

ARTICLE I MEMBERSHIP

Section 1. Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof will become a member of Coosa Valley Electric Cooperative, Inc., (hereinafter called the “Cooperative”) upon receipt of electric service from the Cooperative, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Trustees;
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable.

Section 2. Joint Membership. A membership by either a husband or a wife shall constitute a joint membership and the term “member” as used in these bylaws shall be deemed to include a husband and wife and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting of a joint waiver of notice of the meeting;
- (b) The vote of either, but not both, shall constitute one vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver.
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office. (Amended October 1986.)

Section 3. Conversion of Membership. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The estate of the deceased shall not be released from any debts due to the Cooperative.

Section 4. Membership Fees. The membership fee shall be five dollars, upon the payment of which a member shall be eligible for one service connection.

Section 5. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board of Trustees. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by

members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board of Trustees from time to time, regardless of the amount of electric energy consumed. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Section 6. Termination of Membership.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees may, by the affirmative vote of not less than two-thirds of all the Trustees, expel any member who shall have refused or failed to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules or regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Trustees or by vote of the members at any annual or special meeting.

(b) Upon the withdrawal, death, cessation of existence, or expulsion of a member, the membership of such member shall thereupon terminate, except as provided in Section 3 and Section 4 of this Article. Termination of membership in any manner shall not release a member or his/her estate from any debts due to the Cooperative.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

**ARTICLE II
RIGHTS AND LIABILITES OF MEMBERS**

Section 1. Property Interest of Members. Members shall have no individual or separate interest in the property or assets of the Cooperative except that upon dissolution after:

(a) All debts and liabilities of the Cooperative have been paid

(b) All capital furnished thorough patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members in the proportion which the aggregate patronage of each member bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution.

Section 2. Non-Liability for Debts of the Cooperative.

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

**ARTICLE III
MEETINGS OF MEMBERS**

Section 1. Annual Meeting. The annual meeting of the members shall be held during the month of September or October of each year at a suitable location within the county in which the principal office of the Cooperative is located, to be selected by the Board of Trustees and which shall be designated in the notice of the meeting, for the purpose of installing district elected trustees, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative. (Amended October 1986)

Section 2. Special Meetings. Special meetings of the members may be called by resolution of the Board of Trustees, by any three trustees, by not less than 10 percent of the members, or by the president. It shall thereupon, be the duty of the Secretary to cause notice of such meeting to be given within forty-five (45) days as hereinafter provided. Special meetings of the members will be held at a suitable location within the county in which the principal office of the Cooperative is located and shall be specified in the notice of the special meeting. (Amended October 1986)

Section 3. Notice of Member's Meeting. Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default of duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual meeting or special meeting of the members, shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum. Three percent (3%) of the membership shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. (Amended October 1986)

Section 5. Voting. Each member shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these Bylaws. Non-person membership such as churches, civic, service and business organizations may be voted by a written authorization designating the person to vote and shall be signed by an officer of the organization owning the membership. Such authorization shall be for voting only. (Amended October 1986)

Section 6. Parliamentary Procedure. The latest edition of Roberts Rules of Order shall be the authoritative rule of parliamentary procedure at all meetings held for any purpose by members of the Cooperative. Roberts Rules of Order shall not, however, be interpreted to

be in conflict with the cooperative's bylaws. The bylaws shall prevail. (Amended October 1986)

Section 7. Order of Business. The order of business at the annual meeting of the members and so far as possible, at all other meetings of the members, shall be essentially as follows:

- (1) Report as to which members are present in order to determine the existence of a quorum;
- (2) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (4) Presentation and consideration of reports of officers, trustees, and committees;
- (5) Installation of trustees. The oath of office to be administered shall be as follows: "I, _____, solemnly swear (or affirm) that in accepting the position of Trustee of the Coosa Valley Electric Cooperative Inc., I will support the charter and Bylaws of the Cooperative so long as I continue as a Trustee thereof and that I will faithfully and honestly discharge the duties of the office upon which I am about to enter, to the best of my ability so help me God;"
- (6) Unfinished business;
- (7) New business;
- (8) Adjournment. (Amended October 1986)

ARTICLE IV TRUSTEES

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of seven trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these bylaws conferred upon or reserved to the members.

