



**Pioneer Electric Cooperative, Inc.**  
**Greenville, Alabama**

**By-Laws**

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## Article I – Cooperative Membership

SECTION 1.00 – Cooperative Membership. Any individual or entity (“Person”) with the capacity to enter legally binding contracts and who consumes, receives, purchases, or otherwise uses (collectively, “Uses”):

1. Electric power or energy generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided (collectively, “Provided”) by Pioneer Electric Cooperative, Inc.(“Cooperative”); or
2. As determined by the Cooperative, any other good or service Provided by the Cooperative, the income from which may be exempt from federal income taxation;(collectively, “Cooperative Service”) is eligible to become and remain a Member.

No Person, either individually or through an Entity not considered to be legally separate from its members, owners, or participants, may hold more than one (1) Cooperative membership, and no membership in the Cooperative shall be transferable, except as provided by these bylaws.

SECTION 1.01 – Membership Procedure. Unless these Bylaws provide otherwise, or the Board determines otherwise, any eligible Person seeking to become a Member (“Applicant”) must complete the procedures stated in this Bylaw to the Cooperative’s satisfaction (“Membership Procedures”) within a reasonable time of initially Using or requesting to Use the first Cooperative Service Used, or to be Used, by the Member.

A. Membership Application. Each Applicant must complete and sign a written membership application provided by the Cooperative in which the Applicant agrees to:

1. Comply with the membership application and the following documents and materials, all as currently existing and as later adopted or amended (collectively, “Governing Documents”), ensure that any product, equipment, structure, facility, controlled, operated, or furnished by the Applicant (“Member Equipment”) and connected to any product, equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative (“Cooperative Equipment”) complies with the following Governing Documents, and ensure that any act or omission involving any Member Equipment connected to any Cooperative Equipment complies with the following Governing Documents:
  - a. All applicable laws and legally binding agreements regarding the:
    - (i) Cooperative;
    - (ii) Cooperative’s operation;
    - (iii) Cooperative’s Assets;
    - (iv) Cooperative’s Members and Patrons;
    - (v) Provision and Use of Cooperative Services;
    - (vi) Cooperative Equipment; and
    - (vii) Member Equipment connected to Cooperative Equipment,

including, but not limited to, all applicable:

- (aa) Legislative, executive, administrative, and judicial constitutions, statutes, case law, regulations, ordinances, rulings, or orders;
  - (bb) Local, state, and federal constitutions, statutes, case law, regulations, ordinances, rulings, or orders;
  - (cc) Contractual provisions legally enforceable by, or against, the Cooperative; and
  - (dd) Legally binding contracts between the Cooperative and the Applicant (collectively, "Law");
- b. The Cooperative's Articles of Conversion ("Articles");
  - c. These Bylaws;
  - d. The Cooperative's service rules and regulations;
  - e. The National Electric Code;
  - f. The National Electric Safety Code;
  - g. The Cooperative's rate or price schedules; and
  - h. All rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Cooperative's Board of Trustees ("Board") or membership;
2. Be or remain a Member; and
3. At prices, rates, or amounts determined by the Board, and pursuant to the terms, conditions, time, and manner specified by the Cooperative, pay the Cooperative for all:
- a. Cooperative Services Used:
    - (i) By the Applicant; or
    - (ii) At or for any Location Occupied by the Applicant; and
  - b. Dues, aid to construction fees, deposits, or other amounts required by the Articles, these Bylaws, the Board, or Law.

#### SECTION 1.02 – Membership.

An eligible Person is automatically a member of the Cooperative ("Member"), and consents to being a Member, upon initially Using or requesting to Use electric power or energy provided by the Cooperative or any good or service provided by the Cooperative and reasonably related to Using electric power or energy.

Unless these Bylaws provide otherwise, or unless the Board determines otherwise at any time, to remain a Member, a Person must complete the Membership Procedure within thirty (30)

days of initially Using or requesting to Use the first Cooperative Service Used, or to be Used, by the Person.

Unless these Bylaws provide otherwise, or unless the Board determines otherwise at any time, an Applicant is automatically a member of the Cooperative (“Member”) effective the date the Applicant initially Uses or requests to Use the first Cooperative Service Used, or to be Used, by the Applicant upon:

1. Initially Using or requesting the Use the first Cooperative Service Used, or to be Used, by the Applicant; and
2. Completing the Membership Procedure.

The Cooperative may issue membership certificates to each Member in a manner, method, and form determined by the Board.

If the Board determines that any Applicant is unable to complete the Membership Procedure as provided in these Bylaws, then the Board may refuse the Applicant membership or suspend or terminate the Member’s membership in the Cooperative. For other good cause determined by the Board, the Board may refuse an Applicant membership in the Cooperative.

If the Board refuses any Applicant membership or terminates any Member’s membership in the Cooperative because the Board determines that the Applicant is unable to complete the Membership Procedure as provided in these Bylaws, then the Cooperative shall return to the Applicant any amounts paid to the Cooperative by the Applicant as part of the Membership Procedure other than:

- a. Amounts paid for using any Cooperative Service;
- b. Outstanding amounts previously owed the Cooperative, and any associated interest or late payment charges; and

Unless required by Law or the Articles, unless otherwise provided in these Bylaws, and unless allowed in writing by the Board, no Cooperative membership, and no right or privilege associated with Cooperative membership, may be sold, purchased, assigned, or otherwise transferred.

SECTION 1.03 – Membership Agreement. Every Member shall follow, abide by, and be legally bound to, the Governing Documents. As provided in these Bylaws, the Cooperative may suspend or terminate any Member or Cooperative Service for the Member’s failure to follow, abide by, or be legally bound to, the Governing Documents. Among other things, the Articles and these Bylaws are contracts between the Cooperative and each Member.

SECTION 1.04 - Joint Membership. As provided in this Bylaw, husband and wife occupying the same Location may apply for joint membership in the Cooperative (“Joint Membership”).

A. Creating Joint Memberships. By jointly signing and executing a written membership application, and by jointly completing the Membership Procedures, a husband and wife occupying the same Location may apply for Joint Membership. By written request, and by jointly executing a new membership application, any Member may apply to convert the Member's individual membership to a Joint Membership with the Member's spouse occupying the same Location as the Member.

B. Joint Member Rights and Obligations. Unless denied membership as provided by these Bylaws, and unless otherwise specified by these Bylaws, each individual comprising a Joint Membership ("Joint Member") has and may enjoy all the rights, benefits, and privileges, and is subject to all the obligations, requirements, and liabilities, of being a Member. As used in these Bylaws, and unless otherwise provided in these Bylaws, Membership includes any Joint Membership, and Member includes any Joint Member.

C. Effect of Joint Member Actions. For each Joint Membership:

1. Notice of any meeting provided to either Joint Member, or waiver of notice of any meeting signed by either Joint Member, constitutes notice or waiver of notice for both Joint Members comprising the Joint Membership;
2. The presence of either or both Joint Members at any meeting:
  - a. Constitutes the presence of one (1) Member at the meeting;
  - b. Waives notice of the meeting for both Joint Members comprising the Joint Membership;
  - c. Will not invalidate any Mail Ballot previously mailed by the attending Joint Member;
3. Only one (1) Joint Member may vote on any matter. That vote binds the Joint Membership and constitutes one (1) vote;
4. Except upon the death of a Joint Member or divorce of marriage between Joint Members, the suspension or termination of either Joint Member constitutes suspension or termination of both Joint Members; and
5. A Joint Member otherwise qualified is eligible to serve as a member of the Board ("Trustee"), regardless of whether any other Joint Member is eligible to serve as a Trustee. If both Joint Members are otherwise qualified to serve as a Trustee, then either Joint Member, but not both Joint Members simultaneously, is eligible to serve as a Trustee.

