

**BY-LAWS OF PIONEER ELECTRIC COOPERATIVE
CHARITABLE FOUNDATION**

ARTICLE I

NAME OF ORGANIZATION

The name of the corporation shall be the Pioneer Electric Cooperative Charitable Foundation, herein referred to as “the FOUNDATION”.

ARTICLE II

PURPOSE OF ORGANIZATION

The purpose of the FOUNDATION shall be the accumulation and disbursement of funds for charitable purposes. This shall be accomplished by disbursement of these accumulated charitable funds of the FOUNDATION to individuals and organizations for needs which are related to food, shelter, clothing, health needs, environmental causes (fire, efficiency) and education. Upon dissolution of FOUNDATION, any remaining funds shall be distributed only for charitable purposes.

As a nonprofit corporation organized pursuant to the provisions of the Alabama Nonprofit Corporation Code and Section 501 (c)(3) of the United States Internal Revenue Code of 1986, as amended, the FOUNDATION shall have no capital stock and no shareholders, and no part of the net earnings, income, or profit of the Foundation shall inure to the benefit of or be distributable to its directors, officers, members, or other private individuals except that the FOUNDATION may pay reasonable compensation for services rendered and may make payments and distributions in furtherance of its charitable purposes.

ARTICLE III

FUNDING

The FOUNDATION shall be funded by such rules and regulations as may be

promulgated by the Board of Trustees of Pioneer Electric Cooperative, Inc. (hereinafter, PEC), and from any other source of funds available to the said FOUNDATION.

ARTICLE IV

BOARD OF DIRECTORS

The FOUNDATION shall be administered by a nine (9) person Board of Directors. The initial FOUNDATION Board of Directors shall be composed of nine (9) persons residing within the PEC service territory as designated by the Alabama law. The FOUNDATION Board shall have one member from each PEC district. It shall be mandatory that each Board member of the FOUNDATION be a member of PEC.

At the initial organizational meeting of the FOUNDATION Board of Directors the members of the FOUNDATION Board shall by lot draw for initial terms of office of three (3) one (1) year terms, three (3) two (2) year terms, and three (3) three (3) year terms. Thereafter, the terms of office for each FOUNDATION Board member shall be for a period of three (3) years.

A Board member of the FOUNDATION after completing their first term or the unexpired term of a former board member may be appointed by the Board of Trustees of PEC to serve one (1) successive term and thereafter may be reappointed to the FOUNDATION Board after the lapse of a period of three (3) years.

If ever there are changes to the district lines for PEC, the Foundation Board of Directors, appointed and serving at the time of the change, will be allowed to continue in their position in accordance with the above paragraph, should their permanent residence be located outside of the newly drawn district lines.

ARTICLE V

QUALIFICATIONS OF BOARD MEMBERSHIP

A Board member of the FOUNDATION shall be at least eighteen (18) years

of age, a permanent resident of the PEC District from which he or she is chosen and of good moral character. No person seeking or holding a seat on the Board of Trustees of PEC shall remain a member of the FOUNDATION Board.

ARTICLE VI

SELECTION OF BOARD OF DIRECTORS

The initial FOUNDATION Board of Directors shall be designated by the Board of Trustees of PEC. Thereafter, when vacancies are to be filled or when terms expire, persons shall be named to their respective positions on the said FOUNDATION Board of Directors by a vote of the Board of Trustees of PEC. The existing Board of Directors of the FOUNDATION may make recommendations to the Board of Trustees of PEC for nominees for the FOUNDATION Board.

ARTICLE VII

COMPENSATION FOR DIRECTORS

No director shall receive compensation for serving on the Board of Directors of the FOUNDATION. Such FOUNDATION Board members may, however, be reimbursed for mileage and out of pocket expenses incurred while on the official business of the FOUNDATION when such business is sanctioned by the Board of Directors of said FOUNDATION.

ARTICLE VIII

MEETING OF THE BOARD OF DIRECTORS

A. **REGULAR MEETING:** The Board of Directors of the FOUNDATION shall meet not less than quarterly at the PEC corporate headquarters. The Board of Directors of the FOUNDATION may meet at such other times and locations within the PEC service territory as they may deem necessary.

B. **SPECIAL MEETINGS:** Special meetings of the Board of Directors of the FOUNDATION may be called by the Chairman of the FOUNDATION or by any three (3) Directors of the FOUNDATION and it shall thereupon be the duty of the Secretary to cause a Notice of such meeting to be given as hereafter provided. The

Chairman of the FOUNDATION or Directors of the FOUNDATION calling such meeting shall fix the time and place.

C. NOTICE OF DIRECTORS MEETING: Written notice of the time, place, and purpose of any special meeting of the Board of Directors of the FOUNDATION shall be delivered not less than two days previous thereto, either personally or by mail or email, or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Directors calling the meeting, to each Director of the FOUNDATION. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at the Director's address as it appears on the records of the Cooperative, with postage thereon prepaid.

