

Statement of Nondiscrimination

Central Alabama Electric Cooperative is the recipient of federal financial assistance from the Rural Utilities Services (RUS), an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, and marital or family status shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Tom Stackhouse, President/Chief Executive Officer. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

Welcome as a member of Central Alabama Electric Cooperative

Central Alabama Electric Cooperative is a member-owned cooperative business that strives to enhance the quality of life for its members and community. As a not-for-profit organization, the Cooperative's objective is to provide quality service at the lowest possible cost. Once all expenses are paid, margins generated are invested in the cooperative's facilities, thereby creating member equity or ownership. This member equity is accounted for in Capital Credit accounts for each member-consumer who purchases power. Equity is retired and returned to the members as the cooperative's financial position strengthens.

There are three levels of regulation for cooperatives. First, the Federal and State statutes establish the right to operate in the United States and Alabama. These governmental laws require the members to have bylaws, which are the regulations approved by members that govern the affairs of the cooperative. Bylaws, the second level of regulation, set guidelines that authorize the Board to develop the third, policies which guide in the daily operations. The governmental laws are created and maintained through elected officials and administered through various governmental agencies like the Rural Utility Service (RUS), the Internal Revenue Service (IRS), Occupational Safety and Health Administration (OSHA), Alabama Department of Environmental Management (ADEM) and Alabama Department of Transportation (ALDOT).

The relationship of your Cooperative to the Rural Utility Service, or RUS, is that of borrower to lender. RUS is an agency of the United States Department of Agriculture. It lends money to electric cooperatives, rural water systems and telephone cooperatives. RUS does not own the Cooperative nor make its policies. As a members-owner you elect the trustees who determine cooperative policies and govern the cooperative's activities.

Each member of the Board of Trustees is also a member of the cooperative and receives electric service from CAEC. Therefore, your elected trustees have a vested interest in the quality of service that is received as well as the cost of electricity to the membership.

Trustees are selected through elections conducted during your cooperative annual membership meeting. During each annual meeting three to four trustees are elected. Nine trustees each represent a district and one trustee serves an at-large position. Not only are trustees elected but the business of the cooperative is reported and conducted in the form of Bylaws and/or resolutions.

Each cooperative member has one vote in the election of trustees. With this system, your voice in the operation of your electric cooperative is just as strong as any other member. If you cannot attend the annual meeting, your vote can still be counted through a mail-in ballot. As a cooperative member you are urged to participate.

Proposed Central Alabama Electric Cooperative Bylaws

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ARTICLE I - MEMBERSHIP

SECTION 1.01 Eligibility; Transfer. Any natural person, firm, association, corporation, business trust, partnership, limited liability company, Federal agency, state or political subdivision thereof, or body politic (each hereinafter referred to as "person," "applicant," "member,") 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 Central Alabama Electric Cooperative (hereinafter called the "Cooperative"). No membership shall be transferable except as may be permitted in these Bylaws. Membership may be denied to a person, or a member of such person's household, who is indebted to the Cooperative for electric services previously provided at the location for which service is now being requested or a former location at which such person or member of the household was furnished electric service. No Member may hold more than one membership in the Cooperative.

SECTION 1.02 Application for Membership; Renewal of Prior Application. Application for membership - whereby 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 Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted, repealed or amended (the obligations embraced by such agreement being hereinafter called "Membership Obligations") - shall be made in writing on such form as is provided therefor by the Cooperative. The Cooperative may, in its discretion, utilize electronic or digital forms of agreement and may accept electronic or digital signatures on such forms. With respect to any particular classification of service for which the Board of Trustees shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative.

The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), which fee (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 by Board resolution denied. Any former Member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding 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, service connection fee or contribution in aid of construction that may be required by the Cooperative), 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.

To the extent permitted by applicable law, and if authorized by the Board of Trustees, the Cooperative may permit membership applications to be completed, submitted and signed by the applicable member in accordance with the Alabama Uniform Electronic Transactions Act, with the same effect as if manually signed and submitted by non-electronic methods.

