall contain such provision as shall be determined by the Board. Such certificate shall be signed by the President and the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these 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 therefore upon uniform terms and indemnity to the Cooperative as the Board may prescribe.

SECTION 4. **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. The term "Member" as used in these By-Laws, shall be deemed to include a husband and wife holding a joint membership shall apply equally with respect to the holders of a joint membership.

Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or respect of the holders of a joint membership shall be as follows:

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

The word "Board" as used herein refers to the Board of Directors

SECTION 5. Conversion of Membership

- a) A Single/ Individual membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by his or her spouse to comply with the By-Laws and rules and regulations adopted by the Board. The previously issued membership certificate or membership ID shall be surrendered for the issuance of a new one indicating the change in the membership status.
- b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the surviving spouse. The previously issued membership certificate or ID shall be surrendered and shall be reissued in such manner as shall indicate for the issuance of a new one indicating the change in the membership status. Provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 6. Rights of the Member.

Every bona fide member shall have the following rights:

- a) To vote.
- b) To be elected as BOD or officer of the Cooperative.
- c) To be informed of cooperative affairs.
- d) To examine the cooperative's book of accounts. Members desiring to examine the book of accounts should submit to the General Manager list of items to be examined. Examination should be conducted within the Coop premises.
- e) To bring charges against any board member or employee of the cooperative.
- f) To receive one electric service connection which composed of kWh meter and thirty (30) meters of service drop wire, as the case maybe, upon compliance with all the requirements of the Cooperative as set forth in the coop's policies, rules and regulations.

SECTION 7. Membership Fee

The membership fee shall be FIVE PESOS (P5.00) unless otherwise changed by the Board subject to the approval of the General Assembly.

SECTION 8. Purchase of Electric Energy

Each member shall, purchase from the Cooperative all electricity used on the premises specified in his application for membership, and shall pay to the Cooperative such rate, charges and fees as approved by the Energy Regulatory Commission.

SECTION 9. Termination of Membership

- a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board through a resolution, may, by the affirmative vote of not less than two-thirds (2/3) of all members of the Board, expel any member who fails to comply with any of the provisions of articles of incorporation, by-laws, or rules and regulations adopted by the Board. Such member shall be accorded opportunity to be heard within a period of ten (10) days from receipt of the written notice of the charge/s against him and failure to comply to the written notice makes him liable to expulsion.
- b) The membership of a member, who, for a period of six (6) months after service is made available to him, has not purchased electricity from the Cooperative, may be cancelled by resolution of the Board.
- c) Upon withdrawal, or expulsion of a member, the membership 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 return to the member the amount of the membership fee paid by him, excluding the interest derived therefrom, 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.
- e) In case of death of a member, the membership shall be terminated and transferred to the immediate heir or successor upon compliance of the requirements and payment of membership fee;
- f) Non payment of monthly electric bills within the period of time as provided in Article 32 of the Amended Magna Carta for Residential Electricity Consumer;

- g) Illegal use of electricity under RA 7832 or the “An Act Penalizing the Pilferage of Electricity and Theft of Electric Power Transmission Lines and Materials” and those who will violate Sections 6, 7 and 8 of R.A 11361 or the “Anti-Obstruction of Power Lines Act”;
- h) Upon lawful orders of government agencies / or courts;
- i) When public safety so requires; and
- j) Upon request of the registered consumer based on justifiable reason.

Any member whose membership has been terminated may be reinstated through a resolution of the Board and by the affirmative vote of not less than two-thirds of all members of the Board upon such member’s compliance with the provisions of the Article.

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 and accountabilities of the Cooperative shall have been paid, and
- b) All capital furnished through patronage shall have been retired as provided in these By-Laws. The remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of Certificate of Dissolution, or if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2. Non-liability for Debts of the Cooperative

No member shall be liable or responsible for any debt or liability of the Cooperative.

ARTICLE III – MEETING OF MEMBERS

SECTION 1. Annual General Membership Assembly (AGMA) Meeting

The physical annual meeting of the members, either simultaneous or sequential, shall be held every last Sunday of the month of May to give enough time in the preparation of reports.