ARTICLE IX

QUORUM

A majority of the Board of Directors of the FOUNDATION shall, unless otherwise designated in these By-Laws, constitute a quorum. In the event that less than a majority of the FOUNDATION Board of Directors is present at any meeting, the majority of those FOUNDATION Directors present may adjourn the meeting and designate a place and time for the next meeting, under which circumstance the FOUNDATION Secretary shall notify the absent members of the place and time of the next meeting. An act of the majority of the FOUNDATION Board of Directors present at any meeting at which a quorum is present, and unless otherwise provided in these By-Laws, shall be the act of the Board of Directors of the FOUNDATION.

ARTICLE X

REMOVAL OF MEMBER OF BOARD

Any member of the Board of Directors of the FOUNDATION shall automatically cease to be a member of said FOUNDATION Board if and in the event such member misses three (3) successive "regular" meetings as outlined in Section "A" of Article VIII of these By-Laws. If there are extenuating circumstances surrounding the absence of an individual board member, a request

for an exception to this rule may be made to the Board of Trustees of PEC. Any members of the Board of Directors of the FOUNDATION may otherwise be removed from the FOUNDATION Board by a two-thirds (2/3) vote of the entire Board of Directors of the FOUNDATION or two-thirds (2/3) vote of the Board of Trustees of PEC.

ARTICLE XI

OFFICERS OF THE CORPORATION

The officers of the FOUNDATION shall be Chairman, a Vice-Chairman, a Secretary and a Treasurer, and such other officers as may be determined by the FOUNDATION Board from time to time. The offices of Secretary and Treasurer may be held by the same person. For the purposes of these By-Laws, the above officers shall constitute the Executive Committee of the FOUNDATION.

ARTICLE XII

ELECTION OF OFFICERS AND TERMS OF OFFICE

The officers shall by secret ballot be elected annually by the Board of Directors of the FOUNDATION at a meeting of the Board of Directors of the FOUNDATION held on an annual basis after the initial organizational meeting.

The terms of office shall be for one (1) year, however, nothing shall prevent an officer from being re-elected to consecutive terms of office.

ARTICLE XIII

EX OFFICIO MEMBERS OF BOARD OF DIRECTORS

The General Manager of Pioneer Electric Cooperative, Inc. or his/her designee shall be an ex-officio (non-voting) member of the Board of Directors of the FOUNDATION. The FOUNDATION may from time to time have other such ex-officio members as the FOUNDATION Board of Directors may in its discretion determine as necessary or prudent.

ARTICLE XIV

POLICIES, RULES AND REGULATIONS

The Board of Directors of the FOUNDATION shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these By-Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the FOUNDATION.

ARTICLE XV

DUTIES OF OFFICERS

A. CHAIRMAN: The Chairman of the FOUNDATION shall be the principal executive officer of the FOUNDATION and, unless otherwise determined by the Board of Directors of the FOUNDATION, shall preside at all meetings of the Board of Directors of the FOUNDATION and in general perform all duties incidental to the office of Chairman and such other duties as may be prescribed by the Board of Directors of the FOUNDATION from time to time.

B. VICE CHAIRMAN: In the absence of the Chairman of the FOUNDATION, or in the event of his or her inability or refusal to act, the Vice Chairman of the FOUNDATION shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman of the FOUNDATION shall also perform such other duties as from time to time may be assigned to him or her by the Board of Directors of the FOUNDATION.

C. SECRETARY: The Secretary of the FOUNDATION shall be responsible for the keeping of the minutes of the meetings of the Board of Directors of the FOUNDATION in one or more books provided for that purpose; be responsible for seeing that all notices are duly given in accordance with these FOUNDATION By-Laws or as required by Law; be custodian of the corporate records and of the seal of the FOUNDATION and affix the seal of the FOUNDATION to all necessary

documents, the execution of which on behalf of the FOUNDATION under its seal is duly authorized in accordance with the provision of these By-Laws; have general charge of the books of the FOUNDATION; be responsible for the keeping on file at all times a complete copy of the Articles of Incorporation and By-Laws of the FOUNDATION containing all amendments thereto; and, in general, perform all duties incidental to the office of the Secretary of the FOUNDATION and such other duties as from time to time may be assigned to him or her by the Board of Directors of the FOUNDATION.

D. TREASURER: The Treasurer of the FOUNDATION shall have charge and custody of and be responsible for all funds and securities of the FOUNDATION; be responsible for the receipt of and the issuance of receipts for monies due and payable to the FOUNDATION from any source whatsoever, and for the deposit of all such monies in the name of the FOUNDATION in an interest bearing account as shall be selected in accordance with the provisions of these FOUNDATION By-Laws; and in general perform all the duties incidental to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors of the FOUNDATION.

ARTICLE XVI

CHECK SIGNING

Any and all checks issued by the FOUNDATION, for any purpose, shall be signed by two (2) officers or one (1) officer and one (1) such other person or two (2) such other persons as may be designated by the Board of Directors of the FOUNDATION as having check signing authority.

ARTICLE XVII

DISBURSEMENT OF FUNDS

Except as otherwise provided by these By-Laws, the Board of Directors of the FOUNDATION shall have the full and sole responsibility for the disbursement of all monies of the FOUNDATION in accordance with these By-Laws and the policies as adopted by the Board of Directors of the FOUNDATION.