SECTION 1.03 Membership Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. The membership fee shall be as fixed from time to time by the Board of Trustees. The membership fee (together with any service security deposit, or 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 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. Two or more individuals requesting in writing, may 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. The terms "member," "applicant," "person," as used in these Bylaws, shall include individuals applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing -

- (a) The presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) The vote of either or both shall constitute, respectively, one joint vote, including votes by mail;
- (c) Notice to, or waiver of notice signed by either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) Suspension or termination in any manner of either shall constitute suspension or termination of the joint membership; and

(e) 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.

(f) For purposes of voting at members meetings or by mail, one individual member may be treated as representing a joint membership account unless the Cooperative receives written instructions from the individual in whose name the account is stated to reserve such voting rights to the individual giving notice.

(g) In the event of a legal separation pursuant to a written agreement or court order in the event of a divorce of the individuals holding a joint membership, or in the event that one individual vacates a premise, if one joint member legally retains possession of a premise 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 premise 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.

(h) Upon the death of either individual who is a party to the 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, divorce of married individuals, 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 premise or the survivor in accordance with the Cooperative's standards for requiring service security deposits.

SECTION 1.05 Acceptance into Membership. Upon complying with the requirements set forth in section 1.02, 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 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. The Cooperative shall use reasonable diligence to furnish its members with 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 the Electric Cooperative Act (Ala. Code Section 37-6-1 et seq.(1975), as amended the "Act") under which the Cooperative is organized.

Each Member, for so long as such premises are owned or occupied or used by the Member, shall purchase from the Cooperative all 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 of Trustees may in writing waive such requirement; and shall pay, therefor, at the times, and in accordance with the 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 by the Board of Trustees and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. A Member may produce or make use of electric energy produced entirely on such premises by its owned facilities. Except in accordance with policies and regulations that shall be fixed from time to time by the Cooperative, no Member shall be interconnected with Cooperative facilities and, if such interconnection is permitted, the Cooperative shall not be required to purchase any electric capacity or energy from such premise unless the Cooperative has a policy to do so. Each Member shall also pay all other amounts owed by the Member to the Cooperative as and when they become due and payable. If a metering or billing irregularity is discovered, should the Member have been overcharged, the Cooperative will refund the amount determined or reasonably estimated as an overcharge for the period up to 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 an overcharge for the period of up to 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 to the Member by 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.

Except with respect to eminent domain proceedings, any claim or controversy 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 shall be resolved by arbitration in Prattville, Alabama, according to regulations prescribed by the Board of Trustees, which may specify the number of arbitrators, and generally applicable to all disputes between the Cooperative and its members or, if no such regulations have been prescribed to the

dispute, then by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. Each member of the Cooperative agrees to arbitrate all such disputes according to this Bylaw and any regulations prescribed by the Board of Trustees pursuant to this Bylaw, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Controversies and claims must be settled through individual arbitration and not through collective or class action arbitration.

SECTION I.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 credited with the capital so furnished as provided in Article VIII of these Bylaws.

SECTION I.08 Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each Member 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 Code, of any applicable state code or local government ordinance, and of the Cooperative. If the foregoing specifications are different, the more exacting standards shall prevail. The Cooperative shall have the right to inspect any installation before electricity is supplied or any date thereafter to determine compliance with this requirement, 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.

A Member shall be responsible for properly isolating any home generators or other generators on the property of the Member so that, in the event of an electrical outage, the generator will not back feed into the Cooperative's distribution lines, threatening the life or safety of the Cooperative's linemen.

Each Member shall be responsible for - and shall indemnify and hold harmless the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage 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 thereon, from the Member's negligence or the Member's failure to comply with the Cooperative's bylaws, policies, rules and regulations. Each Member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon 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 bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times.