In the event of pandemic or any public health declaration, and other similar circumstances where mass gatherings are prohibited, the EC may opt to conduct virtual annual meeting subject to compliance to the pertinent provisions of NEA Memo. No. 2020-058.

The venue of said meeting shall be 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 meeting. District elections shall be held as provided in Article IV Section 6 for the purpose of electing Board Members.

SECTION 2. Special Assembly Meetings

Special meetings of the members may be called by a resolution of the Board, or upon a written request signed by any three Board members, by the president, or by one hundred (**100**) members or five (**5%**) percent of all the members, whichever shall be the lesser, 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 area served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. Deferment/ Postponement or Cancellation of Annual General Membership Assembly (AGMA)

The conduct of AGMA may be deferred or postponed on the basis of justifiable reasons such as violence, force majeure, terrorism, court order and other directives of the Authorities subject to review and approval of the NEA. In case of cancellation, the EC shall present accomplishment and the result of operations for the periods covered by the said cancellation in the succeeding AGMA.

SECTION 4. Notice of Members' Meeting

Written notice stating the purpose, place, date and time of the meeting and, in case of special meeting or an annual meeting at which business requiring special notice is to be transacted is called, shall be posted in conspicuous / strategic places such as public markets, municipal and barangay halls or be delivered in not less than twenty (20) days before the date of the meeting, either personally or attached to electric bills or by mail by the secretary, or upon failure to do the 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 record of the Cooperative, with postage thereon prepaid. Where practical and necessary, rekoreda, broadcast and social media may be availed of.

SECTION 4. Quorum

A quorum for the transaction of business at all meetings of the members of Cooperative shall be five percent (**5%**) of all members or 100 whichever is lesser. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

Failure to obtain a quorum at any annual membership meeting shall not prevent a "Board Member" duly elected at a district meeting from taking oath of office.

SECTION 6. Order of Business

The order of business at the annual meeting of the members and, as far as possible, at all other meetings of the members shall be essentially as follows, except as otherwise determined by the members at such meeting:

- a) Determination of Quorum;
- b) Reading of the notice of the meeting compliance of the requirements of the said notice;
- c) Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon;
- d) Presentation and consideration of Financial, Institutional and Technical reports and other matters but not limited to the following: CAPEX application, CBA/CAN approval, waiver of bill deposits, policies, By-Laws Amendments etc. by the EC officers, managers, and committees;

- f) Unfinished and new business; and
- g) Adjournment

SECTION 7. Voting

Each member, whether neutral or juridical, 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 vote of the members present, except as otherwise provided in the By-Laws or other provisions of the same.

ARTICLE IV - BOARD OF DIRECTORS

SECTION 1. General Powers

The business and affairs of the Cooperative shall be the responsibility of a Board of twelve (**12**) members including the General Manager sitting as an ex-officio member without voting power. The Board shall formulate and adopt policies and plans, promulgate rules and regulations for the management operation and conduct of the business of the Cooperative, and exercise all of the powers of the Cooperative except such, those provided in the By-laws, the Articles of Incorporation, or this By-Laws which is conferred upon or reserved to the members of the Cooperative, or reserved to the National Electrification Administration. Powers of the Board shall be exercised only by actions and determinations taken in a regularly called and legally convened meeting of the Board, and such 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.

Specific duties and responsibilities of the Board are stipulated under NEA Bulletin No. 35 (June 1990) and Code of Governance for the Electric Cooperatives.

SECTION 2. Composition and Tenure

- a) The Cooperative shall have a Board composed of 12 members or such number as may be approved by the NEA. Each Board Member shall represent the district from which he/she was elected in conformance with the qualifications prescribed under RA 10531 and its IRR, and procedures

provided in the NEA issued Guidelines in the Conduct of District Elections for Electric Cooperatives.