D. Joint Membership Conversion and Termination. Upon a death or divorce of marriage between Joint Members:

1. If one (1) Joint Member continues to legally Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership in the name of the Joint Member continuing to legally Use the Cooperative Service at the same Location;
2. If both Joint Members continue to legally Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership in the name of the Joint Member determined by the Cooperative; or

3. Neither Joint Member continues to legally Use a Cooperative Service at the same Location, then the Joint Membership terminates.

SECTION 1.05 – Provision of Cooperative Services. Each Member shall comply with any reasonable procedure required by the Cooperative regarding the Provision of any Cooperative Service to any Member or Person.

- a) Limitation of Liability. The Cooperative shall provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, neither insures, guarantees, nor warrants that it will provide adequate, continuous, or non-fluctuating electric power or energy or other Cooperative Service. The Cooperative is not liable for any damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative providing any inadequate, noncontinuous, or fluctuating electric power or energy or other Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. All Cooperative responsibility and liability for providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member or other Person acting for a Member.
- b) Cooperative Equipment and Member Equipment. No Member shall tamper with, alter, interfere with, damage, or impair any Cooperative Equipment. No Member shall take or omit any act involving any Member Equipment connected to any Cooperative Equipment that adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or provide any Cooperative Service. Unless otherwise determined or indicated by the Board, the Cooperative owns all Cooperative Equipment. Each Member shall protect all Cooperative Equipment and all Member Equipment connected to Cooperative Equipment, and shall install and maintain any protective device, and implement and follow any protective procedure, required by the Cooperative.

SECTION 1.06 - Use of Cooperative Services. As required or allowed by Law, and unless otherwise specified in writing by the Board, each Member shall Use a Cooperative Service from or through the Cooperative. In Using a Cooperative Service, each Member shall comply with, and abide by, the Governing Documents.

A. Payments to Cooperative. At prices, rates, or amounts determined by the Board, and pursuant to the terms, conditions, time, and manner specified by the Cooperative, each Member shall pay the Cooperative for all:

1. Cooperative Services Used by the Member, or at or for any Location Occupied by the Member; and
2. Dues, aid to construction fees, deposits, or other amounts required by Law, the Articles or these Bylaws.

B. Interest and Late Payment Fees. As determined by the Board, Members shall pay interest, compounded periodically, and late payment fees for all amounts owed, but not timely paid, to the Cooperative. Notwithstanding the Cooperative's accounting procedures, the Cooperative may apply all amounts paid by any Member to all of the Member's accounts on a pro rata basis, or as otherwise determined by the Board.

SECTION 1.07 – Member Liability. A Member is generally not liable to third parties for the Cooperative’s acts, debts, liabilities, or obligations. A Member, however, may become liable to the Cooperative as:

1. Provided in these Bylaws; or
2. Otherwise agreed to by the Cooperative and Member.

SECTION 1.08 – Member Grant of Property Rights. As determined or required by the Cooperative, each Member shall:

1. Provide the Cooperative permanent, safe and reliable, access to or use of, any; and
2. Upon request from, pursuant to the terms and conditions specified by, and without compensation from the Cooperative, grant and convey, and execute any document requested by the Cooperative to grant and convey, to the Cooperative any easement, right-of-way, license, or other property interest in any real or personal property in which the Member possesses any legal right or interest and which, as determined or required by the Cooperative, is reasonably necessary to:
  - a. Purchase, install, construct, inspect, monitor, operate, repair, maintain, remove, relocate, upgrade, or replace any Cooperative Equipment or any Member Equipment connected to any Cooperative Equipment;
  - b. Provide, monitor, measure, or maintain any Cooperative Service;
  - c. Authorize, permit, satisfy, or facilitate any obligation incurred, or right granted, by the Cooperative regarding any use of Cooperative Equipment; or
  - d. Safely, reliably, and efficiently:
    - (i) Operate the Cooperative; or
    - (ii) Provide any Cooperative Service.

SECTION 1.09 - Member Suspension. The Cooperative may suspend Members as provided in this Bylaw and allowed by Law.

A. Suspension Reasons. The Cooperative may suspend a Member for the following reasons (“Suspension Reasons”):

1. As otherwise provided in the Articles or these Bylaws;
2. As required or permitted by Law;
3. For good cause determined by the Board; or
4. If the Member:
  - a. Fails to timely pay any amounts due the Cooperative;
  - b. Fails to timely complete the Membership Procedure;
  - c. Fails to timely comply with the Governing Documents;
  - d. For six (6) consecutive months, Ceases Using any Cooperative Service;
  - e. Dies, legally dissolves, or legally ceases to exist;
  - f. Tampers with, alters, interferes with, damages, or impairs any Cooperative Equipment; or

g. Voluntarily requests suspension.

B. Notice and Comment. Unless otherwise determined by the Board, a Member is suspended upon:

1. The Member's voluntary request for suspension; or
2. Unless otherwise provided in these Bylaws, and following the occurrence of a Suspension Reason other than a Member's voluntary request for suspension, the Cooperative provides the Member prior written notice of the Member's possible suspension and the underlying Suspension Reason.

Any written suspension notice provided by mail must be mailed to the Member's most current address shown on the Membership List. Unless otherwise determined by the Board, a partnership-Member continuing to Use a Cooperative Service is not automatically suspended upon the death of any partner, or following any other alteration in the partnership. A partner leaving a partnership-Member remains liable to the Cooperative for any amounts owed to the Cooperative by the partnership-Member at the time of the partner's departure.

C. Without providing the Member notice, the Cooperative may suspend or terminate the Provision of Cooperative Services to the Member upon determining or discovering:

1. That Cooperative Equipment used to a Provide Cooperative Service has been tampered with, altered, interfered with, damaged, or impaired;
2. That any act has been taken or omitted involving any Member Equipment connected to any Cooperative Equipment that adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide any Cooperative Service;
3. The unsafe condition of any Cooperative Equipment or any Member Equipment connected to any Cooperative Equipment; or
4. Any imminent hazard or danger posed by any Cooperative Equipment or any Member Equipment connected to any Cooperative Equipment.

D. Effect of Member Suspension Upon Cooperative. Upon a Member's suspension, and other than the Cooperative's:

1. Obligation to retire and refund Capital Credits and Affiliated Capital Credits; and
2. Obligations regarding the Cooperative's dissolution, then:
3. The Cooperative's duties, obligations, and liabilities imposed by these Bylaws for the Member cease; and
4. The Cooperative may cease Providing any Cooperative Service to the Member.

E. Effect of Member Suspension Upon Member. Other than the right to receive retired and refunded Capital Credits and Affiliated Capital Credits, and other than rights upon the Cooperative's dissolution, a suspended Member forfeits and relinquishes all rights provided in the Governing Documents. In particular, a suspended Member forfeits and relinquishes any

voting rights provided by Law, the Articles, or these Bylaws. A suspended Member, however, remains subject to all obligations imposed by the Governing Documents.

F. Lifting of Suspension. Unless otherwise determined by the Board, a Member's suspension is automatically lifted upon the Member rectifying, to the Cooperative's reasonable satisfaction, the underlying Suspension Reason within ten (10) days of the suspension. The Board may lift any Member suspension for good cause as determined by the Board.

SECTION 1.10 - Member Termination. Upon approval by the Board, and as allowed by Law, a suspended Member is terminated. Termination of a Member does not release the Member from any debts, liabilities, or obligations owed the Cooperative. Upon a Member's termination from the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any membership fee or deposit paid by the Member.

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 as required by Law, and unless these Bylaws provide otherwise, the Cooperative shall not sell, transfer, disclose, distribute, or otherwise dispose of the Membership List or any similar list or record of Members or Member information.

