

**EASTERN SHORE OF MARYLAND
EDUCATIONAL CONSORTIUM**

ENERGY TRUST

BYLAWS

September 13, 2001
(Revised December 12, 2003)
(Revised September 16, 2004)
(Revised September 8, 2011)

EASTERN SHORE OF MARYLAND EDUCATIONAL CONSORTIUM
ENERGY TRUST
BYLAWS

Table of Contents

<u>Section</u>	<u>Page</u>
ARTICLE I DEFINITIONS	
DEFINITIONS	1
ARTICLE II NAME, PRINCIPAL OFFICE and TRUST YEAR	
Section 1. Name.....	1
Section 2. Principal Office.....	1
Section 3. Trust Year	1
ARTICLE III BOARD OF TRUSTEES	
Section 1. Duties.....	1
Section 2. Selection of Trustees.....	2
Section 3. Removal of Trustees	2
Section 4. Resignation of Trustees	2
Section 5. Appointment of New Trustees.....	2
Section 6. Reimbursement of Expenses; Compensation	2
ARTICLE IV OFFICERS AND COMMITTEES	
Section 1. Election at Annual Meeting	3
Section 2. Requirements for Office	3
Section 3. Assumption of Duties	3
Section 4. Successors.....	3
Section 5. Powers and Duties of the Chairman	3
Section 6. Powers and Duties of the Vice-Chairman.....	3
Section 7. Powers and Duties of the Secretary	3
Section 8. Committees	4

Section

Page

ARTICLE V
MEETINGS OF THE BOARD OF TRUSTEES

Section 1. Annual Meeting4
Section 2. Regular and Special Meetings4
Section 3. Written Notice of Meetings5
Section 4. Quorum5
Section 5. Voting5
Section 6. Attendance by Conference Call5
Section 7. Proxies5

ARTICLE VI
PARTICIPATION

Section 1. Criteria5
Section 2. Requirements6
Section 3. Trustee Approval6
Section 4. Application.....6
Section 5. Application Fee.....6
Section 6. Effective Date6
Section 7. Participant Fee6
Section 8. Continuing Participation6
Section 9. Cancellation6

ARTICLE VII
FUNDS OF THE ENERGY TRUST AND FISCAL AGENT

Section 1. Contract with Financial Institution7
Section 2. Appointment of Fiscal Agent.....7
Section 3. Duties of Fiscal Agent7
Section 4. Trust Fund.....7
Section 5. Operating Account.....7
Section 6. Investment of Funds7
Section 7. Deficit Apportionment.....7
Section 8. Generally Accepted Accounting Principles.....8

ARTICLE VIII
TRUST MANAGER

Section 1. Manager8
Section 2. Secretary to the Board.....8
Section 3. Coordination with Agents.....8
Section 4. Operating Procedures.....8
Section 5. Trustee May Serve.....8

<u>Section</u>	<u>Page</u>
Section 6. Contracts	8

ARTICLE IX
AUDITOR

Section 1. Selection of Auditor.....	8
Section 2. Duties of Auditor	9
Section 3. Financial Condition.....	9

ARTICLE X
AMENDMENTS TO BYLAWS

Section 1. Method of Amendment.....	9
Section 2. Compliance with Trust Agreement.....	9

EASTERN SHORE OF MARYLAND EDUCATIONAL CONSORTIUM
ENERGY TRUST

BYLAWS

ARTICLE I

DEFINITIONS

All words and phrases defined in the Trust Agreement of the Eastern Shore of Maryland Educational Consortium ("ESMEC") Energy Trust, dated as of May 21, 2001 (the "Trust Agreement"), and not defined in these Bylaws shall have the same meaning in these Bylaws as in the Trust Agreement.

ARTICLE II

NAME, PRINCIPAL OFFICE and TRUST YEAR

Section 1. Name. The name of this Trust is the Eastern Shore of Maryland Educational Consortium Energy Trust, or ESMEC Energy Trust (hereinafter, the "Energy Trust" or "Trust").

Section 2. Principal Office. The principal office of the Energy Trust shall be:

Eastern Shore of Maryland Educational Consortium
Energy Trust
c/o Eastern Shore of Maryland Educational Consortium
202 Chesterfield Avenue
Centreville, Maryland 21617

Section 3. Trust Year. The fiscal year of the Energy Trust shall run from July 1 of each calendar year the Trust is in operation to June 30 of the succeeding calendar year.

ARTICLE III

BOARD OF TRUSTEES

Section 1. Duties. The property and business of the Energy Trust shall be managed and controlled by a Board of Trustees who shall hold office and exercise such powers as are provided in the Trust Agreement and these Bylaws.