- b) Election of Board Directors shall be held every year on staggered basis subject to the following groupings:
 - Group A – Districts 1, 3, 7, 9
 - Group B – Districts 2, 6, 10, 12
 - Group C – Districts 4, 5, 8, 11
- c) The terms of office for each elected director shall be three (3) years or as may be determined by NEA but in no case shall a director serve for more than three (3) consecutive terms.
- d) Newly elected Board Members shall assume office on the date of the Annual General Membership Assembly (AGMA).
- e) A member of the Board who is elected in a special election under Section 3 (b) of the Election Code or in a postponed regular election conducted beyond 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 on the last year of the unexpired portion of his/her term.
- f) A Board member who has just completed his term shall not be eligible for appointment to a Board Vacancy per section 3 (b) thereof within the term immediately following.

SECTION 3. Qualifications

Any member who is entitled to vote and possess the required qualifications can be elected or continue as member of the Board of Directors.

A candidate's integrity, experience, education, competence and probity shall be considered in determining whether he or she shall be fit and proper to become a director or officer of the electric cooperative.

For this purpose, the minimum qualifications of a director or officer of the electric cooperative shall be as follows:

- a) He/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 which may be established with the submission of a clearance or certificate from any of the following:
 - d.1. Barangay where the candidate resides
 - d.2. National Bureau of Investigation
 - d.3. Philippine National Police, or
 - d.4. Leader of the 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 incumbency. A member in good standing shall mean that said member:
 - e.1 Must have no unsettled or outstanding obligations to the cooperative during his/her membership in the cooperative whether personal or through commercial or industrial connections of which he or she is an owner/co-owner.

 - e.2 An unsettled or outstanding obligations is an account which has not been paid seven (7) days after the due date. “Due date shall refer to the date of receipt of the obligation. Provided, that in the case of power bills, it shall refer to the ninth (9th) day reckoned from the receipt thereof. For incumbent member of the Board who will seek re-election, unsettled or outstanding obligation includes power bills, cash advances, disallowances (including NEA audit findings) and materials and equipment issuances. At any given time during his membership in the cooperative, he or she must be totally free of any unsettled or outstanding indebtedness and/or disallowances with the EC.

- f) 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 valid ground for disqualification. The word “apprehension” should be taken in the strict context as used in Republic Act 7832, otherwise known as “Anti- Pilferage Electricity and Theft of Electric Transmission Lines/Materials Act of 1994”, which means that a person is caught in flagrante delicto for violating the provision of the same act;

- g) Has not been removed for cause as director or an employee from any EC. In general, removal or termination from the EC is caused by

grave offense or violation/s of policies, rules and regulations. A former director or employee with a record of termination/removal for a cause from public office or for just cause 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.

- h) 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
- i) 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.

SECTION 4. Disqualifications

Any person shall be ineligible to be elected or appointed as member of the board of directors of an EC if:

- a. Such person or his or her spouse holds any public office. For the purpose of disqualification, a 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;
- b. Such person or his or her spouse has been a candidate in the immediately preceding local or national elections;
- c. Such person has been convicted by final judgment of a crime involving moral turpitude;
- d. 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;

- e. 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 Manager (AGM) and its equivalent or higher position; and
- f. Such person is employed by or has financial interest in a competing enterprise or a business 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 transactions related to the core or main line of business of the EC, which is conveyance of electricity through its distribution facilities.

g. Incumbent GM and employees of electric cooperatives are not allowed to run as member of the board of another cooperative.

h. The disqualification of one of the spouses shall mean the disqualification of the other.

Each director shall hold office for the term for which he is elected and until his successor is elected and qualifies.

An EC Board of Director, in order to remain as such, must continue to possess all the qualifications and none of the disqualifications throughout his/her term or tenure of office. To this end, no EC Director shall be allowed to stay in a hold-over capacity if he/she fails to meet all the qualifications or is deemed disqualified.

