

PIONEER ELECTRIC COOPERATIVE, INC.
Greenville, Alabama

BYLAWS
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PIONEER ELECTRIC COOPERATIVE

BYLAWS

ARTICLE I - MEMBERSHIP

SECTION 1.01 Eligibility; Transfer. Any natural person, firm, association, corporation, business trust, limited liability company, partnership (general, limited or limited liability), federal agency, state or political subdivision thereof, municipal corporation, or body politic (each hereinafter referred to as "person"), with the legal capacity to enter binding contracts shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by the applicant, to receive electric service from Pioneer Electric Cooperative (hereinafter called the "Cooperative"). No membership shall be transferable except as may be permitted in these Bylaws. No person may hold more than one membership in the Cooperative. For purposes of these bylaws, "premises" shall mean each building, structure or facility at which a meter is installed, which shall include the member's residence if the Cooperative provides electric service to it.

SECTION 1.02 Application for Membership; Renewal of Prior Application. An application for membership pursuant to which the applicant agrees to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Conversion and Bylaws, and all policies, rules, regulations, rate classifications and rate schedules established by the Cooperative's Board of Trustees (herein the "Board") pursuant thereto, as all the same then exist or may thereafter be adopted, repealed or amended (the obligations embraced by such application being hereinafter called "Membership Obligations") shall be made in writing on such form as is provided therefor by the Cooperative from time to time. The Cooperative may, in its discretion, utilize from time-to-time electronic or digital forms of agreement and may accept electronic or digital signatures on such forms pursuant to which an electronic signature is attached and the person signing has the opportunity to review and retain a copy of the completed application. In the event that an application for membership has not been executed by a person but that person receives electric service from the Cooperative, such person shall be deemed for all purposes to be a member and to have agreed to the Membership Obligations to the same effect as if an application had been signed. Subject to the limitations on membership herein contained, a person whose application for membership is made or who receives electric service from the Cooperative shall be a member.

These Bylaws, as amended in accordance with their terms, are a contract between the Cooperative and the member.

The membership application shall be accompanied by any membership fee, if any as may be imposed from time to time, and any associated charges provided for in Section 1.03, which fees and charges (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is denied by Board resolution. Any former member of the Cooperative may, by the sole act of paying a new membership fee that may be imposed and any outstanding balance on an account plus accrued interest thereon at the Alabama legal rate on judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, or required contribution in aid of construction), renew and reactivate any prior application for membership to the same effect as though the application has been newly made on the date of such payment.

SECTION 1.03 Membership Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. The Cooperative may impose from time to time an initial membership fee in an amount approved from time to time by the Board. The membership fee (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed from time to time by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection requested by the member.

SECTION 1.04 Joint Membership. A married couple may request in writing to be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership by jointly executing another membership application. If a joint membership is created, it shall constitute a single membership. Either individual in a joint membership may act on behalf of the membership, but only one vote is allowable from the joint membership in any election, and only the first vote received either by mail or in person attributable to that joint membership, shall be counted. Without limiting the generality of the foregoing -

- (a) The presence at a meeting of either individual shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) Notice to, or waiver of notice signed by either individual shall constitute, respectively, a joint notice or waiver of notice;
- (c) Termination in any manner of either individual as a member shall constitute termination of the joint membership as the case may be; and
- (d) Either, but not both concurrently, shall be eligible to serve as a trustee of the Cooperative, but only if both meet the qualifications for such office;
- (e) The presence of either individual, or both, at any meeting will not invalidate any mail ballot previously mailed and the mail ballot will constitute the presence of the member at the meeting.
- (f) In the event of a legal separation recognized by Alabama law or pursuant to a consent order, in the event of a divorce of the spouses holding a joint membership, or in the event that one individual vacates a premises, if one joint member legally

retains possession of a premises being served by the Cooperative, the joint membership, upon notice and proof of status, shall convert to a membership in the sole name of the joint member retaining possession of the premises served and such member shall be entitled to the payment of any future capital credits and to any security deposit that may be refunded in the future.

- (g) Upon the death of either individual who is a party to the joint membership, such membership shall be held solely by the survivor, who will be entitled to any future capital credit payments and will be entitled to any future refund of any service security deposit. Upon legal separation recognized by Alabama law or by court order, divorce, the death of one joint member, or the removal of one individual from the premises, the Cooperative may require a service security deposit or an increase in such deposit from the individual retaining possession of a premises or the survivor in accordance with the Cooperative's rules, policies or standards for requiring service security deposits.

SECTION 1.05 Acceptance into Membership. Upon submission of a completed application, any applicant shall automatically become a member on the date of the member's connection for electric service; provided, the Board of Trustees may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership (including the Membership Obligations) or that such application should be denied for other good cause.

SECTION 1.06 Purchase of Electric Power and Energy; Non-Liability to Members; Power Production by Member; Application of Payments to All Accounts; Dispute Resolution and Arbitration.

- (a) The Cooperative shall use reasonable diligence to furnish its members with safe, adequate and dependable electric service. The Cooperative shall not be liable to the member for any outage of service or voltage fluctuation or other service difficulty resulting from acts of God, such as lightning or wind storm, or from an occurrence that may reasonably be expected to happen in the normal course of utility business, such as equipment failures, and the Cooperative's liability to the members shall be strictly limited as provided in Chapter 6 of Title 37 of the Code of Alabama (1975), as amended (herein the "Act"), under which the Cooperative is organized.
- (b) Each member, for so long as such premises are owned, occupied or used by the member, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service is being furnished by the Cooperative pursuant to the member's membership, unless and except to the extent that the Board may authorize the Cooperative to waive, in writing, such requirement; and each member shall pay, therefor, at the times, and in accordance with the policies, rules, regulations, rate classifications and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established from time-to-time by the Board.

- (c) A member may produce or make use of electric energy produced and consumed by the member entirely on such premises. Except in accordance with policies and regulations that shall be fixed from time-to-time by the Cooperative, and only after written notice to the Cooperative, no member producing electric energy on its premises shall be interconnected with Cooperative facilities and, if such interconnection is permitted, Cooperative shall not be required to purchase any electric capacity or energy from such premises unless the Cooperative has a policy to do so, and, if so, only then in accordance with that policy. Each member shall also pay all other amounts owed by the member to the Cooperative as and when they become due and payable.

- (d) If a metering or billing irregularity is discovered and it is determined that the member has been overcharged, the Cooperative will refund the amount determined or reasonably estimated as an overcharge for the 36 months immediately preceding the date of discovery and, if there has been an undercharge, the member will reimburse the Cooperative for such amount determined or reasonably estimated as the undercharge for the 36 months immediately preceding the discovery of the error. When the member has more than one service connection from the Cooperative, any payment for service by the member to the Cooperative shall be deemed to be allocated and recorded on a pro rata basis to the member's outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

- (e) Except with respect to eminent domain proceedings, any claim, controversy or dispute between the Cooperative and a member relating to or arising out of the provision by the Cooperative to the member of electric power or other related services or any dispute of any other nature relating to the relationship or obligations between the Cooperative and the member (including, but not limited to, these Bylaws) shall be resolved by mandatory binding arbitration. The arbitration shall be conducted in Greenville, Alabama, according to the procedures and rules adopted in regulations prescribed from time-to-time by the Board for arbitration. Such regulations shall be adopted by Board resolution, may be modified from time-to-time, and shall be made generally available on the Cooperative's website or upon request by a member. The regulations in effect at the time of filing the arbitration shall be applicable. The arbitration proceeding shall be presided over by one arbitrator, who shall be a licensed attorney. If no such regulations have been adopted by the Board or if the regulations adopted do not deal with certain aspects of the arbitration procedures, then the arbitration shall be administered in accordance with the Consumer Arbitration Rules for residential and household services to members, and the Commercial Rules for electric services to businesses, of the American Arbitration Association, as such rules are amended, but only to such portion of the arbitration procedures with respect to which the regulations do not apply. Each member of the Cooperative, on becoming a member, agrees to arbitrate