## **Article II – Member Meetings and Member Voting**

SECTION 2.00 – Annual Member Meetings. Within a county in which the Cooperative provides any Cooperative Service, the Cooperative

1. Shall annually hold a meeting of Members (“Annual Member Meeting”); and
2. May regularly hold meetings of Members (“Regular Member Meeting”).

The Board shall determine the date, time, and location of any Annual Member Meeting or Regular Member Meeting.

At the Annual Member Meeting, the Chairman and Treasurer shall provide a written report, or oral presentation, regarding the Cooperative's activities and financial condition; in addition, the most recent annual audit shall be made available at that meeting or by mail, after the meeting to those members requesting a copy. The Cooperative's failure to hold an Annual Member Meeting or Regular Member Meeting does not affect any action taken by the Cooperative. As soon as practicable after setting the date setting the date of the annual meeting, the Cooperative shall publish the date conspicuously to allow the members to properly plan for the meeting. This notice is not the official notice as required in Section 2.04, and does not have to comply with Section 8.03.

SECTION 2.01 – Special Member Meetings. The Cooperative may hold a special meeting of Members at a date, time, and location within a county in which the Cooperative

provides any Cooperative Service determined by the Board (“Special Member Meeting”) upon the Cooperative receiving:

1. A written or oral request from the Board or Chairman;
2. A written request signed by at least three (3) Trustees; or
3. One (1) or more written demands signed and dated, within sixty (60) days following the first signature, by at least ten percent (10%) of the Cooperative’s total current non-suspended Members (“Total Membership”) and, on each page of each written demand, requesting and describing the purpose of a special meeting of Members (“Member Demand”).

SECTION 2.02 – Conduct and Attendance at Member Meetings. Unless otherwise determined by the Board before or at any Annual Member Meeting, or Special Member Meeting (collectively, “Member Meeting”), the Chairman:

1. Shall designate the presiding officer at all Member Meetings;
2. May remove, or provide for the removal of, any Person from any Member Meeting for unruly, disruptive, or similar behavior; and
3. May exercise any power reasonably necessary for efficiently and effectively conducting any Member Meeting.

Before or at any Member Meeting, the Board or the presiding officer may limit attendance at the Member Meeting to Members only.

SECTION 2.03 – Member Action at Member Meetings. Unless otherwise determined by the Board before or at any Member Meeting, and unless these Bylaws provide otherwise, Members attending the Member Meeting may consider, vote, or act only upon a matter for which:

1. Unless otherwise provided in these Bylaws, the Board and Members were notified properly;
2. The Members are authorized to consider, vote, or act; and
3. For a Special Member Meeting, the notice of the Special Member Meeting properly described.

SECTION 2.04 – Notice of Member Meetings. As directed by the Chairman, Secretary, or any other Officer properly calling a Member Meeting, the Cooperative shall deliver written notice of the Member Meeting:

1. Personally or by mail;
2. To all Members entitled to vote at the Member Meeting;
3. Indicating the date, time, and location of the Member Meeting;
4. At least ten (10), but no more than thirty (30), days prior to the Member Meeting; and

5. For any Annual Member Meeting or Regular Member Meeting describing any matter to be considered, or voted or acted upon, at the Member Meeting or Regular Member Meeting; and
6. For any Special Member Meeting, stating the purpose of, and describing any matter to be considered, or voted or acted upon, at the Special Member Meeting.

Unless these Bylaws provide otherwise, a mailed notice of a Member Meeting is delivered when deposited in the United States Mail with prepaid postage affixed and addressed to a Member at the Member's address shown on the Membership List. Such notice is sufficient if made by post card, sealed envelope, or printed notice in any magazine or newsletter normally distributed to the membership.

The inadvertent and unintended failure of any Member to receive notice of any Member Meeting shall not affect any action taken at the Member Meeting.

Unless otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location unless:

1. The Member Meeting is adjourned to another date occurring within sixty (60) days following the Record Date for the original Member Meeting; and
2. The new date, time, or location is announced at the Member Meeting prior to adjournment.

SECTION 2.05 – Record Date. The Board may fix a date (“Record Date”) for determining the Total Membership and the Members entitled to:

1. Receive notice of a Member Meeting;
2. Receive a ballot to vote by mail; and
3. Vote at a Member Meeting.

No Board determined Record Date may be more than seventy (70) days prior to the date of the Member Meeting.

The Record Date for determining the Total Membership and the Members entitled to sign a Member Demand for a Special Meeting is the close of business on the thirtieth (30<sup>th</sup>) day prior to the Cooperative's receipt of Member Demand for a Special Meeting.

The Record Date for determining the Total Membership and the Members entitled to notice of, or to vote at, a Member Meeting is effective for any Member Meeting adjourned to a date not more than seventy (70) days following the Record Date for determining the Total Membership and the Members entitled to notice of the original Member Meeting.

SECTION 2.06 – Member Meeting List. After fixing the Record Date for determining the Members entitled to receive notice of a Member Meeting, and through the Member Meeting,

the Cooperative shall prepare, update, and maintain an alphabetical list (“Member Meeting List”) indicating:

1. Members entitled to receive notice of, and to vote at, the Member Meeting; and
2. The name of, address of, and number of votes entitled to be cast at the Member Meeting by each Member listed. Unless otherwise determined by the Board or otherwise provided in these Bylaws, no Member may inspect, copy, or receive a copy of the Member Meeting List, except, the Cooperative shall make the Member Meeting List available at the Member Meeting. Any Member, Member’s agent, or Member’s attorney may inspect the Member Meeting List at any time during the Member Meeting.

Before acting as allowed under this Bylaw, a Member’s agent or attorney must provide written evidence satisfactory to the Cooperative that the Member properly authorized the agent or attorney to act on the Member’s behalf.

SECTION 2.07 – Member Voting by Mail Ballot. Unless otherwise provided in these Bylaws, and in a manner determined by the Board consistent with this Bylaw, Members may vote or act by mail as provided in this Bylaw, and as provided by Alabama Law.

- A. Mail Ballot Without Member Meeting. Members may vote or act by mail on any action that may be taken at any Member Meeting as provided in these Bylaws without a Member Meeting by the Cooperative delivering a mail ballot (“Mail Ballot Without Member Meeting”) to every Member entitled to vote on the matter.

A proposed action is approved if:

1. The number of completed Mail Ballots Without Member Meeting timely received by the Cooperative along with any ballots cast in person at a meeting, if held in conjunction with mail balloting, equals or exceeds the Member Quorum; and
2. The number of votes favoring the proposed action equals or exceeds the number of votes required to approve the action at a Member Meeting at which the total number of votes cast equaled the number of votes cast by Mail Ballot Without Member Meeting timely received by the Cooperative.

- B. Mail Ballot With Member Meeting. Members may vote or act by mail on any action that may be taken at the Member Meeting as provided in these Bylaws in Conjunction with a Member Meeting by the Cooperative delivering a mail ballot (“Mail Ballot With Member Meeting”) to all Members entitled to vote on the matter.

Members submitting a completed Mail Ballot With Member Meeting may not vote at any Member Meeting regarding any matter described in the Mail Ballot With Member Meeting. Each completed Mail Ballot With Member Meeting received by the Cooperative prior to the Member Meeting must be counted in determining whether a Member Quorum exists at the Member Meeting.

The Cooperative shall count as a Member's vote any properly completed Mail Ballot With Member Meeting received on, or before, the time and date specified in the Mail Ballot With Member meeting.

C. Mail Ballot. Any Mail Ballot ("Mail Ballot") must:

1. Set forth and describe each proposed action, identify any candidate, and include the language of any motion, resolution, Bylaw Amendment, or other written statement, upon which a Member is asked to vote or act;
2. State the date of any Member Meeting at which Members are scheduled to vote on the matter;
3. Provide an opportunity to vote for or against, or to abstain from voting on, each proposed action;
4. Instruct the Member how to complete and return the completed Mail Ballot; and
5. State the time and date by which the Cooperative must receive the completed Mail Ballot.