SECTION 5. Pre-requisites on Filing of Certificate of Candidacy

1. Any bona fide and qualified member who aspires to run for LANECO Board Director shall personally secure four (4) copies of the official form of CERTIFICATE OF CANDIDACY from the Institutional Services Department (ISD) at the LANECO Energy Center in Tubod, Lanao del Norte through its Manager or her duly authorized representative from whom he/she shall personally undergo a pre-filing briefing;
2. He/she shall pay a filing fee in the amount of One Hundred Sixty Eight Pesos (P168.00 - VAT inclusive);
3. The deadline of filing of the Certificate of Candidacy along with all other requirements is ten (10) days before election day, not later than 5:00 o'clock p.m. on the 10th day. To avoid inconvenience, the candidate is enjoined to submit the documents earlier to the aforementioned office and to do it personally because the documents shall be reviewed in his/her presence;

4. The following documents shall be submitted along with the duly accomplished, typewritten and notarized copies of the Certificate of Candidacy, to wit:

a. Certifications/ Clearances from:

- i. The Barangay Chairman that 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 (*IRR of RA 10531 Sec. 14-f*);
- ii. Any of the following: The Barangay Chairman or National Bureau of Investigation or Philippine National Police or Leader of the religious sect where he/she is affiliated that the candidate is of good moral character (*IRR of RA 10531 Sec. 14-d*)
- iii. The LANECO Institutional Services Manager that the candidate:
 - a. is a member of the EC for at least two (2) years immediately preceding the election (*IRR of RA 10531 Sec. 14-f*);
 - b. has attended to at least two (2) Annual General Membership Assemblies (AGMAs) for the last five (5) years immediately preceding the election or appointment per NEA Memo No. 2009-011);
- iv. The LANECO Finance Services Manager that he/she is a member of the EC in good standing for the last five (5) years immediately preceding the election or appointment

A member of good standing shall mean that the said member has no unsettled or outstanding obligations to the Electric Cooperative whether personal or through commercial or industrial connections of which he or she is the owner/ co-owner three (3) months prior to the time of filing of the certificate of candidacy. (DOE DC No. 2014-09-0017, Sec. 14)

(an unsettled or outstanding obligation is an account which has not been paid within seven (7) days after the due date; for incumbent member of the board who will seek re-election, unsettled or outstanding obligation includes power bills, cash advances, disallowances (including NEA audit findings) and materials and equipment issuances, he or she must be totally free of any unsettled or outstanding

indebtedness and/ or disallowances with the EC (IRR of RA 10531 Sec. 14-e)

- v. The LANECO General Manager that he/she has not been apprehended for electric pilferage;
- vi. The LANECO Technical Services Manager that he/she has been cleared of all accountabilities (tools, etc.) at the time of his/her filing of Certificate of Candidacy (for re-electionist Directors only);
- vii. The Communications Section Chief that he/she has been cleared of all accountabilities (handheld radio, etc.) at the time of his/her filing of Certificate of Candidacy (for re-electionist Directors only);

b. Other Requirements

- i. BIO-DATA
- ii. PROVINCIAL PROSECUTOR'S CLEARANCE (incumbent & new aspirant)
- iii. LANECO MEMBERSHIP IDENTIFICATION CARD
- iv. MEDICAL CERTIFICATE BY A GOVERNMENT PHYSICIAN
- v. FOUR (4) COPIES OF 2X2 ID PICTURES
- vi. OFFICIAL RECEIPT OF FILING FEE
- vii. B – 7) FOR A GOVERNMENT EMPLOYEE:
 - PERMIT from his/her Department Secretary/Regional Director/Elective Local Official or duly authorized representative allowing him/her to run for and/or sit as Director
- viii. CERTIFICATION OF EMPLOYMENT (*if working*) stating the candidate and his/her spouse's current position and salary grade (*IRR of RA 10531 Sec. 15-a*)
- ix. B – 8) Certification from the COMELEC that such person or his or her spouse has not been a candidate in the last preceding local or national elections (*IRR of RA 10531 Sec. 15-b*)

- x. Proof that the candidate is a graduate of a four (4)-year course (*IRR of RA 10531 Sec. 14-b*)

Any of the following:

- a. TRANSCRIPT OF RECORDS
- b. DIPLOMA

- xi. BIRTH CERTIFICATE (*from NSO*) - Proof that he or she is at least twenty-one (21) years old and not over seventy (70) years old on the date of election (*IRR of RA 10531 Sec. 14-c*)

Any bona fide member seeking election or re-election shall satisfy all of the above-mentioned requirements and other provisions of Article II, Section 7 of the Electric Cooperative Election Code and Republic Act 10531.