Prior to the consideration, by the Board of Directors of the FOUNDATION, of any disbursement, member(s) of the Board of Directors of the FOUNDATION shall disclose and explain any personal and/or business interest, connection, kinship, or other association he or she has with the person, family, group, corporation or other entity under consideration for funding by the FOUNDATION.

Such member shall, if requested by the FOUNDATION Chairman or any three (3) members of the Board of Directors of the FOUNDATION, excuse himself or herself from the meeting and not participate in the discussion of or voting on the disbursement.

If no request is made that the interested FOUNDATION Director excuse himself or herself from the meeting, then and in that event, said FOUNDATION Director may participate in the discussion of the disbursement but shall not vote on the disbursement.

ARTICLE XVIII

ACCUMULATION OF FUNDS

PEC shall transfer funds collected by it for the benefit of the FOUNDATION on a regular basis, but in no event less than quarterly. The FOUNDATION may also solicit and accept contributions from other sources as deemed appropriate by its Board of Directors of the FOUNDATION.

ARTICLE XIX

INVESTMENT OF FUNDS

The Board of Directors of the FOUNDATION shall be responsible for the funds entrusted to it and shall make such investment of said funds in an interest-bearing account which is reasonable and prudent and in keeping with these By-Laws and the policies of the FOUNDATION.

ARTICLE XX

AMENDMENT OF BY-LAWS

These By-Laws may be altered, amended, or repealed by the Board of Trustees of PEC at any regular meeting of said PEC Board. The Board of Directors of the FOUNDATION may make advisory recommendations to the Board of Trustees of PEC.

ARTICLE XXI

ACCOUNTING SYSTEM & REPORTS

The Board of Directors of the FOUNDATION shall cause to be established and maintained a complete accounting system such that is in keeping with sound financial management, and furthermore, the Board of Directors of the FOUNDATION shall make reports to the Board of Trustees of PEC on the operation and expenditures of the FOUNDATION as may be necessary and prudent, but in no case less than quarterly.

ARTICLE XXII

POLITICAL CONTRIBUTIONS

No funds of the FOUNDATION shall in any fashion be used to support any candidate for political office or for any political purpose.

ARTICLE XXIII

BORROWING FUNDS

The FOUNDATION shall **NOT** have the authority to borrow monies for any purpose.

ARTICLE XXIV

EMERGENCY EXPENDITURE

The Executive Committee of the FOUNDATION by a vote of at least three (3) of its members may from time to time make expenditures on an emergency basis in accordance with these By-Laws and policies adopted by the Board of Directors of

the FOUNDATION and in accordance with the purpose of this FOUNDATION, in an amount not exceeding ONE THOUSAND AND NO/100 (\$1,000.00) DOLLARS, to any person, family, group or organization.

Such emergency expenditure shall be fully disclosed by the Executive Committee of the FOUNDATION at the next regularly called meeting of the Board of Directors of the FOUNDATION.

ARTICLE XXV

AMOUNT OF EXPENDITURES

UNLESS otherwise provided by these By-Laws and in keeping with the purpose of the FOUNDATION the Board of Directors of the FOUNDATION may make expenditures of FOUNDATION funds by majority vote of members present at a meeting and constituting a quorum according to the following rules:

- a.) Not more than TWO THOUSAND FIVE HUNDRED AND NO/100THS (\$2,500.00) DOLLARS annually to any individual.
- b.) Not more than TEN THOUSAND AND NO/100THS (\$10,000.00) DOLLARS annually to any family unit, group, organization, charity or like organization.
- c.) Notwithstanding any other provision of these By-Laws the Board of Directors of the FOUNDATION may, by a two-thirds (2/3) vote of the entire Board of Directors [six (6) members] make expenditures in any amount to any person(s), family unit, group, organization, charity or like organization which such members determine is in keeping with the purpose and spirit of the FOUNDATION and these By-Laws.

ARTICLE XXVI

RETENTION OF FUNDS

The Board of Directors of the FOUNDATION may in its discretion and in

accordance with other dictates imposed by these By-Laws expend any and all monies, saving and excepting five percent (5%) of the previous year's total contributions or FIVE THOUSAND AND NO/100THS (\$5,000.00) DOLLARS, whichever is less.

ARTICLE XXVII

PROXY VOTING

There shall not exist proxy voting at any meeting of the Board of Directors of the FOUNDATION.

ARTICLE XXIII

AUDIT

The Board of Directors of the FOUNDATION shall on an annual basis cause the books and records of the FOUNDATION to be audited, at the expense of the FOUNDATION, by a certified public accountant and a report in keeping with sound accounting principles be issued to the Board of Directors of the FOUNDATION and the Board of Trustees of Pioneer Electric Cooperative, Inc.

ARTICLE XXIX

FISCAL YEAR

The Fiscal Year of the FOUNDATION shall commence on the 1st day of January of each calendar year and end on the 31st day of December of each calendar year.