all such disputes according to this Bylaw and any regulations prescribed from time-to-time by the Board of Trustees pursuant to these Bylaws, and to the extent applicable as stated above the Consumer Rules or Commercial Rules, as the case may be, of the American Arbitration Association. Any judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Controversies and claims must be settled through arbitration between the member and the Cooperative and shall not be conducted through collective or class action arbitration. The arbitration shall be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.), which shall supersede any conflicting law of the State of Alabama. In the event of a claim, dispute or controversy, the member shall be required to file the initial demand for arbitration in accordance with the regulations adopted by the Board or, if not so provided in such regulations, in accordance with the applicable rules of the American Arbitration Association as stated above. Each party to the arbitration shall bear its own costs and expenses and attorney's fees in connection with the arbitration; provided that, if court proceedings to stay any litigation or to compel arbitration are necessary, the party who opposes such stay of litigation or opposes the motion to compel the arbitration shall pay all reasonable associated costs, expenses and attorney's fees (including filing fees) of the party seeking to compel the arbitration. The arbitrator shall have the power to grant temporary or permanent injunctive or equitable relief and such other relief granted except that the arbitrator shall have no authority to award special or consequential damages including, but not limited to, punitive damages and loss of opportunity or loss of profits types of damages. Nothing herein shall limit Cooperative's ability to exercise any of its remedies for a member's failure to pay for utility services provided or otherwise, including but not limited to, terminating service.

SECTION 1.07 Excess Payments to be Credited as Member-Furnished Capital. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and such member shall be allocated and credited with the capital so furnished as provided in Article VIII of these Bylaws.

SECTION 1.08 Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.

- (a) Each member, including members who are tenants or renters, shall cause all premises receiving electric service pursuant to the member's membership to become and to remain wired in accordance with the specifications of the National Electric Safety Code and the National Electric Code, or any applicable state code or local government ordinance, and with the specifications of the Cooperative. If the foregoing specifications are variant, the more exacting standards of safety in wiring and connection shall prevail. The Cooperative reserves the right to refuse to serve any premises that do not meet the applicable requirements or that appear unsafe in Cooperative's sole discretion. The Cooperative shall have the right to inspect any

installation before electricity is supplied or any date thereafter to determine compliance with these requirements, but such inspection, or the failure to so inspect shall not render the Cooperative liable or responsible for any loss or damage resulting from defects in such wiring. Any inspection of the premises shall be for the sole benefit of Cooperative. In no event shall the Cooperative be responsible or liable for any damage to any premises that occurs due to improper wiring.

Each member shall be responsible for, and shall indemnify and hold harmless the Cooperative and its employees, agents and independent contractors against death, injuries, losses, damages and costs, including reasonable attorney's fees, resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatus connected thereto or used therein, from the member's negligence or the member's failure to comply with the Cooperative's bylaws, policies, rules and regulations (including referenced safety codes).

- (b) Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, on which to place the Cooperative's physical facilities for the furnishing of and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have safe access thereto for meter reading and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times.
- (c) As part of the consideration for such service, each member shall be the Cooperative's bailee of such physical facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use the member's best efforts to prevent others from so doing on the member's premises. Each member shall also provide such protective devices to the member's premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify and hold harmless the Cooperative and its employees, agents and independent contractors against death, injuries, losses, damages and costs, including reasonable attorney's fees, resulting therefrom, including, but not limited to, the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment.

SECTION 1.09 Member to Grant Easements to Cooperative. Each member shall, upon being requested to do so by the Cooperative, grant and convey, and execute and deliver any documents necessary or required to grant and convey, to the Cooperative, for the member and the member's successors and assigns, easements and rights-of-way over, on, across or under such real property in which the member has any interest owned or leased (and on, under, across or upon

all streets, roads or highways abutting such real property), and such easement or right-of-way to contain such terms as required by the Cooperative and to be utilized for the construction, removal, installation, operation, inspection, relocation, repair, replacement, monitoring, measurement of use and maintenance of electric distribution and service lines and appurtenances owned by the Cooperative, and for any other purposes, such as for communication services, including digital or broadband communication services, when such facilities are used to serve the members. Such easement or right-of-way shall include the right to remove, cut or trim trees, shrubs or other structures on the right-of-way or, in the case of trees, bushes and shrubs, the right to cut or trim trees, bushes and shrubs located outside the easement or right-of-way that in Cooperative's opinion threaten its facilities located on the easement or right-of-way. In addition, each member shall, upon being requested to do so by the Cooperative, provide the Cooperative an easement, license or right-of-way to access, egress and ingress, over, on and across such real property as is necessary for the Cooperative to access its easements or rights-of-way granted by the member and to exercise its rights thereunder.

SECTION 1.10 No Liability for Debts of the Cooperative. All property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 1.11 Membership List. The Cooperative or the Cooperative's agent shall maintain a record of current members in a form permitting the Cooperative, to alphabetically list the names and addresses of all members. Unless approved by the Board or is otherwise required by applicable law, and unless these Bylaws provide otherwise, the Cooperative shall not sale, transfer, disclose, distribute or otherwise dispose of the membership list or any similar list or record of members or information relating to the members.

ARTICLE II - MEMBERSHIP TERMINATION

SECTION 2.01 Termination by Failure to Comply; Reinstatement. Upon the failure of a member, after the expiration of the initial time limit prescribed either in a specific notice to the member or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other noncompliance with the member's Membership Obligations, a person's membership shall automatically be terminated. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement and the cessation of any other noncompliance with the member's Membership Obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which the event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02 Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board shall prescribe and upon either (a) ceasing to own or directly occupy or use all premises being furnished electric service pursuant to membership, or (b) except when the Board of Trustees specifically waives such

condition, abandoning totally and permanently for 60 days the use of central station electric service on such premises. Such termination by withdrawal shall not terminate the member's obligations to pay for such electric service or cause that member to be released from debts or amounts due to the Cooperative.

SECTION 2.03 Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. The death of a natural person who is a member shall automatically terminate the person's membership provided that the death of one individual who is a part of a joint membership shall not terminate the membership and the surviving individual shall continue to be a member, but the estate of the deceased individual shall not be released from any debts or amounts due the Cooperative. The cessation of the legal existence of any other type of member shall automatically terminate such membership.

SECTION 2.04 Effect of Termination. Upon the termination in any manner of a person's membership, the person or person's estate, as the case may be, shall be entitled to refund of the member's membership fee (and the member's service security deposit), if any, theretofore paid to the Cooperative and any amount prepaid in the case of a prepaid account), less any amounts due the Cooperative; but neither member nor the member's estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. If a person's membership is not terminated, that member shall be considered to be in good standing for all purposes hereunder.

ARTICLE III - MEETINGS OF MEMBERS

SECTION 3.01 Annual Meetings. For the purposes of electing Trustees, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held in such month at such place within a county in which the Cooperative provides service as shall be designated in a notice of the meeting (such date and location to be selected by the Board of Trustees) and beginning at such hour as the Board of Trustees shall from year to year fix. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations encouraging member participation by voting whether in person or by mail, at the annual meeting and any special meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative or invalidate any action taken by the Cooperative thereafter.

SECTION 3.02 Special Meetings. A special meeting of the members may be called by resolution of the Board or upon a written request signed by the Chairperson, by any three (3) Trustees or by petition signed by not less than ten percent (10%) of the then total members of the Cooperative, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Special meetings of the members may be held at such place within a county in which the Cooperative provides service as shall be designated in a notice of the meeting, on such date (with such date and location to be selected by the Board of

Trustees), not earlier than sixty (60) days after the call for such meeting is made or a petition therefor is filed, whichever is later, and beginning at such hour as shall be designated by the Board.