Non-compliance to any single item of the foregoing, at the time of filing of Certificate of Candidacy, shall mean disqualification.

The screening committee shall perform the screening procedures with due diligence. In order to establish relevant data, the screening committee may require the aspirant to submit additional document and/ or information in aid of the screening.

SECTION 6. Continuing Qualification Requirement

An EC director or officer, in order to remain as such, must continue to possess all the qualifications and none of the disqualifications throughout his/ her term or tenure of office.

SECTION 7. Districts

- a) Definition – A district is a segment or a portion of the territory served or to be served by the Cooperative, which shall be represented by one (1) member of the Board of Directors.
- b) Composition – A district may be composed of a barangay, a municipality or a city, or a group of portions thereof as may be determined by the Board in accordance with the provisions hereof and duly approved by the National Electrification Administration.

c) Number – The Cooperative shall have not less than twelve (12) districts but in no event shall have the number thereof exceed fifteen (15). Unless and until changed, the Cooperative shall consist of the following:

District No.	Municipality, Barrios or Other Designation
I	<u>LINAMON-MATUNGAO-POONA PIAGAPO</u> (including barangays Maria Cristina, Abaga, Nangka of the municipality of Baloi, Lanao del Norte)
II	KAUSWAGAN
III	BACOLOD
IV	MAIGO
V	KOLAMBUGAN-TANGKAL
VI	TUBOD-MAGSAYSAY
VII	BAROY
VIII	LALA
IX	SALVADOR
X	KAPATAGAN (including barangays Acad, Cebuneg, Anonang, Napo and Bag-ong Oslob of the municipality of Aurora, Zamboanga del Sur)
XI	SAPAD
XII	SULTAN NAGA DIMAPORO

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 8. Redistricting

In case the integration of additional barangays, municipalities or cities will require a redistricting of a 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 and other supporting documents such as spot/system map, comparative table of actual number of consumer versus potential consumers and status of electrification before and after redistricting:

- a) Each district shall be composed of barangays or municipalities or cities or portions thereof that are contiguous to each other geographically and inter-connected by roads and/ 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 a common dialect.

SECTION 9. Creation of Committees

[Preliminary Screening Committee (PSC),] – District Election Committee (DECOM) and Precinct Election Committee (PECOM)

The EC shall immediately appoint a District Election Committee (DECOM), for confirmation of NEA through its Institutional Development Department (IDD), to be composed of a Chairman, a Secretary and a third member in not less than twenty (20) days before the election. Alternate members shall also be designated to fill up vacancies if the need arises.

There shall be one (1) District Election Committee (DECOM) for every voting district. In a situation where there are more than one voting centers, this additional voting center shall be supervised by a Sub-District Election Committee to be composed of the Chairman of the Precinct Election Committee of the voting center who shall choose from among themselves the overall Chairman.

In the event that a related controversy during election is raised before the Sub-District Election Committee, it is its duty and responsibility to receive and record in the Minutes of Voting, not only the controversy referred but the corresponding action taken by them (Sub-DECOM). However, the proceedings of the conduct of the election must not be unnecessarily disrupted by the resolution of the controversy. The Sub-DECOM Chairman automatically becomes an honorary member of the Supreme District Election Committee.

In every precinct, there shall be appointed by the District Election Committee (DECOM) a Precinct Election Committee (PECOM) be composed of a Chairman, Poll Clerk and a third member. If only one voting precinct is necessary in the conduct of the district election, the DECOM shall act and discharge the duties and functions of the Precinct Election Committee.

Any person related to any member of the incumbent Board or to any candidate, his/her spouse within the third civil degree of consanguinity or affinity and/or business partners or associates and members of the incumbent Board are

disqualified to serve as chairman or member of any election committee. The term of duty of the members of the election committees shall expire on the day of the Annual Meeting following the election. In cases where there are election protests, the term of duty shall expire upon resolution of all protests.