Unless otherwise provided by the Board, a Member may not revoke a completed Mail Ballot received by the Cooperative. A Member's failure to receive a Mail Ballot does not affect any action taken by Mail Ballot.

D. Material Soliciting Approval of Action by Mail Ballot. Any material soliciting approval of any action by Mail Ballot must:

1. Contain, or be accompanied by, a copy or summary of each proposed action;
2. State the Member Quorum required to vote on the action;
3. For all proposed actions other than election of trustees, state the percentage of approvals necessary to approve the action, and
4. Specify the time by which the Cooperative must receive the completed Mail Ballot.

SECTION 2.08 - Member Quorum. A quorum of Members is three percent (3%) of the Membership determined by the Board ("Member Quorum").

If less than the Member Quorum are present either in person or represented by mail ballot at any Member Meeting, then a majority of Members attending the Member Meeting in person may adjourn the Member Meeting without further notice.

SECTION 2.09 - Member Voting or Voting by Mail. Upon presenting identification or proof of Cooperative membership as reasonably required by the Cooperative, and regardless of the value or quantity of Cooperative Services Used, each non-suspended Member may cast one (1) vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of Entity Members must present proof of Entity's membership (such as Membership Certificate or

the most recent bill from the Cooperative) and a document in writing signed by an officer of the Entity authorizing the individual to vote for the Entity Member.

Unless otherwise provided by Law, the Articles, or these Bylaws, Members approve a matter and act if:

1. A Member Quorum is present in person or represented by Mail Ballot; and
2. A majority of Members present in person or voting by Mail Ballot, entitled to vote on a matter, and voting on the matter, vote in favor of the matter.

At any Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a voice vote is not sufficient to accurately determine the vote results, then the Members shall vote by written ballot (“Written Ballot”), or by any other reasonable manner determined by the individual presiding over the Meeting. The individual presiding over the Meeting shall resolve any tie Member vote.

SECTION 2.10 - Accepting and Rejecting Member Voting Documents. Regarding any Mail Ballot, or other document allegedly executed by, or on behalf of, a Member (collectively, “Member Voting Document”):

- A. Acceptance. The Cooperative may accept, and give effect to, the Member Voting Document if:
  1. The name signed on the Member Voting Document corresponds to a Member’s name, and the Cooperative acts in good faith; or
  2. The Cooperative reasonably believes the Member Voting Document is valid and authorized.
  
- B. Rejection. The Cooperative may reject, and not give effect to, the Member Voting Document if the Cooperative:
  1. Acts in good faith; and
  2. Has reasonable basis for doubting the validity of:
    - a. The signature on the Member Voting Document; or
    - b. The signatory’s authority to sign on behalf of the Member.
  
- A. Liability. Neither the Cooperative, nor any Cooperative Member, Trustee, Officer, employee, or agent, is liable to any Member for accepting or rejecting a Member Voting Document as provided in this Bylaw.

SECTION 2.11 – Credentials and Election Committee. Prior to any Member Meeting, the Board shall appoint a Credentials and Election Member Committee (“C&E Committee”) for the Member Meeting consisting of an uneven number of Members between three (3) and nine (9). A C&E Committee member may not be an existing, or a Close Relative of an existing Cooperative Trustee, Officer, employee, representative, or agent or a known Trustee candidate.

As allowed by the Governing Documents, and as determined by the Board, the Cooperative may reasonably compensate or reimburse C&E Committee members.

C&E Committee Duties. Prior to, at, or within a reasonable time following, the Member Meeting for which the C&E Committee was appointed, the C&E Committee shall establish, or approve, the manner or method of Member registration and voting, oversee or supervise Member registration and voting, and the tabulation of Member votes, and consider and decide all questions, issues, or disputes regarding Member registration and voting, the tabulation of Member votes, Trustee nominations, and whether a Trustee nominee or newly elected Trustee satisfies the Trustee Qualifications (collectively, “Member Meeting Issues”).

The C&E Committee may meet, consider, or decide Member Meeting Issues, or otherwise act, only if a majority of the C&E Committee members are present. Any C&E Committee decision or action requires a vote of at least a majority of the C&E Committee members voting. Unless properly challenged under this Bylaw, all C&E Committee decisions prior to, at, or within a reasonable time following, a Member Meeting are final.

SECTION 2.12 – Member Meeting Order of Business. The Board shall determine the agenda and order of business for Member Meetings.

## **Article III– Board of Trustees**

SECTION 3.00 – Trustee Districts. Based upon geographic, population, and any other equitable consideration determined by the Board, the Board shall divide and periodically re-divide the general area in which Members Occupy a Location at or for which Members Use a Cooperative Service (“Cooperative Service Area”) into nine (9) districts that equitably represent the Members (“Trustee Districts”). Members shall be notified of any dividing or re-dividing of Trustee Districts.

SECTION 3.01 – Board. The Cooperative shall have a Board that equitably represents the Members and that is composed of:

Nine (9) Members or individuals authorized by an Entity Member Using a Cooperative Service at a Location within the respective Trustee District, one Trustee representing each district.

The Board may not be composed of more than three (3) individual(s) authorized by Entity Members. No Entity Member may authorize more than one (1) Trustee.

Except as otherwise provided by Law, the Articles, or these Bylaws:

1. All Cooperative powers must be exercised by the Board, or under the Board’s authority;
2. All Cooperative affairs must be managed under the Board’s direction; and
3. The Board shall reasonably administer and enforce these Bylaws, or shall ensure that these Bylaws are reasonably administered and enforced.

To the extent the Law, the Articles, or these Bylaws, the Board may authorize any Person to exercise any power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

SECTION 3.02 – Trustee Qualifications. Any Trustee or Trustee candidate must comply with this Bylaw.

- A. General Trustee Qualifications. To become or remain a Trustee, a Person must comply with or meet the following general qualifications (“General Trustee Qualifications”):
1. Be an individual;
  2. Have the capacity to enter legally binding contracts;
  3. While a Trustee, and during the ten (10) years immediately prior to becoming a Trustee, not be, nor have been, convicted of a felony or crime involving moral turpitude, as defined by Alabama Law;
  4. Make reasonable efforts to become and remain knowledgeable about special issues regarding electric cooperatives by attending training workshops and seminars.
  5. Unless excused for good cause by the Board or Members, attend at least two-thirds (2/3) of all Board Meetings during any twelve (12) month period.
  6. Not be an incumbent or a candidate for an elective office in connection with which a salary or compensation in excess of one hundred dollars per annum is paid; and
  7. Comply with any other reasonable qualifications determined by the Board.
- B. Membership Trustee Qualifications. To become or remain a Trustee, an individual must, while a Trustee and during the one (1) year immediately prior to becoming a Trustee, comply with or meet the following membership qualifications (“Membership Trustee Qualifications”):
1. Be a Member;
  2. Not commit a Suspension Reason; and
  3. Permanently Occupy, and Use a Cooperative Service at, a Location within the Trustee District from which the Trustee is elected or chosen continuously for the six months prior to taking office and for the duration of the term; or
  4. Permanently Occupy a Location within one-hundred (100) miles of the Cooperative’s principal office and be authorized by an Entity Member:
- C. Conflict of Interest Trustee Qualifications. Upon becoming a candidate for and/or to or remain a Trustee, an individual must complete a conflict of interest disclosure form, approved by the Board, and, while a Trustee and during the one (1) year immediately prior to becoming a Trustee, comply with or meet the following conflict of interest qualifications (“Conflict of Interest Trustee Qualifications”) by not being, nor having been:

1. A Close Relative of any existing Trustee, other than an existing Trustee who will cease being a Trustee upon the candidate assuming office;
  2. Within 6 years immediately prior to becoming a Trustee, an existing, nor a Close Relative of an existing, non-Trustee Cooperative Officer, employee, agent, or representative of the Cooperative or any subsidiary or affiliated company thereof;
  3. Employed by, materially affiliated with, nor sharing a material financial interest with, any other Trustee; or
  4. Engaged in any business, nor employed by, nor materially affiliated with, nor having a material financial interest in any individual or entity, other than an Entity in which the Cooperative owns an interest:
    - a. Regularly, directly, and substantially competing with the Cooperative or any Entity that the Cooperative controls or in which the Cooperative owns a majority interest (“Cooperative Subsidiary”).
    - b. Regularly selling goods or services to the Cooperative, or a Cooperative Subsidiary.
    - c. Possessing a substantial conflict of interest with the Cooperative or a Cooperative Subsidiary.
    - d. Trustee Disqualification. Only individuals complying with or meeting the General Trustee Qualifications, Membership Trustee Qualifications, and Conflict of Interest Trustee Qualifications (collectively, “Trustee Qualifications”) may become or remain a Trustee.
- D. After being elected, designated, or appointed, if any Trustee fails to comply with or meet any Trustee Qualification, then, unless otherwise determined by the Board for good cause, the Board shall disqualify the Trustee and the individual is no longer a Trustee:
1. If the Board notifies the Trustee in writing of the basis for, and provides the Trustee an opportunity to comment regarding, the Board’s proposed disqualification; and
  2. Within ninety (90) days after the Board notifies the Trustee of the proposed disqualification, the Trustee neither complies with nor meets the Trustee Qualification.
- If at least a majority of Trustees authorized by these Bylaws comply with and meet the Trustee Qualifications and approve a Board action, then the failure of any Trustee to comply with or meet the Trustee Qualifications does not affect the Board action.
- E. A former Trustee is ineligible for employment by the Cooperative for 6 years following the end of his tenure as Trustee.

SECTION 3.03 – Trustee Nominations. For each Trustee position nominated by Members Using a Cooperative Service at a Location in a Trustee District (“Nominating

Members”), and scheduled for election by Members at any Member Meeting, the Nominating Members shall nominate individuals as provided in this Bylaw.

- A. Nominating Committee Nominations. At least sixty (60) days prior to the Member Meeting, the Board shall appoint a Member Committee consisting of at least Five (5) Nominating Members from each Trustee District for which a Trustee election is to take place (“Nominating Committee”). Nominating Committee members may not be an existing, or a Close Relative of an existing, Cooperative Trustee, Officer, employee, agent, representative, or known Trustee candidate.

At least thirty (30) days prior to the Member Meeting at which Members are scheduled to elect Trustees, and on behalf of the Nominating Members, the Nominating Committee shall:

1. Nominate at least one (1) individual to run for election for each Trustee position nominated by the Nominating Members and scheduled for election by Members at the Member meeting (“Nominating Committee Nominations”); and
2. Post the Nominating Committee Nominations at each of the Cooperative’s offices.

As determined by the Board, and as allowed by the Governing Documents, the Cooperative may reasonably compensate or reimburse Nominating Committee members for expenses of travel.

- B. Member Petition Nominations. Members may make Member Petition Nominations for any Trustee position scheduled for election by members at the Member Meeting by delivering to the Cooperative at least forty-five (45) business days prior to the Member Meeting a writing for each Member Petition Nomination (“Member Petition”):

1. Lists, on each page of the Member Petition, the name of the Member Petition Nominee;
2. Indicating, on each page of the Member Petition, the Trustee position for which the Member Petition Nominee will run; and
3. Containing the printed names, addresses, and telephone numbers, and original dated signatures signed within sixty (60) days of the first signature, of at least twenty-five (25) Members who receive service in the district of the nominated Trustee.

After verifying that a Member Petition complies with this Bylaw, the Cooperative shall post the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.

- C. Notice of Trustee Nominations. At least ten (10) days prior to any Member Meeting at which Members are scheduled to elect Trustees, the Cooperative shall notify Members of the:

1. Trustee positions scheduled for election by Members;
2. Names and corresponding Trustee positions of all Nominating Committee Nominations;
3. Names and corresponding Trustee positions of all Member Petition Nominations.

D. Nominations from the Floor. There shall be no Nominations made from the floor at a Member Meeting held to elect Trustees.

SECTION 3.04 – Trustee Elections. At each Member Meeting at which a Trustee position is scheduled for election by Members Using a Cooperative Service at a Location within a Trustee District (“Electing Members”), the Electing Members shall elect the Trustee from the Nominating Committee Nominations or Member Petition Nominations by a majority of votes cast by Electing Members with a Member Quorum present in person and/or voting by Mail Ballot. In the event that no candidate receives a majority of votes cast, the Board shall schedule a run-off election between the two candidates receiving the highest total of votes, and shall schedule a special Membership Meeting for the sole purpose of the special election. In the event of a tie vote, the tie shall be broken by the flip of a coin.

SECTION 3.05 – Trustee Terms. Beginning in 2004, the Trustees elected for districts 1, 4 and 7 shall be elected for a term of two (2) years; Trustees elected for districts 2, 5 and 8 shall be elected for a term of three (3) years, and Trustees for districts 3, 6 and 9 shall be elected for a term of four (4) years. At the end of those terms, each Trustee’s term shall be three (3) years (“Trustee Term”). The Cooperative shall stagger Trustee Terms by dividing the total number of authorized Trustees into groups of approximately equal number. Members, therefore, will annually elect an approximately equal number of Trustees.

SECTION 3.06 – Trustee Resignation. A Trustee may resign at any time by delivering written notice of resignation to the Board, Chairman, or Secretary. Unless the written notice of resignation specifies a later effective date, a Trustee’s resignation is effective upon the Board, Chairman, or Secretary receiving the written notice of resignation. If a Trustee’s resignation is effective at a later date, and if the successor Trustee does not take office until the effective date of the Trustee’s resignation, then the pending Trustee vacancy may be filled before the effective date of the Trustee’s resignation.

SECTION 3.07 – Trustee Removal. As provided in this Bylaw, one (1) or more Trustees elected by the Members Using a Cooperative Service at a Location within a Trustee District (“Removing Members”) may be removed by the Removing Members for taking or omitting any grossly negligent, fraudulent, or criminal act significantly and adversely affecting the Cooperative:

A. Trustee Removal Petition. For each Trustee for whom removal is requested, the Removing Members shall deliver to the Chairman or Secretary a dated written petition (“Trustee Removal Petition”):

1. Identifying the Trustee on each page;

2. Explaining, on each page, the basis for requesting the Trustee's removal and identifying the grossly negligent, fraudulent, or criminal act or omission underlying the removal request; and
3. As Removing Members existed on the Trustee Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty (60) days following the Trustee Removal Petition date, of at least ten percent (10%) of the Removing Members.

Within thirty (30) days following the Chairman or Secretary receiving a Trustee Removal Petition:

1. The Cooperative shall forward a copy of the Trustee Removal Petition to the implicated Trustee; and
2. The Board shall meet to review the Trustee Removal Petition.

B. Member Meeting. If the Board determines that the Trustee Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that:

1. A purpose of the Member Meeting is to consider removing a Trustee;
2. Evidence may be presented, and a Member vote taken, regarding removing the Trustee.

If a Member Quorum is present in person or represented by Mail Ballot at the Member Meeting, then for the Trustee named in each Trustee Removal Petition:

3. Prior to any Member vote, evidence must be presented supporting the basis for removing the Trustee;
4. The Trustee may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Trustee; and
5. Following the Trustee's presentation, and following Member discussion, the Removing Members must vote whether to remove the Trustee.

If Sixty percent (60%) of Removing Members voting vote to remove the Trustee, then the Trustee is removed effective the time and date of the Member vote.