SECTION 3.03 Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than forty (40) days before the date of the meeting, either personally, by electronic means or by mail, by or at the direction of the Secretary. Any such notice delivered by mail may be included with member service billings or as a part of or with the Cooperative's monthly or periodic newsletter and/or its monthly or periodic insert, if any, in *Alabama Living Magazine* or any similar magazine then being furnished to the members of the Cooperative as a result of membership in the Cooperative. No matter may be voted or acted upon by the members at an annual or special meeting unless a description of such proposed action has been included in the notice of the meeting sent to the members.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at the member's address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least ten (10) days prior to the meeting date or sent to the member by electronic means addressed to the member at the member's mail or electronic address as it appears on the records of the Cooperative. In making such computation, the date of mailing or other transmission of notice shall be counted as a day and the date of the meeting shall not be counted. The incidental and unintended failure of any member to receive a notice deposited in the mail or sent by electronic means addressed to the member at the member's address as shown on the Cooperative's books shall not invalidate any action which may be taken by the members at any such meeting.

The attendance in person of a member at any meeting of the members or submission of a vote by mail or other means established by the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall so notify the Secretary in writing prior to or at the beginning of the meeting. A member may also waive notice in writing.

SECTION 3.04 Quorum. Business may not be transacted at any meeting of the members unless there are present in person or represented by mail votes or by other means established by the Board at least three percent (3%) of the total members in good standing of the Cooperative on the Record Date as defined in Section 3.07 hereof (herein "Quorum"), except that, if less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date no earlier than thirty (30) days later and to any place within a county in which Cooperative provides service; provided, the Secretary shall notify all members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. Notwithstanding the foregoing regarding a Quorum, no action or vote may be taken on a matter unless such a description of such matter to be acted or voted upon is set forth in the notice of the meeting. Registration of attendance at a meeting of members, mail

votes and, if other means have been approved for voting by the Board then those votes cast by other means, shall be used to determine a quorum.

Notwithstanding the normal quorum requirements stated in the preceding paragraph, the members may not vote to remove a Trustee or Trustees unless there are present in person or represented by mail votes at least five percent (5%) of the persons who are then members in good standing of the Cooperative (herein "Removal Quorum").

SECTION 3.05 Voting.

(a) Each member whose membership is not terminated shall be entitled to one vote and no more, regardless of the number of premises served for that member, upon each matter submitted to a vote at any meeting of the members. Voting by members which are not natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registering at each member meeting, of evidence satisfactory to the Cooperative authorizing the person presenting the same to vote on behalf of such member which is not a natural person. At all meetings of the members, at which a Quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon, except as otherwise required by law or by these Bylaws. Members may not cumulate their votes or vote by proxy.

(b) Each member in good standing on the Record Date as defined in Section 3.07 shall be allowed the opportunity to vote by mail ballot in the election of Trustees, on any proposed changes and/or additions to the Bylaws and on any other matter subject to a vote of the members; provided, if a member is present at a meeting in person, the member may vote on such matters only if a member has not already voted thereon by mail ballot. After review and receipt of any findings relating to the form of mail-in ballots or applicable procedures relating thereto from the Credentials and Election Committee, the Board shall determine and approve the form of the mail-in ballot, the procedures for acceptance or rejection of ballots and the materials to be included therewith. No write-in votes for persons not listed on the ballot shall be counted and no write-in votes on any other proposal contained in the ballot shall be counted. Members shall not make any alterations to the official ballot they receive. The failure of any member of record to receive a copy of any Trustee election materials, motion or ballot subject to member vote shall not invalidate any action which may be taken by the members. Any member voting by mail shall express that member's vote on the ballot sent to the member according to the instructions accompanying the ballot and shall mail the ballot in the envelope provided with the ballot. Each ballot received by mail on or before the date set by the Board of Trustees as the deadline for receipt of the mail ballot received from either of the joint members shall constitute the vote of such joint members. Mail ballots shall be counted in determining a Quorum and Removal Quorum for a meeting of members. The election of trustees shall be decided by a vote of the majority of the members voting thereon. All other questions shall be decided by a vote of the majority of the members voting except as otherwise provided by law or by these Bylaws.

SECTION 3.06 Order of Business. The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be

determined by the Board prior to the meeting.

The Board shall have the authority to approve written minutes of annual and special meetings of the members. Those minutes will be available for inspection by any member within sixty (60) days after an annual or special member meeting. If a member reviews the minutes and believes that the minutes require correction, the member shall notify the Secretary of the Cooperative within sixty (60) days prior to the member meeting in writing that the member requests that approval of the minutes be placed on the agenda for the member meeting. In such event, the agenda shall include consideration of an approval of the minutes as approved by the Board or with corrections proposed by members.

No business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

SECTION 3.07 Record Date. The Board may fix a record date (“Record Date”) for determining the quorum and members entitled to receive notice of a member meeting and to vote at the meeting of the members. Unless otherwise fixed by the Board of Trustees, the Record Date for determining the quorum and the members entitled to receive notice of the meeting shall be sixty (60) days prior to the meeting. No Record Date may be more than seventy (70) days prior to the meeting date. The Record Date once established is effective for any membership meeting adjourned to a date not more than seventy (70) days following the Record Date.

ARTICLE IV - BOARD OF TRUSTEES

SECTION 4.01 Number and General Powers. The business, activities and affairs of the Cooperative shall be managed by a board of nine (9) trustees (each a “Trustee”), which shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative’s Articles of Conversion or these Bylaws conferred upon or reserved to the members. The territory served by the Cooperative shall be divided and periodically re-divided into nine (9) districts (each a “District”), the boundaries of which shall be so fixed that each shall contain approximately the same number of members. Each District shall be represented by one (1) Trustee who shall be elected by the members at large but who must be a member receiving service from the Cooperative within the District that he or she represents.

The Board of Trustees, at any regular or special meeting thereof held not less than one hundred-eighty (180) days prior to the annual member meeting, may review the Districts. If the Board determines that the boundaries should be altered so as to correct any substantially inequitable factors regarding the comparative numbers of members served in the respective Districts, the Board shall by resolution alter the geographical boundaries of the Districts with the aim of arranging more equitable districting in terms of the numbers of members in each District. The Board of Trustees shall cause notice of all such District boundary alterations to be given to the members in writing not less than ten (10) days prior to the date on which the Committee on Nominations for the next annual member meeting shall first convene. A notice of boundary changes in any District shall be

sufficient if such notice is published in the *Alabama Living* magazine.

Any change in the boundaries of the District so made by action of the Board shall be in full force and effect until at least the completion of the election of Trustees at the annual meeting of the members first thereafter held; and provided further, that no such alteration of a District's boundaries by the Board shall become effective so as to extend an incumbent Trustee's existing term beyond the time it would otherwise expire or, unless the Trustee consents thereto in writing, to shorten the term of any Trustee's office prior to the time the Trustee's term would otherwise expire. Notwithstanding any of the provisions of this Section, a violation of the districting provisions shall not invalidate or in any way affect or impair the validity of any corporate action taken by the Cooperative or the Board.

SECTION 4.02 Qualifications; Removal by Board. To become eligible to become or to remain a Trustee, a person must:

- (a) Be an individual and a member in good standing and bona fide resident receiving service from the Cooperative at the member's primary residential abode, which shall be the lawful domicile of such person, for a minimum period of twelve (12) months prior to election and continuously thereafter for the duration of his or her term;
- (b) Comply with all policies of the Cooperative;
- (c) Make reasonable efforts to attend seminars, workshops, and state, regional and national meetings to remain knowledgeable about issues affecting electric cooperatives;
- (d) Have the capacity to enter legally binding contracts;
- (e) Demonstrate by his or her actions an understanding of and belief in cooperative principles and the cooperative way of doing business and support the continuation of the Cooperative; and
- (f) Unless absences are excused for good cause by the Board or members as hereafter described, have no more than four (4) absences from Board Meetings during any twelve (12) month period.