SECTION 10. District Election

It shall be the responsibility of the Board of Directors to call, schedule and provide appropriation for, by resolution the regular conduct of district elections. Such resolution shall be passed in not less than 90 days nor more than 120 days before the annual meeting of the Cooperative as provided for in the By-Laws. **Copy of the resolution shall be submitted to NEA, within two weeks after the Board Meeting.**

Postponement and Failure of Election.

When, for any serious cause such as violence, terrorism, loss or destruction of election paraphernalia or records and force majeure, the holding of a free, honest and orderly election shall become impossible, the DECOM shall postpone the election in the district concerned. Such decision shall be subject of the affirmation of the NEA representative, if any, supervising the actual conduct of election. In no case shall the postponement of election extend to more than twenty (20) days with which the Board, with the confirmation of NEA representative, shall reset the holding of the election. Conduct of such elections shall be covered by the prescriptive period in the posting/sending of notices, and in the filing of additional Certificate of Candidacy, if any, as provided for in Section 3 of the Guidelines in the Conduct of District Elections for EC. Unless any or all of the members of the District and Precinct Election committees as originally constituted shall have withdrawn, the same members shall supervise and control the conduct of the re-scheduled elections. **In case of withdrawal, their alternates shall take their place, otherwise, the EC shall appoint new members of the DECOM subject to NEA's confirmation, and the DECOM shall appoint new members of the PECOM. Also, the same master list of members shall be used.**

If in any event, the Board fails or refuses to call and hold the election as mandated by the Coop By-Laws, or as prescribed in Section 3 hereof, the National Electrification Administration, in the exercise of its supervisory and oversight functions over electric cooperative shall have the right to call and conduct the election for and in behalf of the Cooperative.

SECTION 11. Notice of District Election

Written notices of district election stating the purpose, place, date and time of the election and the deadline for the filing of Certificate of Candidacy shall be posted in conspicuous/strategic places or be delivered not less than twenty (20) days before the date of each election, either personally or attached to electric bills or by mail to each of the member of the district. Broadcast and social media, and rekoreda may be availed of if practical and necessary.

SECTION 12. Voting

The registration and casting of votes shall start at eight o'clock in the morning and end at three o'clock in the afternoon, except when there are voters present within thirty (30) meter radius from the precinct at closing time who have not yet registered and cast their votes, in which case, the voting shall continue but only to allow said voters to be able to register and vote. A qualified voter who is physically unable to fill up by himself the ballot, may be assisted by any member of the Election Committee or by the NEA representative in the accomplishment of the ballot.

Each member in attendance at the district election shall be entitled to one vote. No member shall be permitted to vote by proxy or by mail at any district election. Representative of juridical persons shall not be eligible to be candidates for Board member. However, the said juridical person is entitled to only one (1) vote.

SECTION 13. Complaints Against Board Members

Pursuant to Sec. 7 of the IRR of RA 10531, the NEA in the exercise of its quasi-judicial functions, shall have primary and exclusive jurisdiction over cases involving complaints against members of the EC Board of Directors. However, if the case is disqualification which would be a summary proceeding, the NEA may, after due notice to the Board of Directors and Officers of the EC, remove any Director or Officer, who commits any act which renders him or her unfit for the position in accordance with the standards of Sections 26-A and 26-B of PD 269, as amended by RA 10531.

The proceedings herein may be undertaken by NEA motu proprio or through a complaint initiated against the Director or Officer through the NEA ADCOM.

SECTION 14. Vacancy

A Special elections shall be called by the Board, by an appropriate Board Resolution, to fill any vacancy due to death, incapacity, disability, removal, resignation, disqualification or other similar causes, if the unexpired term shall be two (2) years or more. A duly-elected Director under this provision serves only for the unexpired portion of the term. However, if the vacancy is less than two (2) years, the Board, by a majority vote, shall appoint through a Resolution the successor to the vacant position from among the nominees submitted by the duly elected District Officers from Member-Consumer-Owners Organization (MCOO) or designate a caretaker from among the incumbent members of the Board of Directors subject to such guidelines that NEA may thereafter issue from time to time.

The Board shall pass the resolution calling the Special Election not later than five (5) days after the vacancy occurs, to be held in not less than twenty-five (25) nor more than thirty-five (35) days after. Notices shall be posted not less than ten (10) days before the election. Filing of Certificate of Candidacy shall not be less than five (5) days before the election. The same master list of voters used in the regular election immediately preceding shall be used.