Neither a Trustee Removal Petition nor Trustee removal affects any Board action. No Trustee may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets, or any Cooperative dissolution.

SECTION 3.08 – Trustee Vacancy. Unless otherwise provided in these Bylaws:

1. As soon as possible, by the affirmative vote of a majority of the remaining Trustees, the Board shall fill any vacant Trustee position, including any vacant

- Trustee position resulting from increasing the number of Trustees, or removal by the Members; and
2. Any Trustee elected by the Board or Members to fill any vacant Trustee position shall serve the unexpired Trustee Term of the vacant Trustee position.

An individual elected to fill a vacant Trustee position must comply with the Trustee Qualifications. As used in this Bylaw, “vacant Trustee position” and “Trustee vacancy” do not include Trustee positions vacated due to an expired Trustee Term.

SECTION 3.09 – Trustee Compensation. As allowed by Alabama Law and the Articles, and as determined or approved by the Board, the Cooperative may reasonably reimburse, pay a fixed fee, or other benefits to Trustees for attending any:

1. Board Meeting;
2. Function, meeting, or event involving or relating to the Cooperative; or
3. Function, meeting, or event involving, relating to, or reasonably enhancing the Trustee’s ability to serve in, the role of Trustee.

The Board shall determine or approve the manner, method, and amount of any Trustee reimbursement, fee, or benefits.

After a Trustee ceases serving as a Trustee, the Board shall determine or approve, and may change or eliminate for any reason, the manner method, and amount of any compensation or benefits provided to the former Trustee.

SECTION 3.10 – Trustee Conduct. Unless modified or prohibited by Alabama Law:

A. Trustee Standard of Conduct. A Trustee shall discharge the Trustee’s duties, including duties as a Board Committee member:

1. In good faith;
2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
3. In a manner the Trustee reasonably believes to be in the Cooperative’s best interests.

B. Trustee Reliance on Others. Unless a Trustee possesses knowledge concerning a matter making reliance unwarranted, then in discharging a Trustee’s duties, including duties as a Board Committee member, a Trustee may rely upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by:

1. One (1) or more Cooperative Officers or employees whom the Trustee reasonably believes to be reliable and competent in the matters prepared or presented;

2. Legal counsel, public accountants, or other individuals regarding matters the Trustee reasonably believes are within the individual's professional or expert competence; and
3. A Board Committee of which the Trustee is not a member regarding matters within the Board Committee's jurisdiction, if the Trustee reasonably believes the Board Committee merits confidence.

C. Trustee Liability. If a Trustee complies with this Bylaw, then the Trustee is not liable to the Cooperative, any Member, or any other individual or Entity for action taken, or not taken, as a Trustee.

SECTION 3.11 – Close Relative. As used in these Bylaws, the term “close relative” means an individual who:

1. Is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling; or
2. Resides in the same residence (collectively, “Close Relative”).

Any individual properly qualified and elected or appointed to any position does not become a Close Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

## **Article IV – Board Meetings and Trustee Voting**

SECTION 4.00 – Regular Board Meetings. The Board shall regularly meet at the date, time, and location determined by the Board (“Regular Board Meeting”). Unless otherwise required by these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the Chairman may change the date, time, or location of any Regular Board Meeting.

Any Trustee not attending any 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 changed Regular Board Meeting.

SECTION 4.01 – Special Board Meetings. The Board, the Chairman, or at least three (3) Trustees may call a special meeting of the Board (“Special Board Meeting”) by providing each Trustee at least five (5) days' prior written or faxed notice indicating the date, time, and location and purpose of the Special Board Meeting.

SECTION 4.02 – Conduct of Board Meetings. Unless otherwise provided in these Bylaws, any Regular Board Meeting or Special Board Meeting (“Board Meeting”) may be:

1. Held in, or out of, any state in which the Cooperative Provides any Cooperative Service; and

2. Conducted with absent Trustees participating, and deemed present in person, through any means of communication by which all Trustees participating in the Board Meeting may reasonably and verifiably identify themselves, and simultaneously and approximately instantaneously communicate with each other during the Board Meeting.

If a Trustee Quorum is present at any Board Meeting, then:

- A. In descending priority, the following Officers may preside at the Board Meeting: Chairman, Vice-Chairman, Secretary, and Treasurer; and
- B. If no Officer is present, or desires, to preside over any Board Meeting, then the Trustees attending the Board Member shall elect a Trustee to preside over the Board Meeting.

The Board may promulgate or approve rules, policies, and procedures regarding:

- C. The attendance at, participation in, or presentation during Board Meetings by Persons other than Trustees;
- D. The right to access, inspect, or copy any minutes, record, or other document relating to any Board Meeting by Persons other than Trustees; or
- E. The conduct of Board Meetings.

SECTION 4.03 – 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:

1. Taken by all Trustees; and
2. Evidenced by one (1), or more, written consents (“Trustee Written Consent”):
  - a. Describing the action taken;
  - b. Signed by each Trustee; and
  - c. Included with the Cooperative’s Board Meeting minutes.

Unless the Trustee Written Consent specifies a different effective date, action taken by Trustee Written Consent is effective when the last Trustee signs the Trustee Written Consent. A Trustee Written Consent has the effect of, and may be described as, a Board Meeting vote.

SECTION 4.04 – Trustee Quorum and Voting. A quorum of Trustees is a majority of the Trustees in office immediately before a Board Meeting begins (“Trustee Quorum”). If a Trustee Quorum is present at the time a matter is voted or acted upon, and unless the vote of a greater number of Trustees is required, then the affirmative vote of a majority of Trustees present is the act of the Board.

SECTION 4.05 – Committees. The Board may 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, and serves at the Board’s discretion. The Board may create committees of the Members (“Member Committees”) and appoint Members, including Trustees, to serve on the Member Committees.

- A. Creation and Appointment of Committees. Except as otherwise provided in these Bylaws, at least a majority of Trustees currently in office must approve the:
1. Creation of any Board Committee or Member Committee;
  2. Appointment of Trustees to any Board Committee; and
  3. Appointment of Members to any Member Committee.
- B. Conduct of Committee Meetings. To the same extent as the Board and Trustees, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent, and Trustee Quorum and Voting apply to Board Committees and Trustees serving on Board Committees, and to Member Committees and Members serving on Member Committees.
- C. Committee Authority. Except as prohibited or limited by Law, the Articles, or this Bylaw, the Board may authorize a Board Committee to exercise such Board authority. Although a Board Committee may recommend, a Board Committee may not act, to:
1. Retire and refund Capital Credits and Affiliated Capital Credits;
  2. Approve the Cooperative's dissolution or merger, or the sale, pledge, or Transfer of all, or substantially all, Cooperative Assets;
  3. Elect, appoint, or remove Trustees, or fill any Board or Board Committee vacancy; or
  4. Adopt, amend, or repeal these Bylaws.

Member Committees may act as specified by the Board, but may not exercise Board authority.

SECTION 4.06 – Board Executive Committee. Unless otherwise determined by the Board:

1. A Board executive committee is comprised of the Chairman, Vice-Chairman, Secretary, and Treasurer (“Board Executive Committee”); and
2. When impracticable or inconvenient for the Board to timely meet to consider a matter, and except as prohibited by Law, the Articles, or these Bylaws, the Board Executive Committee may exercise all Board authority regarding a matter.

The Board Executive Committee:

- A. Is a Board Committee;
- B. May exercise all Board authority granted by the Board and permitted by Law, the Articles, and these Bylaws; and
- C. At the next Board Meeting following any exercise of Board authority, shall report to the Board regarding the Board Executive Committee's exercise of Board authority to be then ratified by the Board.

SECTION 4.07 – Conflict of Interest Transaction. A conflict of interest transaction is a transaction with the Cooperative in which a Trustee has a direct or indirect interest (“Conflict of Interest Transaction”).