Section 2. Selection of Trustees. (a) Trustees shall be selected and appointed in accordance with Section 4.01 of the Trust Agreement.

(b) The Trustees shall ensure that no Founding Board of Education or Participant is represented by more than one (1) Trustee on the Board of Trustees.

Section 3. Removal of Trustees. A Trustee shall be removed from office for the following reasons:

(a) The Trustee is replaced by the Founding Board of Education.

(b) The Trustee no longer holds a position as an elected or appointed official or employee with the Founding Board of Education he was appointed to represent.

(c) The Trustee or any member of the Trustee's immediate family is employed by or has a financial interest in any private, for-profit firm providing services to the Energy Trust unless two-thirds (2/3) of all Trustees determine that the Trustee shall not be removed.

(d) The Trustee fails to attend three (3) consecutive meetings of the Board of Trustees.

(e) Two-thirds (2/3) of the Trustees determine, for good cause, that the Trustee shall be removed.

Any Trustee removed under this Section 3 shall be notified in writing of such removal, and the decision of the Board of Trustees regarding such removal shall be final.

Section 4. Resignation of Trustees. A Trustee may resign by giving at least thirty (30) days' prior notice in writing sent by registered mail to the Chairman of the Board of Trustees. Such notice shall state the date said resignation shall take effect, and such resignation shall take effect on such date.

Section 5. Appointment of New Trustees. When a vacancy exists on the Board of Trustees by reason of resignation or removal of a Trustee or otherwise, the Chairman shall notify the appropriate Founding Board of Education within fifteen (15) days of such vacancy. Upon such notification, a Founding Board of Education shall promptly appoint a new Trustee.

Section 6. Reimbursement of Expenses; Compensation. A Trustee or Alternate Trustee may be reimbursed for such expenses incurred on behalf of the Energy Trust in the performance of duties as deemed appropriate by the Board of Trustees and in accordance with the approved budget.

ARTICLE IV

OFFICERS and COMMITTEES

Section 1. Election at Annual Meeting. (a) The Trustees at the time of the Annual Meeting shall elect as officers a Chairman, a Vice-Chairman and a Secretary of the Board of Trustees to serve until the next Annual Meeting at the pleasure of the Board of Trustees. A majority vote of a duly constituted quorum of Trustees shall be sufficient to elect officers.

(b) The Trustees may, by majority vote of a duly constituted quorum, provide for and appoint such additional officers of the Board of Trustees as they deem advisable at each Annual Meeting.

(c) When an office becomes vacant (other than Chairman of the Board), the Chairman shall notify the Board of Trustees within fifteen (15) days of such vacancy and a special meeting of the Trustees, if necessary, shall be called. A majority vote of a duly constituted quorum of Trustees shall be sufficient to elect an officer to fill a vacancy. Any officer so elected shall serve until the next Annual Meeting.

Section 2. Requirements for Office. Officers shall be selected from Trustees duly appointed pursuant to the Trust Agreement.

Section 3. Assumption of Duties. Officers elected at the annual meeting shall thereupon assume their duties.

Section 4. Successors. An officer shall continue to serve until his successor has been duly elected.

Section 5. Powers and Duties of the Chairman. The Chairman shall preside at all meetings of the Trustees, and shall have such powers and shall perform such acts and duties as may be authorized by resolution of the Board or as may be incident to his executive office.

Section 6. Powers and Duties of the Vice-Chairman. The Vice-Chairman of the Board shall have such powers and shall perform such duties as may be assigned to the Vice-Chairman by the Board or the Chairman. In the absence or disability of the Chairman, the Vice-Chairman shall perform the duties of that office. Upon the removal or resignation of the Trustee serving as Chairman, the Vice-Chairman shall succeed to the office of Chairman and shall serve until his successor is elected.

Section 7. Powers and Duties of the Secretary. The Secretary shall be responsible for the final preparation of minutes of all meetings of the Trustees and shall attest to all documents and instruments requiring attestation. The Secretary shall have such other powers and perform such other duties as may be assigned to the Secretary by the Board or the Chairman.

Section 8. Committees. The Trustees may appoint committees and may delegate such powers and duties as the Trustees deem appropriate and desirable except the exercise of those powers for which a two-thirds (2/3) majority vote of the Trustees is required. For any committee of the Energy Trust:

(a) The Board of Trustees shall establish and approve a committee charter, which specifies the duties to be performed by the committee.

(b) The Chairman of the Board shall appoint the chairperson, who shall be a Trustee.

(c) The meetings of the committee shall be called by the chairperson upon his own initiative or at the direction of the Board.