District Member Consumer Owners Organization Officers are members elected among the Member Consumer Owners Organization (MCOO) which comes from the different representatives from ten (10) sectors namely: Agro-fishery, Labor, Youth, Women, Education, Senior Citizen, Civic, Business, Religious and Indigenous People chosen by the members in the locality during the conduct of barangay assembly in coordination with its barangay officials. During the assembly, set of officers are elected composed of Chairman, Vice-Chairman, Secretary and Treasurer.

SECTION 15. Compensation

Board Members shall not receive any salary for their service as such, but shall be entitled to per diem for every attendance to legally convened Board Meeting and Committee meetings. Board Members carrying out Cooperative business authorized by the Board may be reimbursed for expenses incurred. The per diem, allowances and incentives of the Board of Directors shall be determined by P.D. 269 as amended by R.A. 10531 and existing policies, rules and regulations of NEA. No Board Member shall receive compensation for serving the cooperative in any other capacity.

ARTICLE V – MEETING OF THE BOARD

SECTION 1. Regular Meeting

A regular meeting of the Board shall be held once a month with notice at the main or in any place within the coverage area of the Cooperative at such time and place as designated by the Board. Schedule of 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 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 date, 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 the direction of the Secretary or upon a default in duty by the Secretary, by the President or 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, such postage thereon prepaid, at least five (5) days before the date set for the meeting.

SECTION 4. Quorum

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

ARTICLE VI – OFFICERS

SECTION 1. Number

The officers of the Cooperative shall be a president, vice-president, secretary, treasurer and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office

The officers shall be elected by ballot annually, by and from the Board at the meeting of the Board held immediately after the Annual General Membership Assembly (AGMA) 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 convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor 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 of the Board

Any officer elected or appointed by the Board may be removed by the Board whenever in each judgment, the best interests 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 times of the Board;
- b) sign, with the Secretary, certificates of membership, the issue of which, shall have been authorized by the Board or the members, and may sign any deed, mortgage, deed of trust, note, bond, contract or other instrument 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 these 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) exercise control over quality, quantity and timeliness of the flow of information between Management and the Board;
- d) call meetings to enable the Board to perform its duties and responsibilities;
- e) approve meeting agenda in consultation with the General Manager and Board Secretary;
- f) assists in ensuring compliance with the EC Guidelines on EC Governance; and
- g) 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 such other duties as from time to time may be assigned to him by the board.

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 given in accordance with these By-Laws or as required by law;
- c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issuance 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 By-Laws;
- d) keeping a registry of names, post office/email addresses and contact information 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 inspection of any member) and at the expense of the Cooperative, furnishing a copy of the By-laws and of all amendments thereto to any member upon request; and
- g) in general, performing all duties incident to the office of the Secretary and such 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 the issuance of receipts for all money due and payable to the Cooperative and for the deposit of all such money in the name of the Cooperative in such bank or banks as 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. General Manager

- a) The General Manager shall be the principal operating officer of the Cooperative and shall be appointed by the Board, subject to the approval of the NEA. The General Manager shall be responsible for performance of his duties as set forth in the guidelines established by NEA. It is incumbent upon the General Manager to keep the Board fully informed of all aspects of the operations and activities of the Cooperative. Appointment and dismissal of the General Manager shall require approval by NEA.
- b) No member of the Board may hold or apply for the position of a General Manager while serving as a Director.
- c) He/she shall be an Ex-Officio Member of the Board without voting power.

SECTION 9. Bonds of Officers

Any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such amount as the Board shall determine. The Board, in its discretion, may also require any other officer, agent or employees of the Cooperative to be bonded in such amount as it shall determine.