As part of the consideration for such service, each Member shall be the Cooperative's bailee of such 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. 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 any and all death, injury, loss or damage to person or property 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 I.09 Member to Grant Easements to Cooperative. Each Member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative, for the Member, the Member's successors and assigns, grants of easement or right-of-way over, on or under such real property in which the Member has any interest (and in, under or upon all streets, roads or highways abutting such real property) owned or leased by or mortgaged to the Member, such easement or right-of-way to be utilized for the construction, operation, repair and maintenance of electric distribution and service lines and appurtenances, whether owned by the Cooperative or otherwise, and for any other purposes, such as for communications, whether such facilities are used to serve the Member or others. Such easement or right-of-way shall include the right to cut or trim trees on the right-of-way or that threaten facilities located on the easement or right-of-way. The Cooperative shall take into consideration any suggestions of the landowner to minimize any inconveniences to the landowner in the construction, operations, maintenance or relocation of Cooperative electric facilities but the Cooperative may locate said facilities on said premises where it deems them necessary and under the terms and conditions as the Cooperative shall require.

SECTION I.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.

ARTICLE II - MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01 Suspension; 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 suspended; and the Member shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or 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 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 Expulsion; Renewed Membership. Upon failure of a suspended Member to be automatically reinstated to membership, as provided in Section 2.01, the Member may, without further notice, but only after due hearing held in accordance with the policies or resolutions adopted by the Board, if such hearing is requested by the Member, be expelled by vote of the Board of Trustees at any subsequently held regular or special meeting of the Board of Trustees. After expulsion of a Member, the Member may not again become a Member except upon new application therefor as provided in Sections 1.02 and 1.05; but the Board of Trustees, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all the Member's Membership Obligations.

SECTION 2.03 Termination by Withdrawal or Resignation. A Member may withdraw from membership upon such generally applicable conditions as the Board of Trustees shall prescribe upon either (a) ceasing to (or, with the approval of the Board of Trustees, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to this membership, or (b) except when the Board of Trustees specifically waives such condition, abandoning totally and permanently the use of electric service on such premises.

SECTION 2.04 Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. The death of a natural person member shall automatically terminate the person's membership provided that the death of either individual holding 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 due the Cooperative. The cessation of the legal existence of any other type of member shall automatically terminate such membership; provided, upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership, in the same manner and to the same effect as though such membership had never been held by different partners; provided further, neither a withdrawing partner nor the partner's estate shall be released from any debts then due the Cooperative by the partnership.

SECTION 2.05 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), 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. Notwithstanding the suspension or expulsion of a Member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Trustees shall expressly so elect, constitute release of such person from such person's Membership Obligations as to entitle the person to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

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 during the month of August, September, October or November of each year at such places in the Alabama Counties of Autauga, Bibb, Chilton, Coosa, Dallas, Elmore, Lowndes, Perry, Tallapoosa and Talladega 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 for, and to encourage member attendance at, or participation by mail voting in, the annual meeting and any special member meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02 Special Meetings. A special meeting of the members may be called by resolution of the Board of Trustees or upon a written request signed by the Chairman, by any three (3) Trustees or by petition signed by hand 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 served by the Cooperative in the State of Alabama, on such date, not sooner than thirty (30) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall be designated by the Board of Trustees.

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 or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than fifty (50) 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 an integral 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 at the expense of the Cooperative. Due to the use of mail balloting, no matter may be acted upon by the members at a meeting unless notice 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 five (5) days prior to the meeting date or sent to the Member by electronic means addressed to the Member at the Member's 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.

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 active and unsuspended members of the Cooperative, on the record date, 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 sooner than thirty (30) days later and to any place within a county served by the Cooperative in Alabama; 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. Registration of attendance at a meeting of members and mail votes shall be used to determine a quorum.

Notwithstanding the normal quorum requirements stated in the preceding paragraph, the members may not vote to recall a Trustee or Trustees unless there are present in person at least five percent (5%) of the persons who are then members of the Cooperative.

The Cooperative may provide one or more area meetings where members may register attendance and vote in lieu of attending the meeting at the primary location of the meeting. Any place selected for an area meeting shall contain facilities equipped with technology that will permit the members to view and hear business conducted at the annual meeting by means of audio and video equipment that will also allow the members to make comments or ask questions heard by those members at the primary location of the meeting at such time in the meeting as members physically present at the principal location of the meeting may make comments or ask questions. Members attending such an area meeting shall be considered present at the meeting in person for purposes of determining a quorum.

