

RIGHTS AND OBLIGATIONS OF MEMBERSHIP IN THE CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.

(August 11, 2008)

OBLIGATIONS

A. Contractual

- Members must satisfy any contractual commitments they make to the Co-op.
- Members shall pay an initial fee of \$25 upon joining the Co-op.
- Except for debts lawfully contracted between a Member and the Cooperative, no Member shall be liable for the debts of the Cooperative in an amount exceeding the sum remaining unpaid on its membership fee. (Bylaws, 2.10.)

B. Financial

- It is the intent of the Co-op to utilize the project financing structure to finance and construct projects without asking Members for individual capital contributions or other financial guarantees. However, to the extent necessary, and as determined in conformance with the Bylaws, Members must provide capital contributions or financial guarantees, as the case may be, for projects based on their *pro rata* fraction of the total governmental electrical load, net of all electrical generation owned by or under contract with such Member(s), (excepting that a) the Compact will not be independently liable for capital contributions or financial guarantees hereunder and b) nor will this obligation extend to Members in the exercise of any rights granted pursuant to “Rights, Clause A” , as set forth below. The *pro rata* responsibility attributable to Members shall be determined based on the load at the time each such Member initially joins the Co-op, and recalculated as additional Members join or leave the Co-op. Once the Co-op has constructed plants having projected annual generation equal to the sum of all governmental loads, future capital contributions and/or financial guarantees will be calculated based on a Member’s *pro rata* fraction of the entire load for all consumers located within its geographical boundaries (excepting any county which will be responsible only for its own governmental loads). Exhibit 1 shows the individual responsibility of each of the members and shall be revised from time to time to reflect changes in membership. In addition, the Co-op Board may provide with respect to particular projects (as opposed to funds intended to cover basic general operating expenses) that capitalization requirements take into account the nature, size, location and benefits and detriments of each project.

- Members shall provide *pro-rata* financial contribution/backstop required for specific projects as approved by Co-op Board. Failure to make a contribution means the Member is terminated. (See Bylaws Section 10 also.) Members may not choose to participate on a project by project basis.

C. Governance

- Members shall complete a membership application in the form attached hereto as Exhibit 2.
- Each Member may appoint a Director (Bylaws, 4.2), such Director to be appointed by the local appointing authority.
- Members must abide by Bylaws, Articles of Organization, the Terms and Conditions of Cooperative Membership and other policies and votes of the Co-op as duly amended from time to time.

RIGHTS

A. Energy Output/Project Benefits

- The Compact is entitled to receive 10% of the annual energy output. The Host Member is entitled to net meter up to ninety percent (90%) of the energy output (but not capacity or RECs) from any projects located on municipal land against such Member's municipal accounts up to the limit of project output or municipal load. The remaining energy output shall be allocated to other Cooperative members on a pro rata basis. To the extent a Member elects not to use all of its entitlement as set forth in the first sentence, but instead to allow such energy to be used for general Co-op purchases, it will receive extra compensation through a lease formula. (Leases with municipalities hosting Co-op energy projects will be based on a reasonably uniform formula, with base payments made on account of the amount of property leased (size of energy facility) and additional royalties based on energy production available for general Co-op use.
- Members are entitled to *pro rata* share of other project output and net benefits that the Co-op determines to distribute.

B. Financial

- The Co-op's goal is to develop projects. Members will benefit through projects which will produce energy, capacity, RECs and other benefits for the Co-op (and through it, the Compact).
- The Cooperative shall only levy a financial assessment upon its Members, issue bonds, incur other borrowings or incur financial commitments upon obtaining the affirmative vote of a majority of the members of the Executive Committee followed by a two-thirds vote of the Board of Directors (or a higher threshold, if a higher threshold is required by applicable law). (Bylaws, 10.)

C. Governance

- Each Member has the right to choose a Director on the board. (Bylaws, 2.9.)
- Each director has one vote (Bylaws, 4.3). Certain matters are delegated to the executive committee with a right of review to the entire Board.

D. Right to Terminate Membership

- A Member may terminate its membership at any time for any reason. (Bylaws, 2.7.)
- Termination does not relieve a Member of any contractual commitments which by their terms survive termination. (Bylaws, 2.8.)

E. Dissolution

- In the event of dissolution, any remaining assets after satisfaction of liabilities shall be distributed to Members on a *pro rata* basis in proportion to their financial or in-kind contributions to, and/or pledges or guaranties on behalf of the Cooperative. If it is in the best interest of the Cooperative or there are equitable interests to be taken into account, the Board may vary the post-dissolution allocation of debt-financed property among the Members. (Bylaws, 11.)

EXHIBIT 1

PRO RATA RESPONSIBILITY FOR CAPITAL CONTRIBUTIONS/FINANCIAL
GUARANTEES

Barnstable	xx.xx%
Barnstable County	xx.xx%

EXHIBIT 2
FORM OF MEMBERSHIP APPLICATION