No person shall be eligible to become or to remain a Trustee who:

- (1) Has been convicted of, or pled guilty to a felony or has been convicted of a crime involving moral turpitude within ten (10) years prior to the meeting at which the person is to be considered for election. This disqualification shall be effective whether the sentence was suspended or deferred in such a manner that the person was not formally convicted of the offense;
- (2) Is in any way employed by, or financially interested in, a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical appliances, fixtures or supplies to the members of the Cooperative;
- (3) Is an employee, full or partial owner, director or is otherwise connected with an entity that regularly, directly and substantially competes with the Cooperative or

sells goods or services to the Cooperative except for any entity that the Cooperative controls or in which the Cooperative has a substantial interest, or is employed by an electric utility;

- (4) Is employed by the Cooperative or has been an employee of the Cooperative within the six (6) years immediately preceding the date of the member meeting at which the member will be considered for election to the position of Trustee;
- (5) Possesses any conflict of interest with the Cooperative; and
- (6) Is the incumbent of or candidate for an elected public office in connection with which a salary or compensation other than reimbursement of expenses in excess of \$100 per annum is paid;
- (7) Is a close relative of an incumbent Trustee or of an employee of the Cooperative other than an existing Trustee who will cease being a Trustee upon the candidate assuming office.

Upon becoming a candidate for or to remain a Trustee, an individual must complete a conflict of interest disclosure form to be approved by the Board. For purposes of this section, the reference to “elected public office” shall mean (i) an executive officer position of a federal, state or local government who is elected to such position by the public or, if not elected, who has executive authority to act by applicable law, such as, but not limited to, Governor, State of Alabama officer or head of a department or agency, or Mayor, but such phrase does not include a chairman of a county commission or Probate Judge and (ii) any person who is elected to serve as a state senator or house representative or as a member of Congress.

Notwithstanding the foregoing provision of this Section treating close relative relationships, no incumbent Trustee shall lose eligibility to remain a Trustee or to be re-elected a Trustee if, during his or her incumbency as a Trustee, he or she becomes a close relative of another incumbent Trustee or of a Cooperative employee because of a marriage or an adoption to which the Trustee was not a party. If it is discovered that a person became a Trustee at a time when the Trustee had a close relative who was an employee or an incumbent Trustee at the time of such Trustee’s election, the Trustee shall no longer be eligible to hold office. If it is discovered that the Cooperative has employed a close relative of a Trustee after the date of the Trustee's election, the Trustee shall remain in office and the employment of the employee shall be terminated. For these purposes, a “close relative” is defined in Section 4.13 of these Bylaws.

Upon establishment of the fact that a nominee for Trustee lacks eligibility or becomes disqualified under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Board (or, if a Credentials and Election Committee is then in office, then such Committee) to disqualify such Trustee. Upon the establishment of the fact that any person being considered for, or already holding, a trusteeship in the Cooperative lacks eligibility under this section, it shall be the duty of the Board of Trustees to withhold such position from such person or to cause such Trustee to be removed therefrom, as the case may be.

The office of a Trustee shall automatically become vacant if a Trustee misses as many as four (4) regular meetings of the Board of Trustees during any twelve (12) month period, unless the

remaining Trustees resolve that (1) there was good cause for such absences and (2) such cause shall not likely result in such absences during the ensuing twelve (12) month period. It shall be the duty of the Board of Trustees to remove any Trustee and declare the removed Trustee's office vacant if a Trustee fails to comply with the requirements for qualification set forth above. Such disqualification by the Board shall occur following (i) the Board's written notification to the Trustee, and providing the Trustee an opportunity to comment regarding, the proposed basis for disqualification and (ii) following ninety (90) days after the written notification from the Board, the affected Trustee neither complies with nor meets the qualification to remain as a Trustee. No Trustee may become an employee of the Cooperative for a minimum of six (6) years after leaving the Board of Trustees. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees prior to the removal of a Trustee by the Board.

SECTION 4.03 Election. At each annual meeting of the members, or special meeting in lieu thereof, Trustees shall be elected by ballot by the members at large and votes by mail ballots shall also be counted. Individuals shall be elected for each trustee position by a majority of votes cast at a meeting at which a quorum is present by aggregating the number of members present who voted with the number of votes by mail ballots. In the event that no candidate for a trustee position receives a majority of the votes cast, the Board shall schedule a run-off election between the two (2) candidates receiving the highest total of votes for that trustee position, and shall schedule a special membership meeting for the sole purpose of the special election. Thereafter, flipping a coin a single time shall resolve, when necessary, any tie votes.

SECTION 4.04 Credentials and Election Committee. The Board of Trustees shall establish a Credentials and Election Committee to oversee and validate elections of Trustees or other votes by members. The Credentials and Election Committee shall consist of nine (9) members with one member chosen from each District by the Trustee serving that District. A member of such committee shall not be (1) a member of the Nominating Committee; or (2) an existing or a Close Relative of an existing Trustee, employee or agent; or (3) a known trustee candidate. As determined by the Board, the Cooperative may reasonably compensate or reimburse committee members.

The committee shall (1) elect a chair person and a secretary; (2) establish or approve the manner or method of member registration and voting, both in person, by mail or other means approved by the Board; (3) oversee or supervise member registration and voting and the tabulation of member votes; and (4) consider and decide all questions, issues or disputes regarding (A) member registration and voting, including the determination of members present and eligible to vote and the validity of mail ballots; (B) the tabulation or count of member votes, including the determination of vote results; (C) trustee nominations other than nominations by the Nominating Committee; and (D) whether a trustee nominee or newly elected trustee satisfies the qualifications for holding the office of trustee.

At all meetings of this committee, a majority of committee members constitutes a quorum and actions by the committee require a vote of the majority of the total members of the committee.

At the Cooperative's expense, the Cooperative shall make available legal counsel to the Committee if needed.

SECTION 4.05 Terms and Tenure; Resignation. The terms of the Trustees elected from Districts 2, 5 and 8 shall expire at the annual meeting to be held in 2016. The terms of the Trustees elected from Districts 3, 6 and 9 shall expire at the annual meeting to be held in 2017. The term of the Trustees elected from Districts 1, 4 and 7 shall expire at the annual meeting to be held in 2018. The term of all Trustees elected shall continue three (3) years. Upon their election, Trustees shall, subject to the provisions of these Bylaws with respect to the removal of Trustees, serve until the earlier to occur of the following: the Trustee's death, the Trustee's resignation, or until the annual meeting of the members of the year in which their terms expire or, if later, until their successors shall have been elected and shall have qualified. A Trustee may resign at any time by delivering written notice of resignation to the Board, the Chairman or the Secretary. Unless a written notice of resignation specifies a later effective date, a Trustee's resignation is effective upon the receipt by the Board, Chairman or Secretary, as the case may be, of such written notice of resignation, with the vacancy to be filled in accordance with Section 4.09. If for any reason an election of Trustees shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election to be held for a given year shall allow the incumbents whose Trusteeships would have been voted on to hold over only until the next member meeting at which a quorum is present for which the election of Trustees is to be held.

SECTION 4.06 Nominations.

(a) Nominating Committee. It shall be the duty of the Board of Trustees to appoint, not less than ninety (90) days before the date of a meeting of the members at which Trustees are to be elected, a Committee on Nominations, consisting of five (5) members from each District (i.e., for a total of 15) whose Trustees are up for election. No member of the Board of Trustees, no employee, agent, or officer of the Cooperative, no known candidate for Trustee, and no Close Relative or member of the same household of any of the foregoing, may serve on such committee. The committee shall prepare and post at the principal office of the Cooperative at least sixty (60) days before the meeting, a list of nominations for Trustees, arranged in groups according to the Districts in which the candidates reside. The committee is not required to meet at a single location, but may meet and participate by means of electronic communication through which each person participating may hear each other person's commentary including by the way of conference call or webinar meeting.

(b) Member Nomination. Twenty-five (25) or more members in good standing from a District acting together may make nominations for Trustee to represent their District by petition filed with the Cooperative not less than sixty (60) days prior to the meeting at which the election is to be held and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The petition must be signed with dated signatures and such signatures shall all be dated within sixty (60) days of the earliest signature. Each page of

the petition shall, in the forepart thereof, state the name of the nominee and shall be required to state the names, addresses and telephone numbers of the members and their respective dates of signing, signed by each member in the same name as the member is billed by the Cooperative. The Secretary shall mail with the notice of the meeting or separately, but at least fifteen (15) days before the date of the meeting, a listing of the Trustee positions to be filled and the names and address of the candidates grouped by Districts, specifying separately the nominations made by the Committee on Nominations and the nominations made by petition, if any. Nominations for Trustee in any other manner, including nominations from the floor, shall not be allowed. Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of Trustees or the validity of any action taken by the Board of Trustees after the election of Trustees.