SECTION 3.05 Voting.

(a) Each Member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote and no more, regardless of the number of services, upon each matter submitted to a vote at any meeting of the members. Voting by Members other than Members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registering at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings

of the members, all questions shall be decided by a vote of a majority of the Members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Conversion or these Bylaws. Members may not cumulate their votes or vote by proxy. The Board of Trustees may provide facilities through which Members may cast their votes on matters included in the Notice of the meeting prior to the formal commencement of the business meeting on the day of the meeting after the Member has registered the Member's attendance.

(b) **Mail Voting.** Each Member who is not in a status of suspension and who was a Member on the Record Date shall be entitled to only one vote upon each matter submitted to a vote of the members. Any Member who is not in a status of suspension and who was a Member on the Record Date may vote in person or by mail on all matters requiring a vote of the membership, except for matters involving the disposition of Cooperative property pursuant to Article VIII of these bylaws, upon which members shall be required to vote in person and except for a proposal to place the Cooperative in bankruptcy or receivership. The Secretary shall be responsible for the enclosure with each notice of each meeting (1) an exact copy of any motion or resolution to be acted upon by the members, (2) a ballot with instructions for indicating on the ballot the member's vote on the motion or resolution, and (3) an envelope addressed to such address as may be specified by the Board Trustees for returning the ballot. For election of Trustees, the nominees or candidates shall be listed by District number and within each District the incumbent, if any, shall be listed first and other candidates shall be listed alphabetically by last name thereafter. The failure of any Member of record to receive a copy of any motion or ballot 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 according to the instruction and mail the ballot in the envelope provided. Each ballot received by mail on or before the date and time set by the Board of Trustees as the deadline for receiving ballots shall be counted. In case of joint membership, the first ballot received from either of the joint Members shall constitute one joint vote. A Member of record present at a meeting in person may vote on matters presented to the members for a vote only if that Member has not already voted on that matter by mail ballot. The Board of Trustees may specify any additional or other procedures necessary to efficiently and effectively conduct mail voting as provided for under this section.

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 essentially as follows:

1. Report on the number of members registered in person, by mail or other means established by the Board in order to determine the existence of a quorum;
2. Presentation and consideration of reports of officers, Trustees and committees;
3. Election of Trustees;
4. Unfinished business;
5. New business; and
6. Adjournment.

The Board of Trustees 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 thirty (30) days prior to the next following 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 of Trustees or with corrections proposed by Members immediately after Item (1) above.

Notwithstanding the foregoing, the Board of Trustees may from time to time establish a different order of business for the purpose of fixing an earlier or later consideration of and action upon any item of business the transaction of which is necessary or desirable in such changed order; provided, 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 for determining the quorum and members entitled to receive notice of a meeting of the members and 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 fifteen (15) days prior to the meeting.

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 not less than nine (9) or more than eleven (11) Trustees, which shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Article of Conversion or Bylaws conferred upon or reserved to the members. Nine (9) of the Cooperative's Trustees shall represent geographic districts and if the Cooperative has more than nine (9) Trustees, the remaining Trustees shall serve at-large. The Board of Trustees shall determine when and whether the Cooperative shall have more than nine (9) Trustees and, if such a determination is made, the Board of Trustees shall appoint the person to fill such at-large positions for a term for such position to be designated by the Board, not to exceed three (3) years. Thereafter, unless the Board of Trustees determines to abolish an at-large Trustee position, the at-large Trustee positions shall be filled in accordance with Sections 4.03 and 4.06 of the Bylaws. The territory served or to be served by the Cooperative shall be divided into nine (9) districts, 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 must be a member receiving service from the Cooperative within the district which he represents. A description of the current nine (9) districts shall be attached to the Bylaws.