SECTION 10. 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. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII – NON-PROFIT OPERATION

SECTION 1. Interests or Dividends on Capital Prohibited

The Cooperative shall, at all times be operated on a non-profit basis for the mutual benefit of its patrons. No interests or dividends shall be paid or shall be payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Refund in Connection with Furnishing Electric Energy

- a) In the furnishing of electric energy, the Cooperative's operations shall be so conducted that members earn patronage refund through their availment of electric service from the Cooperative pursuant to Article II Section I of this By-Laws. In order to induce patronage refund 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 members, for all amounts received and receivable from the furnishing of electric energy. The Cooperative may distribute patronage incentive to its members in a form of patronage credit certificate redeemable only after compliance to the "Prerequisite for the declaration of Patronage Credit" as provided for under the Implementing Rules and Regulations in Granting Patronage Credits to Consumers of Electric Cooperatives.
- 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 patronage fund, if any, will be established and credited in an appropriate record to the patronage

account of each patron/member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of patronage refund available, if any.

- c) All amounts from its operations in excess of costs and expenses shall, insofar as permitted by Law, be used to offset any losses incurred during the current or any prior fiscal year, or if not needed in the operation of the coop be added to patronage refund.
 - a) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness to the Cooperative shall have been paid, outstanding patronage refund be credited to members' individual accounts and shall be retired without priority on a pro-rata basis before 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 patronage refund may be credited to individual members' accounts can be retired in full or in part. Any such retirements of patronage incentive shall be made in order of priority according to the year in which member purchased electricity which means that retirement of patronage refund will be based on the availment of electric service in the case of members who have more than one (1) connection.
 - b) Patronage incentive credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest of successors occupancy in all or a part of such member's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.
 - c) The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contract as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the By-Laws shall be called to the attention of each member 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 of the value of the Cooperative’s total assets 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 vote of not less than two thirds (2/3) of all the members of the Cooperative and consented by NEA and any other lending source which holds a lien on any of the Cooperative’s properties.

Provided however, that notwithstanding anything herein contained, the Board of the Cooperative, without necessity of authorization from the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or a deed of trust or the pledging, encumbering or otherwise, of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, 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. Provided further, that in the event that NEA implements an updated or new set of guidelines for this section, the same shall prevail.

ARTICLE IX - SEAL

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

ARTICLE X - FINANCIAL TRANSACTIONS

SECTION 1. **Contracts.** Except as provided in these By-Laws, the Board may authorize an 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, except as limited or authorized in the loan agreement with the National Electrification Administration.

SECTION 2. **Checks, Drafts, Etc.** All checks, drafts and other orders for the payment of money and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agents, employee or employees of the Cooperative and in accordance with NEA rules and regulations.

SECTION 3. **Deposits.** All funds except petty cash, revolving and restricted fund of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select, subject to the approval of the NEA.

SECTION 4. **Change of Rates.** Changes of the rates and other charges imposed 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 account, 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 Annual General Membership Meeting (AGMA).

SECTION 3. **Area Coverage.** The Board shall make diligent effort to see that 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.

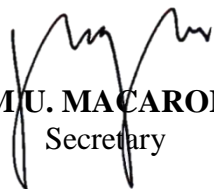
SECTION 4. **Nepotism.** No relative of the General manager nor any member of the Board up to the third degree of relationship, either by consanguinity or affinity, shall be employed by the Cooperative or receive compensation for service to the Cooperative.

ARTICLE XII - AMENDMENTS


SECTION 1. These By-Laws may be modified, amended or repealed only by affirmative vote of not less than a majority of members of the Cooperative or a quorum present at a regular or special meeting and, provided further that the notice of such meeting shall have contained a copy of the proposed modification, amendment or repeal.

If any member or members desire to offer an amendment of said article 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 the said proposed resolution to be included in the notice of the meeting. All amendments to these By-Laws shall be subject to NEA approval.

I, **KARIM U. MACAROMPAN**, Secretary of **LANAO DEL NORTE ELECTRIC COOPERATIVE, INC.**, do hereby certify that the above is a true and correct copy of the By-Laws amended in the meeting of the Board of Directors held on **22 September 2021** and ratified on **25 September 2021** Annual General Membership Assembly at LANECO Compound in Tubod, Lanao del Norte at which meetings a quorum was present.


KARIM U. MACAROMPAN
Secretary

Attested:


BALDOMERO N. ZAMORA, PEE
President