SECTION 4.07 Voting for Trustees. In the election of Trustees, each member who was a member in good standing on the Record Date shall be entitled to vote in each election of a Trustee.

SECTION 4.08 Removal of Trustees by Members.

(a) Members may request the removal of a Trustee for a grossly negligent, fraudulent or criminal act or acts which significantly and adversely affect the Cooperative or for failure to meet or maintain the qualifications set forth in Section 4.02 hereof, by delivering to the Chairman or Secretary a dated, written petition containing the following (such petition is herein referred to as the "Trustee Removal Petition"):

1. A written statement identifying by name the Trustee for which removal is being sought, which statement must be contained on each page of the petition;
2. Explaining, on each page of the petition, the basis for requesting the Trustee's removal and identifying the grossly negligent, fraudulent, or criminal act or acts of such Trustee or identifying the specific failures to meet or maintain the qualification requirements, which underlie the removal request; and
3. Containing the printed names, addresses and original dated signatures, which signatures must be obtained and dated within sixty (60) days following the date of the first signature on the petition, of at least ten percent (10%) of the members of the Cooperative.

Within thirty (30) days following the date of the receipt by the Chairman or Secretary, as the case may be, of such petition, (i) the Board shall conduct a meeting at which the Trustee Removal Petition is reviewed for compliance with this section, either at a regularly scheduled meeting or, if a Board Meeting is not regularly scheduled within the required thirty-day review period, a special called meeting of the Board, and (ii) the Trustee Removal Petition shall be forwarded to the implicated Trustee or Trustees following such Board meeting. The implicated

Trustee shall be excused from all discussion and consideration of the Trustee Removal Petition at the Board Meeting. The Board may move into executive session to discuss the Trustee Removal Petition but shall be required to move out of executive session in order to take action with respect to the Board's determination.

(b) If the Board determines that the Trustee Removal Petition complies with the requirements of this Section 4.08, then the Board shall establish a date for holding a member meeting for the purposes hereinafter stated, which member meeting shall be held within sixty (60) days following the Board's determination that the Trustee Removal Petition complies with this Section 4.08.

Notice of the special member meeting shall be given in accordance with the other requirements of these Bylaws, provided that the Notice is required to state (i) that one of the purposes of the member meeting is to conduct a hearing on the removal petition for a Trustee; (ii) that a copy of the Trustee Removal Petition is available for review at the Cooperative's main office; and (iii) that evidence may be presented regarding the removal of the Trustee. At the member meeting, the Chairman (or his designee) shall preside at the member meeting.

If a Quorum (not a Removal Quorum) is present at the member meeting, the member designated in the Trustee Removal Petition to present evidence of the allegations or, if none is so designated, a majority of the members who signed the Trustee Removal Petition shall be permitted to designate a member from among their group to present evidence to establish the alleged basis for removing the Trustee as set forth in the Trustee Removal Petition. If a Quorum is not present then the meeting shall be adjourned for thirty days for which additional Notice shall be given in order to obtain a Quorum at the adjourned meeting.

Each Trustee subject to the Trustee Removal Petition is permitted to be represented by legal counsel who shall be allowed to ask questions of the members who submitted the Trustee Removal Petition and to contest any factual evidence submitted. In addition, each implicated Trustee shall have the opportunity (by himself or herself or by his or her legal counsel) to refute and present evidence opposing the basis alleged for removing the Trustee. The hearing portion of the member meeting relating to the Trustee Removal Petition shall be transcribed by a court reporter to produce a record.

Following the Trustee's presentation and following any Member discussion, the Chairman (or other presiding officer) shall establish a date for a second special Member meeting with such special member meeting to be held no less than thirty (30) days following the date of the first special member meeting at which the Trustee hearing was held. Notice of the special member meeting shall be given in accordance with the other provisions of these Bylaws provided that the Notice is required to state that the sole purpose the special member meeting is to consider and vote upon the removal of a Trustee.

If a Removal Quorum is present at such second special member meeting, then upon a

vote for removal receiving the approving vote for removal by sixty percent (60%) or more of the members voting at the special member meeting at which the Removal Quorum is present or represented by mail ballot, such Trustee shall be deemed removed effective at the time and date of the member vote. If a Removal Quorum is not obtained, the meeting shall be adjourned for thirty days for which Additional Notice shall be given to obtain a Removal Quorum at the adjourned meeting.

If the required Quorum or Removal Quorum is not obtained at an adjourned meeting then the Trustee Removal Petition shall be deemed denied.

Neither a Trustee Removal Petition nor a Trustee's removal shall affect any Board action taken while the implicated Trustee is serving or while the Trustee Removal Petition is outstanding.

Notwithstanding anything contained herein to the contrary, no basis shall exist for a Trustee to be removed for lawfully opposing or resisting any transfer of Cooperative's assets or any Cooperative dissolution.

SECTION 4.09 Vacancies. Except for vacancies caused by the removal of Trustees by the members under Section 4.08 or by the Board's removal under Section 4.02, which are dealt with below, a vacancy occurring in the Board of Trustees shall be filled by the Board of Trustees appointing an individual for the vacant position who shall serve for the remaining unexpired term of the Trustee whose office was originally vacated. Such individual so appointed to fill the vacancy shall be from the same District as the Trustee whose position became vacant and shall meet the Trustee eligibility requirements. In the case of a vacancy created by the removal of a Trustee by the Board under Section 4.02 or by the members under Section 4.08, the Board of Trustees shall appoint an individual to serve as Trustee which individual shall reside in the same District as the Trustee was removed and shall meet the Trustee eligibility requirements to serve until the next following election of Trustees, not necessarily the election in which the District for which the Trustee is serving would normally be subject to election. At that election, the Trustee position for the District whose Trustee was removed shall be up for election by the membership to elect a Trustee to serve the then remaining unexpired term of that Trustee or, if the Trustee position was otherwise up for election (and not up for election due to removal of Trustee), for a full term.

SECTION 4.10 Expenses; Compensation. The Board of Trustees shall be reimbursed for expenses incurred by them in the performance of their duties. Trustees who are serving or have served the Cooperative shall only be compensated for the performance of their duties as is authorized in the statute under which the Cooperative is organized. By resolution, the Board of Trustees may establish a fixed sum and expenses of attendance, if any, to be allowed for attendance at each meeting of the Board of Trustees, meetings for training and updating trustees sponsored by the Cooperative or organizations related to rural electric utilities or for time expended otherwise performing their duties.

SECTION 4.11 Policies, Rules, Regulations, Rate Schedules and Contracts.

The Board of Trustees shall have power to make, adopt, amend, abolish and promulgate from time-to-time such policies, rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other type of deposits, payments or charges, including contributions in aid of construction, or other policies relating to the provision of electricity to members, not inconsistent with law or the Cooperative's Articles of Conversion or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative. Any Board adopted policies, rules, regulations or other requirements contemplated by the preceding sentence, as they may be altered or admitted from time to time, shall be binding on the members as though they were a part of these Bylaws and as though they had been set out in the membership application signed or otherwise acknowledged by the member.

SECTION 4.12 Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition. The Board shall also, after the close of each fiscal year, cause to be made a full, complete and independent audit of the accounts, books and records reflecting the financial operations during, and financial condition of the Cooperative as of the end of, such fiscal year. A summary of such audit reports shall be submitted to the members at or prior to the following annual member meeting. The Board of Trustees may authorize special audits, complete or partial, at any time and for any specific period of time.

SECTION 4.13 "Close Relative" Defined. As used in these Bylaws, "close relative" means, with respect to a specific person, a person who, by blood or by law, including step, half, foster and adoption, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the specified person or is a person who otherwise resides in the same residence as the specified person.