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, shall 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, or geographic location of Districts, the Board shall by resolution alter the geographical boundaries of the Districts with the aim of arranging more equitable districting. 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. If the Board of Trustees does not annually review the districts, upon the submission of a petition signed by one percent (1%) or more of the members of the Cooperative, the Chairman of the Cooperative shall be required to call a special meeting of the Board of Trustees to consider and take action upon the rearranging of geographical boundaries of the nine (9) districts to accomplish the purpose of this districting provision.

Effective with the date of the notice given to members of the District boundary alterations, such action by the Board of Trustees shall constitute an amendment to these Bylaws with respect to District Boundaries. The boundaries of such Districts may also be changed by amendment of these Bylaws by the members. Provided, any change 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 amendment 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 cause the vacancy 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.

SECTION 4.02 Qualifications. To become eligible or remain a Trustee, a person must:

- (a) Be a legal citizen of the United States;
- (b) Be a member in good standing and bona fide resident receiving service from the Cooperative at the Member's primary residential abode for a minimum period of twelve (12) months prior to election;
- (c) Comply with all policies of the Cooperative;
- (d) Regularly attend board meetings and attend seminars, workshops, state, regional and national meetings in order to become and remain an effective Trustee;
- (e) Be subject to a credit check with respect to his or her accounts with the Cooperative as of December 31 of each year and be subject to removal from office by the remaining Trustees if an unsatisfactory credit record is revealed;
- (f) Have the capacity to enter legally binding contracts; and
- (g) 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.

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

- (a) Has been convicted of, or pled guilty to a felony;
- (b) Is in any way employed by or has substantial financial interest 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;

- (c) 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 any entity that the Cooperative controls or in which the Cooperative has a substantial interest, is employed by an electric utility, is employed by the Cooperative or has been an employee of the Cooperative within the five (5) years preceding the date of the member meeting at which an election will be held at which the Member will be considered for the position of Trustee;
- (d) Possesses any conflict of interest with the Cooperative; and
- (e) Is a close relative of an incumbent Trustee or of an employee of the Cooperative.

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. Close relative is defined in Section 4.12 of the Bylaws.

Upon establishment of the fact that a nominee for Trustee lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Board of Trustees 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 three (3) regular meetings of the Board of Trustees during any twelve (12) consecutive such meetings, 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) consecutive regular Board Meetings. 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 attend essential seminars, workshops, state, regional and national meetings without good cause shown or if the Trustee does not demonstrate by the Trustee's actions an understanding of and belief in cooperative principles and the cooperative way of doing business or if the Trustee does not continue to support the continuity of the Cooperative. No Trustee may become an employee of the Cooperative for a minimum of five (5) 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.

SECTION 4.03 Election. At each annual meeting of the members, Trustees shall be elected by ballot by the members or, if there is no contest, by voice vote of those present and mail ballots shall also be counted. Trustees shall be elected by a plurality of votes cast unless the members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this Bylaw provision shall be drawn to the attention of members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie votes.

The Board of Trustees may establish a Credentials and Election Committee to oversee and validate elections of Trustees or other votes by Members and to perform such other duties as may be assigned to it by the Board of Trustees.

SECTION 4.04 Tenure. The terms of the Trustees elected from Districts 2, 5 and 9 and the present at-large Trustee expire at the annual meeting to be held in 2007. The terms of the Trustees elected from Districts 1, 4 and 6 expire at the annual meeting to be held in 2008. The term of the Trustees elected from Districts 3, 7 and 8 expire at the annual meeting to be held in 2009. The term of all Trustees elected has and shall continue to be 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 annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. 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 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.

SECTION 4.05 Nominations. It shall be the duty of the Board of Trustees to appoint, not less than one hundred-twenty (120) days before the date of a meeting of the members at which Trustees are to be elected, a Committee on Nominations, consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different sections of the service area of the Cooperative so as to ensure equitable representation. No member of the Board of Trustees, nor employee, agent, officer, of the Cooperative, no known candidate for Trustee, and no close relative or member of the same household thereof, may serve on such

Committee. The Committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Cooperative at least ninety (90) days before the meeting, a list of nominations for Trustees, arranged in groups according to the Districts in which the candidates reside. Two percent (2%) or more members from any District acting together (or, with respect to an At-Large Trustee's position, 2/9^{ths} of 1% of the members), may make other nominations for Trustee to represent their District by petition not less than eighty (80) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. Each page of the petition shall, in the forepart thereof, state the names, addresses and account numbers of the members, signed by each Member in the same name as the Member is billed by the Cooperative and shall state the Member's address as it appears on the Member's billings. 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 addresses 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.