(d) Any action taken by a committee on a matter delegated by the Board to the committee either in the committee charter or by resolution shall be made pursuant to a majority vote of a duly constituted quorum of the committee.

(e) The Chairman of the Board shall appoint members of each committee. Committee members, including the chairperson, shall serve at the pleasure of the Chairman of the Board. Committee members need not be Trustees.

ARTICLE V

MEETINGS OF THE BOARD OF TRUSTEES

Section 1. Annual Meeting. The Trustees shall hold an Annual Meeting on a date selected by the Chairman in the month of September, October or November. Participants shall be invited to attend the Annual Meeting. At the Annual Meeting, the Chairman of the Board of Trustees shall submit an annual report, together with a financial report of the Energy Trust for the same period.

Section 2. Regular and Special Meetings. The Trustees may establish a schedule of other meetings as they deem desirable for the administration of the Energy Trust. Special meetings of the Trustees may be called by the Chairman, or as requested in writing by any three (3) Trustees. By unanimous consent of the Trustees, special meetings may be held without notice at any time and place, provided all Trustees execute a waiver of notice and consent to said meeting. Informal action by telephone or otherwise may be taken by the Trustees and be as valid as though it had been authorized at a meeting of the Trustees in the event all of the Trustees shall consent in writing to such informal action.

Section 3. Written Notice of Meetings. The Trustees shall be given written notice of the Annual Meeting and other regular meetings at least thirty (30) days prior to such meetings. The Trustees shall be given written notice ten (10) days in advance of any special meeting unless such notice is waived as provided in Section 2 of this Article V.

Section 4. Quorum. A quorum for the transaction of business at a duly called meeting shall consist of a majority of the Trustees then serving.

Section 5. Voting. All actions of the Trustees shall be by a majority vote of the Trustees present and voting at a duly called meeting at which there is a quorum, except as otherwise provided in the Trust Agreement. Each Trustee shall have one vote.

Section 6. Attendance by Conference Call. Trustees may participate in any meeting including any committees of the Board of Trustees by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time.

Section 7. Proxies. A Trustee may vote in person by means of a written proxy delivered by the holder of such proxy to the Chairman prior to the meeting at which such proxy is to be used.

(a) A proxy shall state specifically the date on which the proxy vote is to be cast and shall set forth the specific terms for which the proxy is valid.

(b) A proxy shall not be counted for the purpose of establishing a quorum, as provided in Section 4 hereof.

(c) The holder of a proxy shall be limited to the specific terms set forth in the written proxy.

(d) A proxy shall not be permitted for any extraordinary vote requiring a two-thirds (2/3) vote of the Trustees, as provided in Section 4.10 of the Trust Agreement.

ARTICLE VI

PARTICIPATION

Section 1. Criteria. Participation in the Energy Trust shall be limited to (i) Boards of Education, (ii) Local Governments, or (iii) Public Entities (as those terms are defined in the Trust Agreement). Eligibility for participation in the Energy Trust is subject to the criteria established by the Trustees and set forth in the Trust Agreement. The Trustees shall determine whether a prospective Participant is eligible for participation in the Energy Trust and their decision shall be final.

Section 2. Requirements. Each Board of Education, Local Government and Public Entity requesting participation in the Energy Trust shall:

- (a) Complete in full the Application;
- (b) Execute and submit a Participant Consent and Approval form and a Participant Certificate, and
- (c) Submit payment of any Contribution when requested.

Section 3. Trustee Approval. The Board must approve each new Participant.

Section 4. Application. The Trustees shall approve and revise as necessary the form of Application for participation in the Energy Trust. The Application shall contain information sufficient to enable the Trustees to determine the eligibility of an applicant for participation in the Energy Trust.

Section 5. Application Fee. The Trustees shall establish and re-evaluate the Application fee as necessary. Such fee shall include amounts sufficient to offset start-up costs of the Energy Trust. The Application Fees shall be set in an amount determined at the sole discretion of the Trustees.

Section 6. Effective Date. Upon receipt of an Application and an Application Fee, the Trustees shall determine by majority vote of a duly constituted quorum whether such applicant is approved for participation in the Energy Trust. Upon determination of approval of a Participant, the Trustees shall establish an effective date for such participation.

Section 7. Participant Fee. The Trustees shall establish and, from time to time, re-evaluate the Participant Fee required of participants. The Participant Fee shall be set in an amount(s) determined at the sole discretion of the Trustees.

Section 8. Continuing Participation. Each Energy Trust Participant must comply with the standards and requirements set forth in Section 6.03 of the Trust Agreement in order to continue as a Participant in good standing with the Energy Trust.