SECTION 4.14 Other Committees. The Board may, from time to time, create committees of the Board ("Board Committees") and appoint Trustees to serve on the Board Committees. Each Board Committee must consist of two (2) or more Trustees who shall serve on the committee at the Board's discretion. The Board may also from time to time create committees of the members (herein referred to as "Member Committees") and appoint members, including Trustees, to serve on the Member Committees. The Board Committees, the Member Committees and the Trustees appointed to serve thereon shall be created and appointed by a resolution of the Board duly adopted. The provisions contained in these Bylaws relating to the meetings of the Board including, but not limited to, notice, action by written consent, waiver of notice and quorum requirements as applied to the Board and voting shall apply to Board Committees and Member Committees as though the committee members were considered trustees in those provisions. Except as prohibited or limited by applicable law, the Articles of Conversion or these Bylaws, the Board by resolution duly adopted may authorize a Board Committee to exercise certain Board authority to act, except that such Board Committee may not (i) retire and refund capital credits; (ii) approve the Cooperative's dissolution or merger, or the sale, pledge or transfer of all, or substantially all, of its assets; (iii) elect, appoint or remove Trustees, or fill any Board or Board Committee vacancy; or (iv) adopt, amend or repeal these Bylaws. In no event may Member Committee exercise any authority relegated or delegated to the Board by applicable law, the Articles

of Conversion, the Bylaws or otherwise.

Unless otherwise determined by the Board, the Board shall establish an executive committee to be comprised of the Chairman, Vice Chairman, Secretary and Treasurer (herein the “Executive Committee”). Such Executive Committee shall meet when it is impracticable or inconvenient for the Board to timely meet to consider a matter, and except for such matters as prohibited by applicable law, the Articles of Conversion, these Bylaws or Board-adopted policy or resolution, the Executive Committee may exercise all Board authority regarding a matter when meeting between Board meetings. At the next Board Meeting following any exercise of authority by the Executive Committee, the Executive Committee shall report to the Board regarding the Executive Committee’s exercise of Board authority to be then ratified by the Board.

The Board may, by resolution, duly adopt and authorize the provision of food for both Board Committees and Member Committees while performing their functions, authorize the payment of expenses and even authorize the payment of per diem compensation to such committee members as determined by the Board.

ARTICLE V - MEETINGS OF THE BOARD OF TRUSTEES

SECTION 5.01 Regular Meetings. A regular meeting of the Board of Trustees shall be held monthly on such day and at such time and place in Alabama as the Board of Trustees shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the day, time and place thereof, except when business to be transacted thereat shall require special notice; provided, if a policy therefor is established by the Board authorizing such action, the Chairman may change the day, time or place of a regular monthly meeting for a good cause. If a regular meeting date is changed by Board action, any Trustee not attending the Board meeting at which the regular Board meeting date, time or location is changed is entitled to receive notice of the regular Board meeting change at least five (5) days before the next regular Board meeting. All Trustees are entitled to receive notice of a Chairman’s change in a regular Board meeting date, time or location at least five (5) days before the change to the regular Board meeting.

One, several or all Trustees may participate in a regular meeting of the Board of Trustees by telephone conference call or by other electronic means approved by the Board by which all Trustees participating may hear each other, without regard to the actual location of the Trustees at the time of such a telephone conference or electronic meeting if all the Trustees consent thereto.

SECTION 5.02 Special Meetings. A special meeting of the Board of Trustees may be called by the Board of Trustees, by the Chairman or by any three (3) Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The Board, the Chairman, or the Trustees calling the meeting shall fix the date, time and place for the meeting. Special meetings, upon proper notice as otherwise provided in Section 5.03, may be held via telephone conference call, or other electronic means approved by the

Board by which all Trustees participating may hear each other, without regard to the actual location of the Trustees at the time of such a telephone conference or electronic meeting, if all the Trustees consent thereto.

SECTION 5.03 Notice of Trustees Meetings; Waiver of Notice. Written notice of the date, time, place (or telephone conference call or participating by other electronic means) and of the purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each Trustee not less than five (5) days prior thereto, either personally or by mail, or by electronic means, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by those calling it in the case of a special meeting or by any Trustee in the case of a meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Trustee at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid and postmarked at least five (5) days prior to the meeting date. If notice is given by electronic means, such notice shall be sent to the last known electronic mail address of each Board Member at least five (5) days prior to the meeting date. The attendance of a Trustee at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting in writing to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. A Trustee may also waive notice in writing.

SECTION 5.04 Quorum. The presence in person, by conference call or by other electronic means of a majority of the Trustees in office shall be required as a quorum for the transaction of business and the affirmative votes of a majority of the Trustees present, participating by conference call or by other electronic means, shall be required for any action to be taken; provided, a Trustee who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon the matter, be counted in determining the number of Trustees in office or present; and provided further, if less than a quorum be present at a meeting, a majority of the Trustees present may adjourn the meeting from time to time, but shall cause all Trustees to be duly and timely notified of the date, time and place of such adjourned meeting.

SECTION 5.05 Board Action by Written Consent. Without a Board meeting, the Board may take any action required or permitted to be taken at a Board meeting, if the action is taken by all Trustees and evidenced by one (1) or more written consents (a) describing the action taken, (b) signed by each Trustee, and (c) included with the Cooperative's Board meeting minutes. Unless the written consent specifies a different effective date, action taken by written consent is effective when the last Trustee signs the written consent. A written consent has the effect of, and may be described as, a Board meeting vote.

ARTICLE VI - OFFICERS; MISCELLANEOUS

SECTION 6.01 Number and Title. The officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary, and Treasurer, and such other officers as may from time to time be determined by the Board of Trustees. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02 Election and Term of Office. The officers named in Section 6.01 shall be elected annually by and from the Board of Trustees at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or, if later, until the officer's successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of Trustees and to the removal of officers by the Board of Trustees. Any other officers may be elected by the Board from among such persons and with such title, tenure, responsibilities and authorities as the Board of Trustees may from time to time deem advisable.

SECTION 6.03 Removal. Any officer elected or appointed by the Board of Trustees may be removed by the Board of Trustees with or without cause, subject to the provisions of any employment contract.

SECTION 6.04 Chairman. Unless otherwise determined by the Board and unless otherwise required by law, the Articles or these Bylaws, the Chairman shall:

- (a) be the principal executive officer of the Board of Trustees, shall be the President of the Cooperative for statutory purposes and shall preside at all meetings of the Board of Trustees, and, unless determined otherwise by the Board of Trustees, at all meetings of the members;
- (b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general, perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Trustees from time to time.

SECTION 6.05 Vice Chairman. Unless otherwise determined by the Board and unless otherwise required by law, the Articles of Conversion or these Bylaws, in the absence of the Chairman, or in the event of his inability or refusal to act, the Vice Chairman 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; and shall perform such other duties and exercise such other authority as from time to time may be assigned to the Vice Chairman by the Board of Trustees.

SECTION 6.06 Secretary. Unless otherwise determined by the Board and unless otherwise required by law, the Articles of Conversion or these Bylaws, the Secretary shall:

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board of Trustees in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) may affix the Cooperative's seal 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 Bylaws or is required by law;
- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- (e) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees;
- (f) notwithstanding Section 6.02 hereof, the Board of Trustees may elect one or more Assistant Secretaries who may perform the duties of the Secretary.

SECTION 6.07 Treasurer. Unless otherwise determined by the Board and unless otherwise required by law, the Articles of Conversion or these Bylaws, the Treasurer shall in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board of Trustees.