Section 2. Election and Tenure of Office. Trustees shall be elected by majority vote if there is a contest at each district meeting. Said trustees shall be elected for staggered terms as was established at the annual meeting of members that was held in the year 1970. Thereafter, trustees shall be elected only for those trustees whose terms have expired, and they shall be elected for a term of three years. Prior to the annual meeting for each year a district election shall be held in the districts where the trustee's tenure of office shall have expired, for the purpose of electing by and from the membership of such district a trustee to represent such district.

In the event only one person, otherwise qualified, is duly nominated as trustee for any district on or before the date set out and in the manner provided for in Article IV, Section 5, such person shall be deemed elected as such trustee as provided for in Article III, Section 7 (5) at the next annual meeting of the members without the necessity of holding an election in the district concerned prior to the annual meeting. (Amended September 6, 1997)

A quorum of fifty (50) or three percent (3%) of the district membership, whichever number is larger, shall be present at the district election. These district elections shall be held concurrently with the date of such election being set by the Board of Trustees to occur not less than seven (7) days nor more than thirty-one (31) days prior to the annual meeting.

The Secretary shall mail to the membership notice of such district election no less than seven (7) days nor more than twenty-one (21) days prior to the election giving the time, date and place where the election is to be held and shall make available a membership roster identifying members as to the district in which the member resides and shall vote.

The Board of Trustees shall appoint an election committee of five (5) members not less than thirty (30) days prior to the election who shall in turn, select one as their chairman. Members of the committee so appointed shall be from the district where the election is to be held and shall conduct the business of that election, and, if necessary, the run-off election when no candidate receives a majority vote. The election and the run-off election shall be held on the same date. The run-off election shall be between the two (2) candidates who receive the highest percentage of the votes in the main election and in the event of a tie vote in the run-off election, the election shall be resolved by a secret vote of the five (5) member election committee.

The minutes of each such district elections and balloting records shall be preserved for the Board of Trustees who shall verify and sanction the election results before the annual meeting.

In the event of a contested election for trustee is not held in any year, for the lack of a quorum, the incumbent trustee shall continue in office until a district election is held in the following year or, if necessary, the next following year or years, under the aforementioned rules and said trustee shall have qualified; provided, however, that trustees shall be elected for terms of office so as to continue staggered terms, and those trustees whose terms have heretofore first expired shall be elected for the shorter term, but in no event shall any trustees be elected for a term to exceed three years. (Amended September 6, 1997)

A trustee-elect, who for any reason (excluding illness or family emergency) does not take the oath of office at the annual meeting, thus creating a vacancy; such vacancy shall be filled by the selection of a qualified candidate by the Board of Trustees to fill the unexpired term within ninety (90) days of the date of the vacancy. Under any circumstances, the oath of office is required for all trustees. (Amended September 6, 1997)

Section 3 (a). Qualifications. No person shall be eligible to become or remain a board member of the cooperative who:

- (1) Is not a member and bonafide resident of the particular district which he is to represent;
- (2) Is in any way employed by or financially interested in or has invested in a competing enterprise or business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing, appliances, fixtures, or supplies to the Cooperative;
- (3) Will not agree to attend meetings of the board on a regular basis and to attend a reasonable number of essential seminars, workshops, state, regional and national

meetings, provided however, only two trustees shall attend any out-of-state seminar, workshop or meeting with such attendance to be rotated among all members of the board of trustees. No person shall be eligible to become or remain a member of the board who after election, does not make a good faith effort to perform his agreement, or fails to attend at least eighty (80) percent or more of the board meetings each year or;

(4) Does not demonstrate by his or her actions an understanding of and belief in cooperative principles and way of doing business, and continue to support the continuity of their cooperative or;

(5) Is not qualified, registered voter for state and federal elections;

(6) Each trustee shall be subject to a credit check on or before December 31 of each year. Any trustee found to have an unsatisfactory credit record shall be subject to removal from office by the remaining trustees. (Amended October 1986)

Section 3(b). Removal of Trustees by the Board. Upon establishment of a charge or charges with supporting evidence that a board member is holding the office in violation of any of the foregoing provisions, the Board of Trustees shall remove such board member from office.

A trustee so charged shall receive, in writing, the specific charges at least ten (10) days prior to the board meeting where the charges with supporting evidence shall be presented. The trustee so charged shall have an opportunity at the board meeting to be heard in person and/or by counsel and to present evidence in respect of the charges; and the trustee presenting the charges against the trustee so charged shall have the same opportunity. In the event such trustee so charged is found guilty by a majority vote of the Board of Trustees he/she shall be removed from the board as a trustee. In such event, the remaining members of the Board of Trustees shall by a majority vote elect a qualified trustee to fill the vacancy in compliance with Section 3-A above and the trustee so elected by the Board shall serve the unexpired term of office. (Amended October 1986)

Section 4. District Representation. The territory served by the Cooperative shall be divided into seven districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one board member. A board member representing a particular district must reside within that district. The original seven districts shall be as follows: (Amended October 1986)

Districts 1 through 7 As represented on the map using grid coordinate locations as designated by Coosa Valley Electric Cooperative, Inc., electronic mapping system. (Approved by the Board of Trustees May 28, 2002, (amended June 25, 2002).