No one is entitled to a membership list of names, addresses or other information specific to a member; however, if a member wishes to communicate with other members concerning a proper purpose relating to the affairs of the Cooperative, the Cooperative will provide a mailing to the members of the information the member desires to communicate to other members but the member will be responsible for paying, in advance, the cost of postage for such mailing. Notwithstanding the previous sentence, if there are two or more duly qualified candidates for a board seat, the Cooperative will mail the information the candidate wishes to send to the members at the expense of the Cooperative but no candidate shall be entitled to more than one such mailing with respect to a given election and the information to be mailed shall conform to any Board policy governing size, format and other requirements.

SECTION 4.06 Voting for Trustees. In the election of Trustees, each Member who was a Member on the record date shall be entitled to vote in each election of a Trustee.

SECTION 4.07 Removal of Trustees by Members. Any Member may bring one or more charges with cause against any one or more Trustees, alleging acts or omissions adversely affecting the business and affairs of the Cooperative that amount to actionable negligence, malfeasance, misfeasance, nonfeasance, fraud or criminal conduct, or failure to meet or maintain the qualifications set forth in Section 4.02 hereof, and may request the removal of such Trustee(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition, signed by not less than five percent (5%) of the total membership of the Cooperative, which calls for a special member meeting thereon and specifies the place, time and date thereof not less than ninety (90) days after the filing of such petition or which requests that the matter be acted upon at the subsequent annual members meeting if such meeting will be held no sooner than thirty (30) days after the filing of such petition.

Each page of the petition shall, in the forepart thereof, state the names, addresses and account numbers of the Members filing such charge(s), a verbatim statement of such charges and the name(s) of the Trustee(s) against whom such charge(s) is(are) being made. The petition shall be signed by each Member in the same name as the Member is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, and of the Trustee(s) against whom the charges have been made and of the Members filing the charge(s) shall be contained in or accompany the notice of the meeting to the members given not less than thirty (30) nor more than sixty (60) days prior to the member meeting at which the matter will be acted upon.

Such Trustee(s) shall be informed in writing of the charges as soon as they have been validly filed and at least thirty (30) days prior to the meeting of the members at which the charge(s) are to be considered, shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s), and shall be heard last; and the persons bringing the charge(s) shall have the same opportunity, but shall be heard first. The question of the removal of such Trustee(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting and such Trustee shall be removed upon the vote in favor of removal by not less than two-thirds (2/3) of those members constituting a quorum as defined in Section 3.04; provided, the question of the removal of a Trustee shall not be voted upon at all unless some evidence in support of the charge(s) against the Trustee shall have been presented during the meeting through oral statements, documents, or otherwise; and provided further, no Trustee shall be so removable from office for the reason that the Trustee, in good faith and believing such to be in the best interest of the Cooperative and of its present and future members, failed or declined to support, or that the Trustee opposed, (1) a proposal to sell, lease-sell or otherwise dispose of all or a substantial portion of the Cooperative's assets and properties or to dissolve the Cooperative, or (2) a motion to notify the Cooperative's members of a proposal received by the Cooperative for such a sale, lease-sale, disposition or dissolution, or (3) a motion or any other effort to call a meeting of the Cooperative's members to consider an act upon a proposal for such a sale, lease-sale, disposition or dissolution. Any vacancy created

by such removal may be filled by a person meeting the qualification requirements of Section 4.02 elected by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, and nominations shall be made from the floor. A newly elected Trustee shall be from the same Trustee District as was the Trustee whose office he succeeds and shall serve out the unexpired portion of the removed Trustee's term.