SECTION 6.08 Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinabove provided in Sections 6.06 and 6.07, the Board of Trustees by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's duties to one or more agents, other officers or employees of the Cooperative who are not Trustees. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.09 Vice Presidents. The Board may appoint one or more individuals to serve as Vice Presidents of the Cooperative, designating each Vice President by different title (i.e., Executive Vice President or Vice President of Finance, etc.) to have such duties and authorities as are established from time to time by the Board, by policies adopted by the Board or by these Bylaws. If one or more persons shall be appointed to serve as a Vice President of the Cooperative, one of such persons shall be designated as the Executive Vice President who shall have authority over the remaining Vice Presidents as set forth in a resolution by the Board, or in policies adopted by the Board or by these Bylaws. In absence of any such authority granted in a resolution or policy adopted by the Board, the Executive Vice President shall have the highest executive authority and apparent agent authority, subject to the direction by the Board and the President. The individuals selected to serve as Vice Presidents shall be employees of the Cooperative.

SECTION 6.10 Resignation of an Officer. At any time, any officer may resign by delivering to the Board a written resignation. Unless the resignation specifies a later effective date, the resignation is effective when received by the Chairman or Secretary of the Board. If a

resignation is effective at a later date, then the Board may fill the vacancy officer position before the later effective date, but the successor officer may not take office until the later effective date.

SECTION 6.11 Bonds. The Board of Trustees shall require any officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12 Indemnification. The Cooperative shall fully indemnify - and may purchase insurance to ensure such indemnification - all present and former Cooperative Trustees, officers, and employees against liability and costs of defending against liability, including reasonable attorney's fees, to the fullest extent permissible by law, including, without limitation, Section 37-6-3(16) of the Code of Alabama of 1975, as amended, or any other provision of law similar thereto, as the same may from time to time be amended, repealed or supplemented, as long as that individual (i) acted in good faith and (ii) had reason to believe (A) as to a Trustee, officer, employee or agent that such individual's conduct was in the Cooperative's best interest or (B) for all other conduct that the individual's conduct was not opposed to the Cooperative's best interest. In the event of any criminal proceeding, the individual had no reasonable cause to believe that his or her conduct was unlawful. The Cooperative may, as part of the indemnification herein contemplated, advance expenses on behalf of the individual if approved by the Board.

ARTICLE VII - FINANCIAL TRANSACTIONS

SECTION 7.01 Contracts. Except as otherwise required by law or these Bylaws, any two (2) officers may sign, execute and acknowledge any document, for and on behalf of the Cooperative, properly authorized and approved by the Board or the members. The Board may authorize additional Cooperative officers, employees, agents or representatives acting singularly or jointly to sign, execute, and acknowledge any document on Cooperative's behalf, and such authority may be either general or confined to specific instances.

SECTION 7.02 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

SECTION 7.03 Deposits; Investments. All funds except petty cash of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Trustees may select.

ARTICLE VIII – COOPERATIVE NOT FOR PROFIT OPERATION

SECTION 8.01 **Nonprofit and Cooperative Operation.** The Cooperative:

1. Shall operate on a nonprofit basis;
2. Shall operate on a cooperative basis for the mutual benefit of all Patrons; and
3. Shall not pay interest or dividends on capital or deposits furnished by Patrons.

Members shall have no individual or separate interest in the property or assets of the Cooperative except as provided herein.

SECTION 8.02 **Allocating and Crediting Capital.** In operating the Cooperative:

A. Patron. A person is a patron of the Cooperative (“Patron”) when such person receives electric energy from the Cooperative. An “Entity Patron” is a Patron other than a natural person.

B. Capital Credits. Patrons shall furnish and contribute to the Cooperative, and the Cooperative shall receive from Patrons, as capital, the amount (“Operating Margins”) by which the funds and amounts received by the Cooperative from Patrons for providing electric energy and related services (“Operating Income”) exceed the Cooperative’s costs and expenses of providing such electric energy and related services (“Operating Cost”). In order to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its Patrons, members and non-members alike, for all such Operating Margins each fiscal year of the Cooperative.

The Cooperative shall annually allocate to each Patron, and will distribute by allocation of credits to an accounting capital account for each Patron, Operating Margins in proportion to the value or quantity of the energy used by each Patron (i.e., on a patronage basis) during the applicable fiscal year (“Capital Credits”). The books, accounts and records of the Cooperative shall be established and kept in such manner so that following the end of each fiscal year the amount of capital, if any, so furnished by each Patron is clearly reflected and credited in an appropriate record to the capital account for the Patron. The Cooperative shall within reasonable time after close of the fiscal year notify each Patron of the amount of capital so credited by allocation to the account, provided that individual notices of such amounts furnished by each Patron shall not be required if the Cooperative notifies all Patrons of the aggregate amount of such Operating Margins and provides a clear explanation of how a Patron may compute and determine for himself or herself the specific amount of capital so credited to that Patron for the fiscal year. Upon the request of a Patron, the Cooperative shall notify the Patron of the amount of capital so credited to the Patron’s account. All Capital Credits shall be treated as though the Cooperative paid the Capital Credit amounts to each Patron in cash pursuant to a preexisting legal obligation, and each Patron had then returned and contributed as a capital contribution to the Cooperative the corresponding Capital Credit amounts.

C. Affiliated Capital Credits. If the Cooperative is a member, owner, or patron of an entity providing a good or service used by the Cooperative in furnishing electric energy including any lender providing financing to the Cooperative (“Affiliated Entity”), then, to the extent the Affiliated Entity allocates or credits funds, amounts, or capital to the Cooperative in proportion to the value or quantity of the goods or services used by the Cooperative in providing the Cooperative Service (“Affiliated Entity Allocated Capital”), the Cooperative may through action of the Board separately allocate and credit to Patrons the Affiliated Entity Allocated Capital (“Affiliated Capital Credits”):

1. In proportion to the value or quantity of the Cooperative Service used by each Patron;
and
2. If the Cooperative determines, and separately identifies, the Affiliated Capital Credits.

For purposes of these Bylaws, if not separately identified for a fiscal year then Affiliated Entity Allocated Capital will be treated as a part of Operating Income for otherwise determining Capital Credits.

D. Non-Operating Margins. Other than Operating Margins, funds and amounts received by the Cooperative that exceed the Cooperative’s costs and expenses (“Non-Operating Margins”) shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, (b) used to fund reserves for current or future debt obligations, reserves for future construction or working capital or programs for education concerning effective use of electric energy and other cooperative services and, (c) to the extent not needed for such purposes, allocated to its Patrons on a patronage basis. Any amount so allocated will be included as a part of the Capital Credits allocated to the capital accounts of Patrons, as herein provided.

E. Permanent, Non-Allocated Capital. For purposes of these Bylaws, permanent, non-allocated capital refers to those amounts of capital of the Cooperative contributed that are no longer subject to allocation and retirement among Patrons by the Cooperative. Such permanent non-allocated capital shall only be paid out upon dissolution or liquidation of the Cooperative, after payment or provision of payments to creditors as required by applicable Alabama Law, to those persons entitled thereto as determined under applicable Alabama Law. Permanent non-allocated equity may arise from these Bylaws, or from classifications made by judgments, court orders or by judicially approved settlement agreements relating to Capital Credits or from action adopted by the Board to classify Non-Operating Margins or other amounts following a determination if, with respect to such other amounts, such determination does not affect the Cooperative’s status as a cooperative.

SECTION 8.03 Retiring Capital Credits. At any time prior to the Cooperative’s dissolution or liquidation, if the Board determines that (i) the Cooperative’s financial condition will not be adversely impacted or impaired by the distribution, (ii) such distribution is permitted under Alabama law (including after determining or establishing such reserves as are permitted or required by law) and (iii) such distribution is not prohibited by any loan, mortgage or indenture

covenants or agreements binding on the Cooperative, the Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire Capital Credits to Patrons and former Patrons in accordance with the Board's determination as described in these Bylaws.

The Board shall determine the manner, method, order and timing of retiring Capital Credits and Affiliated Capital Credits subject to any contrary requirements of any court order, judgment or final judicially approved settlements relating to Capital Credits. The Board shall have the power to adopt rules providing for the separate retirement of that portion of Affiliated Capital Credits credited to the accounts of Patrons which corresponds to the Affiliated Entity Allocated Capital.