Section 9. Cancellation. Prior to any determination of Cancellation pursuant to Section 6.04(b) of the Trust Agreement, the Trustees shall notify the Participant at issue in writing at least thirty (30) days in advance. Upon such notice, the Participant at issue may submit a response to their proposed Cancellation.

ARTICLE VII

FUNDS OF THE ENERGY TRUST and FISCAL AGENT

Section 1. Contract with Financial Institution. The Trustees shall contract with a Financial Institution.

Section 2. Appointment of Fiscal Agent. The Board of Trustees shall appoint a Participant Board of Education to act as Fiscal Agent.

Section 3. Duties of Fiscal Agent. The Fiscal Agent, in coordination with the Manager, shall:

- (a) Establish an Operating Account into which all Application Fees, Participant Fees and other revenues shall be deposited;
- (b) Establish other accounts with the Financial Institution;
- (c) Keep the accounts of the Energy Trust;
- (d) Bill for Participant Fees as determined by Trustees;
- (e) Provide information to the Trustees, the Participants and any committees of the Energy Trust.

Section 4. Trust Fund. The Trust Fund shall be held by the Financial Institution and maintained by the Fiscal Agent. The Fiscal Agent, upon approval, and the Chairman of the Board of Trustees are authorized to draw moneys from the Trust Fund for payment of expenses approved by the Trustees.

Section 5. Operating Account. Funds in the Operating Account shall be used to pay the operating costs of the Trust, including but not limited to, Trust management, office expenses, consultants and attorneys' fees, premiums, or for transfer to the Investment Account.

Section 6. Investment of Funds. The Financial Institution shall hold the moneys of the Energy Trust in the Trust Fund and shall be directed to invest and reinvest all or part of such moneys. Moneys of the Energy Trust may be invested in any Permitted Investments. All such investments shall be authorized or approved by the Board of Trustees.

Section 7. Deficit Apportionment. Any plan to eliminate a deficit or budgetary shortfall made pursuant to Section 5.02 of the Trust Agreement shall be by formula devised by the Trustees and such formula shall be adopted by a resolution of the Board of Trustees.

Section 8. Generally Accepted Accounting Principles. The Trustees shall assure that all funds of the Energy Trust and any accounts there under shall be established and maintained in accordance with generally accepted accounting principles and any other applicable State or federal regulations.

ARTICLE VIII

TRUST MANAGER

Section 1. Manager. The Board may appoint a Manager to be responsible for the day-to-day management of the Energy Trust.

Section 2. Secretary to the Board. The Manager shall perform the duties of Secretary to the Trustees, prepare an agenda and all necessary background material for all meetings of the Trustees and attend such meetings and draft minutes thereof, and shall act as custodian of all minutes, books, reports, files and records of the Trust.

Section 3. Coordination with Agents. The Manager shall act on behalf of the Trustees to coordinate with the Fiscal Agent and such other attorneys, accountants and consultants as the Board may request. The Manager shall receive and review reports and prepare summaries of such reports for the Trustees.

Section 4. Operating Procedures. At the request of the Trustees, the Manager shall develop internal operating and policy procedures for the operation of the Board of Trustees and the Energy Trust.

Section 5. Trustee May Serve. The Manager may be a Trustee.

Section 6. Contracts. (a) Except as otherwise provided by a resolution of the Board, the Manager may negotiate any contract on behalf of the Trustees if the amount of such contract is within the approved budget, subject to ratification by the Trustees.

(b) Except as otherwise provided by a resolution of the Board, the Manager shall sign and execute in the name of the Trust all authorized contracts, agreements, obligations or other documents necessary or appropriate for the proper administration and operations of the Trust.

ARTICLE IX

AUDIT

Section 1. Selection of Auditor. The Auditor shall be an independent certified public accountant. The Energy Trust Board may accept the audit findings from the Fiscal Agent's annual audit as meeting the requirements of this article.

Section 2. Duties of Auditor. The Auditor and/or the Energy Trust Fiscal Agent, shall provide audited financial statements of Energy Trust accounting for each fiscal year, together with any Auditor recommendations related to the management of the Energy Trust, directly to the Energy Trust Board.

Section 3. Audit Committee. At its sole discretion, the Energy Trust Board may establish an Audit Committee to provide further review of the Energy Trust operations and financial accounting.

ARTICLE X

AMENDMENTS TO BYLAWS

Section 1. Method of Amendment. The Trustees, by the affirmative vote of a majority of the Trustees, may at any duly called meeting of the Trustees amend or alter any of these Bylaws, provided the substance of the proposed amendment shall have been stated in the notice of the meeting.

Section 2. Compliance with Trust Agreement. No amendment or alteration of these Bylaws shall be adopted which is inconsistent or in conflict with any term or provision of the Trust Agreement.