- A. Indirect Interest. A Trustee has an indirect interest in a Conflict of Interest Transaction if at least one (1) party to the transaction is another Entity:
1. In which the Trustee has a material interest or is a general partner; or
  2. Of which the Trustee is a trustee, officer, or trustee.
- B. Approval of Conflict of Interest Transaction. Regardless of the presence or vote of a Trustee interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and any Board Quorum or Member Quorum satisfied, if the Conflict of Interest Transaction’s material facts, and the Trustee’s interest, are:
1. Disclosed or known to the Board or Board Committee, and a majority of more than one (1) Trustee or Board Committee member with no interest in the Conflict of Interest Transaction votes to approve the Conflict of Interest Transaction; or
  2. Disclosed or known to the Members, and a majority of votes cast by Members not voting under the control of a Trustee or Entity interested in the Conflict of Interest Transaction approves the Conflict of Interest Transaction.
- C. Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is fair when entered is neither:
1. Voidable; nor
  2. The basis for imposing liability on a Trustee interested in the Conflict of Interest Transaction.

## **Article V – Officers**

SECTION 5.00 – Required Officers. The Cooperative must have the following officers: Chairman, Vice-Chairman, Secretary, and Treasurer (“Required Officers”). The Board shall elect Required Officers:

1. At the first (1<sup>st</sup>) Regular Board Meeting following each Annual Member meeting or as soon after each Annual Member Meeting as reasonably possible and convenient;
2. By affirmative vote of a majority of Trustees in office.

Only Trustees may be elected, and serve, as a Required Officer. One (1) Trustee may simultaneously be Secretary and Treasurer. Unless allowed by Law, this Trustee may not execute, acknowledge, or verify any document in more than one (1) capacity.

Subject to removal by the Board, each Required Officer shall hold office until the Required Officer’s successor is duly elected. The Board shall fill any vacant Required Officer’s

position for the remaining unexpired portion of the Required Officer's term. As allowed by Law, Required Officers may delegate their duties and responsibilities to a non-Trustee Cooperative Officer, employee, agent, or representative.

SECTION 5.01 – Chairman. Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Chairman:

1. Shall preside, or designate another individual to preside, at all Board and Member Meetings;
2. On the Cooperative's behalf, may sign any document properly authorized or approved by the Board or Members; and
3. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board [or Members].

SECTION 5.02 – Vice-Chairman. Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Vice-Chairman:

1. Upon the Chairman's death, absence, disability, or inability to act, shall perform the duties, and have the powers, of the Chairman; and
2. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 5.03 – Secretary. Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Secretary:

1. Shall be responsible for preparing minutes of Board and Member Meetings;
2. Shall be responsible for authenticating the Cooperative's records;
3. May affix the Cooperative's seal to any document authorized or approved by the Board or Members; and
4. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 5.04 – Treasurer. Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

SECTION 5.05 – Other Officers. The Board may elect or appoint other officers ("Other Officers"). Other Officers:

1. May be Trustees, Cooperative employees, or other individuals;
2. Must be elected or appointed by the affirmative vote of a majority of current Trustees;
3. May assist Required Officers; and
4. Shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

The same individual may simultaneously hold more than one (1) office. Unless allowed by Law, this individual may not execute, acknowledge, or verify any document in more than one (1) capacity.

SECTION 5.06 – Officer Resignation and Removal. At any time, any Required Officer or Other Officer (collectively, “Officer” or “Cooperative Officer”) may resign by delivering to the Cooperative or Board an oral or written resignation. Unless the resignation specifies a later effective date, an Officer resignation is effective when received by the Cooperative or Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. At any time, the Board may remove any Officer for any reason, with or without cause.

SECTION 5.07 – Authority to Execute Documents. On the Cooperative’s behalf, any two (2) Required Officers may sign, execute, and acknowledge any document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Trustees, Officers, employees, agents, or representatives to sign, execute, and acknowledge any document on the Cooperative’s behalf.

SECTION 5.08 – Bonds. At the Cooperative’s expense, the Cooperative may purchase a fidelity bond covering any Cooperative Trustee, Officer, employee, agent, or representative.

SECTION 5.09 – Indemnification. As allowed by Alabama Law, and as determined by the Board:

1. The Cooperative may indemnify an individual who is, or was, a Cooperative Trustee, Officer, employee, or agent to the extent allowed by Alabama law, as long as that individual:
  - a. Acted in good faith;
  - b. Reasonably believed:
    - (i) For conduct as a Cooperative Trustee, Officer, employee, or agent, that the Individual’s conduct was in the Cooperative’s best interest; and
    - (ii) For all other conduct, that the Individual’s conduct was not opposed to the Cooperative’s best interests; and

In the case of any criminal Proceeding, had no reasonable cause to believe the Individual’s conduct was unlawful.

The Cooperative may, as part of the Indemnification herein contemplate, advance expenses on behalf of the Individual.

Insurance. Regardless of any indemnification authority or requirements, the Cooperative may purchase and maintain insurance on behalf of any individual who is, or was, a Cooperative Trustee, Officer, employee, agent or representative against any:

1. Liability, including judgment, settlement, or otherwise; or
2. Reasonable expenses, including reasonable attorney fees,

asserted against, or incurred by, the Cooperative or the individual in his or her individual capacity, or arising from the individual's status, as a Cooperative Trustee, Officer, employee, agent, or representative.

## **Article VI – Cooperative Operation**

SECTION 6.00 – 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 Members; and
3. May not pay interest or dividends on Capital or deposits furnished by Patrons.

SECTION 6.01 – Allocating and Crediting Capital. In operating the Cooperative:

A. Patron. A Cooperative patron (“Patron”) is a Member.

B. Capital Credits. Patrons shall furnish and contribute to the Cooperative, and the Cooperative shall receive from Patrons, as capital (“Capital”) the amount (“Operating Margins”) by which the funds and amounts received by the Cooperative from Patrons for Providing a Cooperative Service (“Operating Income”) exceed the Cooperative's costs and expenses of providing the Cooperative Service (“Operating Cost”).

For each Cooperative Service, the Cooperative shall annually allocate to each Patron, and pay by credit to a Capital account for each Patron, Operating Margins from the Cooperative Service in proportion to the value or quantity of the Cooperative Service Used by each Patron during the applicable fiscal year (“Capital Credits”). Capital Credits must 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 furnished or contributed the Capital to the Cooperative in 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 Providing a Cooperative Service (“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 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, Affiliated Entity Allocated Capital is Operating Income.

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") may be:

1. Allocated as Capital Credits to Patrons in the same manner as the Cooperative allocates Operating Margins to Patrons;
2. Retained or used by the Cooperative as permanent, non-allocated capital;
3. Used to pay or offset any Cooperative cost or expense; or
4. Used as otherwise determined or approved by the Board.

E. Assignment and Notification. Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned or transferred only upon:

1. A Patron delivering a written assignment or transfer to the Cooperative;
2. The Patron complying with any other reasonable requirement determined by the Board; and
3. The Board approving the assignment or transfer.

The Cooperative shall annually notify each Patron in writing of the dollar amount of Capital Credits or Affiliated Capital Credits allocated or credited to the Patron during the applicable fiscal year, as required by the Internal Revenue Service.

SECTION 6.02 – Retiring and Refunding Capital Credits. At any time prior to the Cooperative's dissolution or liquidation, and if the Board determines that the Cooperative's financial condition will not be adversely impacted:

The Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund Capital Credits to Patrons and former Patrons.

The Board shall determine the manner, method, and timing of retiring and refunding Capital Credits and Affiliated Capital Credits.

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 Entity former 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.

Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct 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 and late payment fee determined by the Board.