SECTION 4.08 Vacancies. Subject to the provisions in these Bylaws with respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring in the Board of Trustees shall be filled by the Board of Trustees. A Trustee thus appointed by the Board shall serve out the unexpired term of the Trustee whose office was originally vacated and/or until his successor is elected and qualified; provided, such new Trustee shall be from the same Trustee District as was the Trustee whose office was vacated.

SECTION 4.09 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 time expended otherwise performing their duties. Except in an emergency, Trustees and their close relatives shall not be employed by the Cooperative in any capacity involving compensation without prior approval by the Members or by a committee appointed by the Board of Trustees consisting of one (1) Member from each District and who shall not be a Trustee, a close relative of a Trustee or an employee of the Cooperative. A Trustee or a close relative of a Trustee may receive compensation for serving the Cooperative in an emergency only if the service by the Trustee or close relative shall have been certified by resolution of the Board as an emergency measure.

SECTION 4.10 Policies, Rules, Regulations, Rate Schedules and Contracts. The Board of Trustees shall have power to make, adopt, amend, abolish and promulgate 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 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 amended 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 by the Member.

SECTION 4.11 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, subject to and not inconsistent with applicable laws and rules and regulations of any regulatory body. 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 4.12 "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who, by blood or in law, including step, half, foster and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the person specified.

ARTICLE V - MEETINGS OF THE BOARD OF TRUSTEES

SECTION 5.01 Regular Meetings. A regular meeting of the Board of Trustees shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the Board of Trustees shall also 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, 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.

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, which shall be held within any of the counties served by the Cooperative, unless all Trustees consent to its being held in some other place. Special meetings, upon proper notice as otherwise provided in Section 5.03, may be held by any available electronic means deemed appropriate by the Trustees, without regard to the actual location of the Trustees at the time of such meeting, if all the Trustees consent thereto provided, however, that the Secretary shall reduce the actions taken by the Trustees at the electronic meeting to writing and send them to all the Trustees present at the electronic meeting and the failure of any Trustee to object to the accuracy of such minutes in writing within five (5) days from the date such minutes are mailed shall confirm the accuracy of such minutes.

SECTION 5.03 Notice of Trustees Meetings. Written or electronic notice of the date, time, place (or format) 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. 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.

SECTION 5.04 Quorum. The presence in person or by electronic means of a majority of the Trustees in office shall be required for the transaction of business and the affirmative votes of a majority of the Trustees present 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 approves the written consent. A written consent has the effect of, and may be described as, a Board meeting vote. Trustees may indicate approval by electronic means and such approval will be treated as a written approval.

SECTION 5.06 Electronic Communication Participation. When such electronic communication participation by a trustee is otherwise authorized by a policy or resolution adopted by the Board, the members of the Board may participate in meetings of the Board of Trustees by means of conference telephone or other means of electronic communication by which all trustees participating in the meeting can hear each other during the meeting, and participation in a meeting in accordance herewith shall be deemed to constitute presence in person at such meeting for these Bylaws and all other purposes.

ARTICLE VI - OFFICERS; MISCELLANEOUS

SECTION 6.01 Number and Title. The officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary, Treasurer and President, 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, other than the President, 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 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, agent or employee elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative will thereby be served, subject to the provisions of any employment contract.

SECTION 6.04 **Chairman.** The Chairman shall:

- (a) be the principal executive officer of the Board of Trustees 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.** The Vice Chairman shall perform such other duties as from time to time may be assigned to the Vice Chairman by the Chairman or the Board of Trustees. In the absence of the Chairman, or in the event of the Chairman's 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.

SECTION 6.06 **Secretary.** 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 or her 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.** 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 **President.** The Board of Trustees may appoint a President, who may be, but who shall not be required to be, a member of the Cooperative and who shall also be the Cooperative's Chief Executive Officer and General Manager. Such officer shall perform such duties as the Board of Trustees may from time to time require and shall have such authority as the Board of Trustees may from time to time vest in the President.