A detailed map is on display at the office of Coosa Valley Electric Cooperative, inc., 69220 AL Hwy. 77, Talladega, AL 35160; telephone, (256) 362-4180 or 1-800-273-7210.

Not less than 90 days before any meeting of the members at which board members are to be elected, the Board of Trustees shall review the composition of the seven districts and, if it should find inequalities in representation which could be corrected by a redelineation of districts, the board shall reconstitute the districts so that each shall contain as nearly as possible the same number of members. (Amended October 1986)

Section 5. Nominations. All nominations for trustees shall be made by a petition signed by at least 50 qualified members of the Cooperative who reside in and receive service in the district for which such candidate for trustee is nominated. Signatures shall be in accordance with Article I, Section 2(b). Such petition shall be filed with the Secretary of the Board of Trustees at the main office of the Cooperative on or before the first day of July in the year the election for such trustee is to be held in order for such person nominated therein to be eligible for election as trustee if otherwise qualified under Article IV, Section 3-A. The qualifications of such candidate shall be considered and voted upon by the Board of Trustees at their regular monthly meeting held during the month of July prior to the district election and if such candidate or candidates so nominated shall not meet all the qualifications for such trustee, such person shall be eligible to hold office as such and it shall be the duty of the Secretary to give immediate written notice to the candidate so nominated of such qualification. The nominating petitions shall be verified by the Secretary of the board as to membership and district residency.

Nominations made in any manner except as provided above shall not be considered at the district elections held for such purpose of electing trustees, nor shall any person, otherwise qualified be eligible to hold office as such trustee unless nominated in such manner. In the event only one person, otherwise qualified, is duly nominated as trustee for any district on or before the date set out above, and in the manner provided for above, such person shall be deemed elected as such trustee and shall commence to serve as such trustee as provided in Article III, Section 7 (5) at the next annual meeting of the members without the necessity of holding an election in the district concerned prior to the annual meeting of the members. When more than one nomination for trustee for any district has been made in the manner provided above, the Secretary shall mail to the membership of that district, with the notice of the district election, a statement of the names and addresses of the candidates listing the districts that they are to be elected in and their names listed in alphabetical order. (Amended October 1986)

Section 6. Removal of Trustees by Members. Any member may bring charges against a trustee by filing such charges in writing with the Secretary, together with a petition signed by at least ten percent of the members or 300, whichever is the lesser, and request the removal of such Trustee by reason thereof. The trustee against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the meeting at which time the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity.

The question of the removal of such Trustee shall be considered and voted upon at the meeting of the members and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

A trustee so charged by the members may resign from the Board of Trustees prior to the meeting of the members. Such vacancy on the Board of Trustees shall be filled by a majority vote of the membership at such meeting and such trustee so elected shall serve the unexpired term of office. (Amended October 1986)

Section 7. Vacancies. Subject to the provisions of these bylaws with respect to the filing of vacancies caused by death, health problems, moving out of the district or voluntary resignation, a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term. (Amended October 1986)

Section 8. Compensation. Board members shall not receive any salary for their services as such, except that board members of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the Board of Trustees. If authorized by the Board, board members may also be reimbursed for expenses actually and necessary incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board member shall receive any compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board Member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Board Member or his close relative shall have been certified by the Board as an emergency measure.

Section 9. Bankruptcy. No trustee shall support in any manner the filing of a cooperative voluntary bankruptcy petition under any condition or for any purpose that would violate, alter or circumvent the Articles of Incorporation or the intent of the articles in the bylaws. (Amended October 1986)

ARTICLE V MEETINGS OF TRUSTEES

Section 1. Regular Meetings. A regular meeting of the Board of Trustees shall be held without notice other than this bylaw, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Trustees shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the board. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. Special Meetings of the Board of Trustees may be called by the president or by any three Trustees, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The president of the Trustees calling the meeting to be given as hereinafter provided. The president or the Trustees calling the meeting shall fix the time and place for the holding of the meeting.