The rules shall (a) establish a method for determining the portions of such Affiliated Capital Credit credited to each Patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books such portion of Affiliated Capital Credits credited to the Patrons, (c) provide for appropriate notifications to Patrons with respect to such portions of Affiliated Capital Credits credited to their accounts, and (d) preclude general retirements of such portions of Affiliated Capital Credits credited to Patrons for any fiscal year prior to the general retirement of other Capital Credits credited to the Patrons for the same year.

In no event shall any Patron have any legal or property right or entitlement to demand a cash distribution of Capital Credits at any time.

Upon the death of any individual Patron or individual former Patron ("Deceased Patron"), but not upon the cessation of existence of any Entity Patron or former Entity Patron, and pursuant to a written request from the Deceased Patron's legal representative, the Board may retire the Deceased Patron's Capital Credits and Affiliated Capital Credits under terms and conditions agreed upon by the Deceased Patron's legal representative and the Cooperative (including upon a discount).

Before retiring any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct and offset from the Capital Credits or Affiliated Capital Credits any amounts owed to the Cooperative by the Patron or former Patron, including any reasonable compounded interest at the Alabama legal rate on judgments determined as in effect when such amount became overdue and any late payment fee determined by the Board.

If the Cooperative takes reasonable measures to notify any Patron or former Patron of retired Capital Credits or Affiliated Capital Credits, and if the Patron or former Patron fails to claim the retired Capital Credits or Affiliated Capital Credits within five (5) years after the first notification is issued, then the Patron or former Patron shall be deemed to contribute to the Cooperative, and the Cooperative accepts, the unclaimed amounts from the Patron or former Patron, as permanent, non-allocated capital.

SECTION 8.04 Patron Agreement. Each Patron agrees that:

1. Neither Capital Credits, Affiliated Capital Credits, nor similar amounts are securities under state or federal law;
2. A Patron's right to receive Capital Credits, Affiliated Capital Credits, or similar amounts vests, accrues, and becomes payable only upon the Cooperative retiring the Capital Credits, Affiliated Capital Credits, or similar amounts as provided in these Bylaws, and not upon the Cooperative allocating or crediting the Capital Credits, Affiliated Capital Credits, or similar amounts; and
3. To the extent required by local, state, or federal law, each Patron will:
 - a. Report to the appropriate entity allocated, credited, or retired, Capital Credits, Affiliated Capital Credits, and similar amounts;
 - b. Pay to the appropriate entity any tax or similar amount on allocated, credited, or retired, Capital Credits, Affiliated Capital Credits, and similar amounts.

ARTICLE IX - DISPOSITION AND PLEDGING OF PROPERTY: DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 9.01 Disposition and Pledging of Property.

(a) The Cooperative, in compliance with Alabama law, may authorize the sale, lease, lease-sale, exchange, conveyance, transfer or other disposition of all or a substantial portion of its properties and assets; and may mortgage, pledge or otherwise encumber all or any portion of its properties and assets and the revenues therefrom to secure indebtedness; and the Board of Trustees, without further authorization of the Cooperative's members, shall have full power and authority (1) to borrow monies from any source and in such amounts as the Board may from time to time determine and (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties and assets as security therefor. The Board may also, without prior approval of the members, dispose of Cooperative properties and assets that do not constitute a substantial portion of the Cooperative's property and assets, if the proposed sale is in the nature of an involuntary sale, such as condemnation, or a sale required or authorized by electric utility territorial legislation or if the property or assets to be sold are no longer used or useful in conducting the business of the Cooperative. Properties and assets authorized for disposition by voluntary agreement of the Board of Trustees, where such disposition is in the nature of a forced sale for the reason that the purchaser possesses and would otherwise exercise the legal right to acquire, damage, relocate or destroy such property by condemnation or otherwise without the Cooperative's consent, shall constitute "merchandise or property no longer necessary or useful for the operation of the Cooperative." "Substantial portion" means ten percent (10%) or more of the Cooperative's total assets, after depreciation, as reflected on its books at the end of the fiscal year preceding the time of the transaction.

(b) If the Cooperative shall receive any offer from any person or entity to acquire or

lease all or a substantial portion of the assets or property of the Cooperative, or to engage in or negotiate a merger or consolidation with another cooperative, the requirements of the second and subsequent paragraphs of Section 37-6-21 of the Code of Alabama 1975, as amended, as it may read from time to time, shall be followed.

SECTION 9.02 Distribution of Surplus Assets on Voluntary Dissolution. Upon the Cooperative's voluntary dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Trustees, not inconsistently with the provisions of the third paragraph of Section 8.02 of these Bylaws, be distributed without priority but on a patronage basis among all persons who are or have been members of the Cooperative during the seven (7) years next preceding the date of the filing of the certificate of election to dissolve, or, on such other basis as the Board of Trustees may reasonably determine; provided, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE X - RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Trustees, of any committee provided for in these Bylaws and of any other committee of the members or Board of Trustees which may from time to time be duly established shall be governed by the then most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Bylaws. This Article shall be subordinate to any other provision of these Bylaws pertaining to the votes required for action by members, Trustees or committees.

ARTICLE XI - MISCELLANEOUS

SECTION 11.01 Power to Amend. The Cooperative's Bylaws may be changed (adopted, amended or repealed) by the members in the manner hereinafter set forth; provided, either the Board of Trustees or the members may declare the repeal of any bylaw provision if, as established by law, such provision is illegal or has become a legal nullity.

SECTION 11.02 Procedure for Amending. A bylaw may be changed only if (1) a copy or an accurate summary explanation of the proposed change is contained in or with the notice of the member meeting at which it is to be acted upon; and (2) it is sponsored or proposed by the Board. The Board shall not cause any proposed bylaw change to be noticed or acted upon, or permit any amendment to a proposed bylaw change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity.

SECTION 11.03 Effective Date. The Bylaws of the Cooperative currently in effect as amended through October 12, 2013 are hereby repealed in their entirety and substituted therefore are the within Bylaws effective at the end of the business meeting held on October 15, 2016 at

which these Bylaws are adopted.

SECTION 11.04 **Fiscal Year.** Unless otherwise provided by law or in the Articles, the Board shall determine, and may modify, the Cooperative’s fiscal year.

SECTION 11.05 **Governing Law.** These Bylaws shall be governed by, and construed and interpreted under, the laws of the State of Alabama.

SECTION 11.06 **Title and Headings.** All titles and headings of Bylaw articles, sections, and sub-sections are for convenience of reference only, and do not affect the interpretation of any Bylaw article, section, or sub-section.

SECTION 11.07 **Partial Invalidity.** When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively “Bylaw Provision”) must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any Court possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and members, does not invalidate the remaining Bylaw provisions and severed from the Bylaws.

SECTION 11.08 **Lack of Notice.** To the extent allowed by law and the Articles, the failure of any member or trustee to receive notice of any meeting, action, or vote does not affect or invalidate, any action or vote taken by the members or Board.

SECTION 11.09 **Electronic Means.** At the times and to the extent allowed by applicable law the Board of Trustees may authorize, by duly adopted resolutions, the use of electronic signatures and electronic records for transactions as permitted under Chapter 1A of Title 8 of the Code of Alabama (1975), as amended. In addition, to the extent that corporate laws that are otherwise applicable to the Cooperative permit providing notice through approved electronic means or permit voting or proxies to be submitted by approved electronic means, as the applicable corporate law requirements so provide and, if the Board of Trustees so approves and authorizes the use of electronic means to distribute notices and for electronic voting or proxies to be used, as established by a resolution duly adopted by the Board, then the Cooperative may utilize electronic means, as then defined under applicable law and as approved by the Board of Trustees, to transmit notices and to accept voting or obtaining proxies through electronic means. Nothing contained in this Section 11.09 hereby specifies a qualifying “electronic means” nor is this provision effective to permit the use of electronic transmission of notices or acceptance of electronic voting or proxies without both (1) applicable law permitting such use and (2) only after the Board of Trustees shall approve such use pursuant to a resolution duly adopted by the Board.

Revision Effective Date: October 12, 2019