If the Cooperative takes reasonable measures to notify any Patron or former Patron of retired or refunded Capital Credits or Affiliated Capital Credits, and if the Patron or former Patron fails to claim the retired or refunded Capital Credits or Affiliated Capital Credits within five (5) years, then the Patron or former Patron contributes the unclaimed amounts to the Cooperative, and the Cooperative accepts the unclaimed amounts from the Patron or former Patron, as permanent, non-allocated capital.

SECTION 6.03 – 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 or refunding 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, retired, or refunded Capital Credits, Affiliated Capital Credits, and similar amounts;
  - b. Pay to the appropriate Entity any tax or similar amount on allocated, credited, retired, or refunded Capital Credits, Affiliated Capital Credits, and similar amounts.

## **Article VII – Disposition of Cooperative Assets**

SECTION 7.00 – Transfer of Cooperative Assets. Except for any sale, lease, exchange, or other disposition (“Transfer”) of any Cooperative property or Cooperative asset (“Asset”):

1. To secure indebtedness;
2. Pursuant to condemnation or threat of condemnation;
3. Pursuant to an existing legal obligation;
4. Associated with a Consolidation or Merger; or
5. To a Cooperative Subsidiary,

the Cooperative shall not Transfer all or substantially all of the Cooperative’s Assets unless:

1. The Board approves the proposed Transfer;
2. At least a two-thirds (2/3) majority of the Total Membership approves the proposed Transfer;

3. In proportion to the value or quantity of Cooperative Services Used by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates and credits to Members as Capital Credits the greater of any consideration received for the Cooperative's Assets that exceeds the amount paid for the Cooperative Assets or that exceeds any monies to be paid to any lienholders of the Cooperative.

Unless otherwise determined by the Members, after the Members approve a Transfer, the Board may abandon the Transfer. To secure indebtedness, the Board may Transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative Asset.

SECTION 7.01 – Merger or Consolidation. In a manner determined by the Board that is consistent with this Bylaw, and, as allowed by Alabama law, the Cooperative may consolidate or merge with any other Entity operating on a cooperative basis that Provides electricity (“Consolidate or Merge”).

A. Board Approval. The Board must approve an agreement or plan to Consolidate or Merge (“Consolidation or Merger Agreement”) stating the:

1. Terms and conditions of the Consolidation or Merger;
2. Name of each Entity Consolidating or Merging with the Cooperative;
3. Name of the new or surviving Consolidated or Merged Entity (“New Entity”);
4. Manner and basis, if any, of converting memberships, or ownership rights, of each Consolidating or Merging Entity into memberships or ownership rights of, or payments from, the New Entity;
5. Number of trustees of the New Entity, which must equal or exceed five (5);
6. Date of the New Entity's annual meeting;
7. Names of New Entity trustees who will serve until the New Entity's first annual meeting; and
8. Any other information required by Law.

B. Member Approval. After the Board approves a Consolidation or Merger Agreement, two-thirds (2/3) of the Members present and voting in person, or voting by Mail Ballot must approve the Consolidation or Merger Agreement.

C. Notice. The Cooperative shall notify Trustees of any Board Meeting, and Members of any Member Meeting, at which Trustees or Members may consider a Consolidation or Merger Agreement. This notice must contain, or be accompanied by, a summary or copy of the Consolidation or Merger Agreement.

D. Other Requirements. The New Entity trustees named in the Consolidation or Merger Agreement must sign and file articles of Consolidation or Merger in a manner, and stating the information, required by Law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by Law.

SECTION 7.02 – Distribution of Cooperative Assets Upon Dissolution. Upon the Cooperative’s dissolution:

1. The Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities, including retiring and refunding without priority all Capital Credits to all Patrons and former Patrons in proportion to the value or quantity of Cooperative Services Used by each Patron or former Patron; and
2. After paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities:
  - a. To the extent practical, the Cooperative shall first distribute gains from selling any appreciated Cooperative Asset to Members who Used Cooperative Services during the period in which the Cooperative owned the Cooperative Asset in proportion to the value or quantity of Cooperative Services Used by the Member during the period the Cooperative owned the Cooperative Asset;
  - b. To the extent practical, the Cooperative shall then distribute Non-Operating Margins used by the Cooperative as permanent, non-gains to Members who Used Cooperative Services during the period in which the Cooperative received the Non-Operating Margins in proportion to the value or quantity of Cooperative Services Used by the Member during the period the Cooperative received the Non-Operating Margins; and
  - c. The Cooperative shall then pay or distribute any remaining Cooperative Assets, and any amounts received from selling any remaining Cooperative Assets, to:
    - (1) The Members in proportion to the value or quantity of Cooperative Services Used prior to the Cooperative’s dissolution; or
    - (2) Any nonprofit charitable or educational Entity or organization exempt from federal income taxation.

## **Article VIII – Miscellaneous**

SECTION 8.00 – Bylaw Amendments. Unless otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed (“Amended”) by the affirmative vote of a majority of the Members present in person or represented by Mail Ballot at a Member Meeting. Unless otherwise stated in a Bylaw Amendment, the Amendment is effective immediately after the vote approving the Amendment.

- A. Sponsorship of Bylaw Amendments. The Board shall sponsor or propose Bylaw Amendments.
- B. Notice of Bylaw Amendment. Notice of any Member Meeting at which Members will consider a proposed Bylaw Amendment must:

1. State that the purpose, or one (1) of the purposes, of the Member Meeting is to consider the proposed Bylaw Amendment; and
2. Contain, or be accompanied by, a copy or summary of the proposed Bylaw Amendment.

SECTION 8.01 – Rules of Order. Unless the Board determines otherwise at any time, and to the extent consistent with Law, the Articles, and these Bylaws, the latest edition of Robert’s Rules of Order governs all:

1. Member Meetings;
2. Board Meetings;
3. Member Committee meetings; and
4. Board Committee meetings.

SECTION 8.02 – Fiscal Year. Unless otherwise provided by Law or in the Articles, the Board shall determine, and may modify, the Cooperative’s fiscal year.

SECTION 8.03 – Notice. In these Bylaws:

A. Notice Type. Unless otherwise provided in these Bylaws, notice may be:

1. Oral or written; and
2. Communicated:
  - a. In person;
  - b. By telephone, telegraph, teletype, facsimile, electronic communication, or other form of wire or wireless communication;
  - c. By mail or private carrier; or
  - d. If the above-listed forms of communicating notice are impractical, then by newspaper of general circulation in the area where published, or radio, television, or other form of public broadcast communication.

If addressed, or delivered, to an address shown in the Membership List, then a written notice or report delivered as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written notice or report to all Members:

1. Residing at the address; or
2. Having the same address shown in the Membership List.

B. Notice Effective Date. If communicated in a comprehensible manner, then unless otherwise provided in these Bylaws:

1. Oral notice is effective when communicated; and
2. Written notice is effective upon the earliest of:
  - a. When received;

- b. With the postmark evidencing deposit in the United States Mail, if correctly addressed and:
  - (i) Mailed with first class postage affixed, then five (5) days after deposit in the United States Mail; or
  - (ii) Mailed with other than first class, registered, or certified postage affixed, then thirty (30) days after deposit in the United States Mail; or
- c. If sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

Written notice is correctly addressed to a Member if addressed to the Member's address shown in the Membership List.

SECTION 8.04 – Waiver of Notice.

- 1. Any Member or Director may, in writing, waive notice of any Meeting; and
- 2. The attendance of any Member or Director at any meeting waives notice of the meeting unless the member or Director attends the meeting for the express purpose of objecting to transacting business at the meeting because the meeting was not lawfully called or convened.

SECTION 8.05 – Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the state of Alabama.

SECTION 8.06 – Titles and Headings. All titles and headings of Bylaw articles, sections, and sub-sections are for convenience and reference only, and do not affect the interpretation of any Bylaw article, section, or sub-section.

SECTION 8.07 – 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 Entity 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.

SECTION 8.08 – 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.