SECTION 6.10 **Bonds.** The Board of Trustees shall require the Treasurer and any other 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 6.11 **Compensation; Indemnification.** The powers, duties and compensation of officers, agents and employees shall be fixed by or a plan therefor approved by the Board of Trustees; provided the Board may delegate the authority to the President to fix the powers, duties and compensation of all employees other than the President. The Cooperative shall fully indemnify - and may purchase insurance to ensure such indemnification - all present and former Cooperative Trustees, officers, including the President, 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.

SECTION 6.12 **Reports.** The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII - FINANCIAL TRANSACTIONS

SECTION 7.01 **Contracts.** Except as otherwise provided by law or these Bylaws, the Board of Trustees may authorize any Cooperative officer, agent or employee to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Cooperative, and such authority may be 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.

SECTION 7.04 **Fiscal Year.** The Cooperative's fiscal year shall begin on the first day of the month of May of each year and end on the last day of the month of April of the following year. The Board of Trustees may change the fiscal year as they deem appropriate.

SECTION 7.05 **Change in Rates.** If required, written notice shall be given to the Administrator of the Rural Utility Service of the United States of America not less than ninety (90) days prior to the date upon which a proposed change in the rates charged by the Cooperative for electric energy become effective.

ARTICLE VIII – NOT-FOR-PROFIT OPERATION

SECTION 8.01 **Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative not-for-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons. Members shall have no individual or separate interest in the property or assets of the Cooperative except as provided herein.

SECTION 8.02 **Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a not-for-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by allocation of credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at 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 patron's capital account, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's 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 excess and provides a clear explanation of how such patron may compute and determine the specific amount of capital so credited to the patron and 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 such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis. Any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

The Board of Trustees shall determine the timing method, basis, priority and order of making retirements of capital credits, from time to time, for all amounts heretofore and hereafter furnished as capital; provided, the Board of Trustees shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) provide for separate identification on the Cooperative's books of such portion of capital credited to the Cooperative patrons and (b) provide for appropriate notifications to patrons with respect to such portions of capital credit to their accounts. Before retiring and refunding any capital, the Cooperative may deduct from the capital any amounts owed to the Cooperative by the patron, together with interest thereon at the Alabama legal rate on judgments in effect when such amount became overdue, compounded annually and late payment fees established by the Cooperative's policies or by the Board. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the Cooperative, unless the Board of Trustees, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Conversion and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions.

SECTION 8.03 Patronage Refunds in Connection with Furnishing Other Services. In the event the Cooperative shall engage in the business of furnishing goods and services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable thereto shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Trustees shall determine.

ARTICLE IX - WAIVER OF NOTICE

Any Trustee or Member may waive, in writing, any notice of meetings required to be given by these Bylaws or otherwise required, either before or after such notice is required. The attendance of a Trustee or Member at any meeting shall constitute a waiver of notice of such meeting, except in the case when the person shall attend the meeting 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 has not been lawfully called or convened. Any Trustee or Member attending any meeting for the purpose of making such objection shall in writing notify the Secretary of such purpose prior to or at the beginning of the meeting at which his or her objection is made.

ARTICLE X - DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 10.01 Disposition and Pledging of Property.

- (a) Consistently with Ala. Code Section 37-6-21 and subsection (b) hereof, the Cooperative 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 dollar value of the Cooperative's total assets as reflected on its books at 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, 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 10.02 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 XI - 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 Articles of Incorporation or 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 XII - BYLAW AMENDMENTS

SECTION 12.01 Power to Amend. The Cooperative's Bylaws may be changed (adopted, amended or repealed) by the members; provided, either the Board of Trustees or the members may declare the repeal of any bylaw provision if, as established by law, such is illegal or has become a legal nullity.

SECTION 12.02 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 and approved by the Board of Trustees. The Board of Trustees 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. A change so noticed may be amended from the floor of the member meeting at which it is being considered if the amendment is germane thereto.

SECTION 12.03 Effective Date. The Bylaws of the Cooperative currently in effect as amended through August 14, 2015 are hereby repealed in their entirety and substituted therefor are the within Bylaws effective at the end of the business meeting held on August 14, 2020 at which these Bylaws are adopted.