ARTICLE VI OFFICERS

Section 1. Number. The officers of the Cooperative shall be a President, Vice-President, Secretary, and Treasurer. The offices of Secretary and of Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board of Trustees at the meeting of the board held directly after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board whenever in its judgement the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against any officer by filing such charges in writing with the Secretary, together with a petition signed by ten percent of the members or 300, whichever is the lesser and request the removal of that particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges at least five days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

Section 4. President. The president shall:

- (a) be the principal executive officer of the cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board of Trustees;
- (b) sign, with the secretary, certificates of membership, the issue of which shall have been authorized by the Board of Trustees or the members, and 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 all to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and while so acting, shall have all the power of and be subjected to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 6. Secretary. The secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the Board of Trustees in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Safekeeping of the corporate books and records and of the seal of the cooperative and affixing the seal of the cooperative to all certificates of membership prior to the issue thereof, and 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;
- (d) Keeping a register of the names and post office addresses of all members and the district in which they reside; (Amended October 1986)
- (e) Signing, with the president, certificates of membership, the issue of which shall have been authorized by the board of trustees or the members;
- (f) Keeping on file at all times a complete copy of the articles of incorporation and bylaws of the cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request;
- (g) In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board of trustees.

Section 7. Treasurer. The treasurer shall be responsible for:

- (a) Custody of all funds and securities of the cooperative;
- (b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of these bylaws;
- (c) The general performance of all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the board of trustees.

Section 8. Manager. The board of trustees may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the board of trustees may from time to time vest in him.

Section 9. Bonds of Officers. The treasurer and any other officer or agent of the cooperative charged with the responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the board of trustees shall determine. The board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 10. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the board of trustees subject to the provisions of these bylaws with respect to compensation for trustees and close relatives of trustees.

Section 11. 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. Such reports shall set forth the condition of the cooperative at the close of such fiscal year.

ARTICLE VII NON-PROFIT OPERATION

Section 1. Interest of Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-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.

Section 2. 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 non-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 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 capital account of each patron, 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 his account. All such amounts credited to the capital accounts 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 and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

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. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the cooperative will not be impaired thereby, the capital credited to patron's accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in

which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

Provided, however, the Board of Trustees shall have the power to adopt rules, providing for the separate retirement of that portion (power supply and other portion) of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service or power to the Cooperative or any other organization, firm or agency from which capital credits are assigned to the Cooperative. Such rules shall (a) establish a method for determining the power supply and other portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books for the power supply and other portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply and other portions of capital credited to their accounts. And (d) preclude retirement of the power supply and other portion of capital credited to patrons for any fiscal written authorization designating the person to vote and shall be signed by an officer of the organization owning the membership. Such authorization any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year."

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

Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board 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 Incorporation 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. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may sell property that does not exceed two (2%) of the book value of the Cooperative, if such property shall have no necessary purpose or useful function and where the proceeds of such sale will be used to upgrade the Cooperative system. It

shall be the duty of the Secretary to mail notification of intent of such sale to the membership not less than thirty (30) days prior to the sale. (Amended October 1986)

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property that exceeds two percent (2%) of the cooperative book value unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything contained, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorized the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenue and income therefrom, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the cooperative to the United States of America or an instrumentality or agency thereof, or any other lending agency or lending corporation. (Amended October 1986).

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Alabama."

ARTICLE X FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these bylaws, the board of trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidence of indebtedness issued in the name of the Cooperative, shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as from time to time shall be determined by resolution of the Board.

Section 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

Section 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

Section 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and end of the thirty- first day Of December of the same year.

ARTICLE XI MISCELLANEOUS

Section 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the board, purchase stock in or become a member of any corporation or organization organized on a non - profit basis for the purpose of engaging in civic enterprises or furthering the cause of rural electrification , or with the approval of the administrator of RUS , of any other corporation for the purpose of acquiring electric facilities.

Section 2. Waiver of Notice. Any member or board member may waive in writing, any notice of a meeting required to be given by these bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 3. Rules and Regulations. The board of trustees shall have power to make and adopt such policies, rules, and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the cooperative.

Section 4. Accounting System and Reports. The board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Services of the United States of America. The board shall also cause to be made annually by a certified public accountant, a full and complete audit of the accounts, books, and financial condition of the cooperative. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 5. Area Coverage. The board shall make diligent effort to see that electric service is extended to all unserved persons within the cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the cooperative as a condition of such service.

ARTICLE XII AMENDMENTS

These bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.