

**WIREGRASS ELECTRIC COOPERATIVE BY-LAWS
(As amended October 15, 2010)**

**ARTICLE I
Membership**

Section 1. Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof may become a member in Wiregrass Electric Cooperative, Inc. (hereinafter called the "Cooperative") by:

- (a) filing a written application for membership therein;
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) agreeing to comply with, and be bound by, the Articles of Incorporation and By Laws of the Cooperative and any rules and regulations adopted by the Board of Trustees; and
- (d) paying the membership fee hereinafter specified; provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless, and until, he or it has been accepted for membership by the Board of Trustees or the members. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable. At each meeting of the members held subsequent to the expiration of a period of six months from the date of incorporation of the Cooperative, all applications received more than ninety days prior to such meeting and which have not been accepted, or which have been rejected by the Board of Trustees shall be submitted by the Secretary to such meeting, and subject to compliance by the applicant with the requirements herein above set forth, such applications or any one or more of them may be accepted by vote of the members. The Secretary shall give each such applicant at least ten days notice of the date of the members' meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

Section 2. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these By Laws shall be deemed to include a husband and wife holding a joint membership 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 revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately, or both jointly, shall constitute one joint vote;
- (c) A proxy executed by either or both shall constitute one joint proxy;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice to either shall constitute notice to both;
- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;
- (h) Either, but not both, may be elected or appointed as an officer or Trustee, provided that both meet the qualifications for such office.

Section 3. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, By Laws and rules and regulations adopted by the Board of Trustees. The outstanding membership certificate shall be surrendered, and shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 4. Membership Fee. The membership fee shall be five dollars (\$5.00).

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 therefore monthly at rates which shall from time to time be fixed by the Board of Trustees; provided,

however, that the Board of Trustees may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. 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 By Laws. Each member shall pay to the Cooperative such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Trustees from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 6. Termination of Membership. 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 of the Cooperative 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, By Laws or rules or regulations adopted by the Board of Trustees. 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. Upon the withdrawal, death, cessation or existence or expulsion of a member, the membership of such member shall be thereupon terminated. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

ARTICLE II Rights and Liabilities of Members

Section 1. Property Interest of Members. Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these By Laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of the filing of the certificate of dissolution or if the Cooperative shall not have been in existence for such period during the period of its existence.

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 months from March through October each year beginning with the year 1989 on such date and at such place as elected by the Board of Trustees and which shall be designated in the Notice of the Meeting, and for the purpose of electing Trustees, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. At the time of the call of the Annual Meeting, the Board of Trustees shall select the date upon which such meeting shall be held. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Meeting.

Section 2. Special Meetings. Special meetings of the members may be called by resolution of the Board of Trustees or upon a written request signed by any three Trustees, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the county of Geneva, State of Alabama, specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings. 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 other than that listed in Section 7 of this article is to be transacted, the purpose or purposes for which the meeting is called shall be delivered not less than five days nor more than forty days before the date of the meeting, either personally or by mail or by electronic delivery, by or at the direction of the Secretary, or upon a default in 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 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. As long as the total number of members does not exceed five hundred (500), ten percent (10%) of the total number present in person shall constitute a quorum. In case the total number of members shall exceed 500, fifty (50) members or three percent (3%) of the members, which ever shall be the larger, shall

constitute a quorum.

Section 5. Voting. Each member shall be entitled to one vote. All questions shall be decided by a vote of the majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or these By Laws. Voting by proxy shall not be permitted.

Section 6. Mail Voting. (1) Members shall be permitted and provided the opportunity to vote by mail ballots in the election of Trustees, on any proposed changes in, or additions to, the By Laws and on any business detailed in the agenda for the Annual Meeting; PROVIDED, if a member is present at a meeting in person, he/she may vote on such matters only if he/she has not already voted thereon by mailing in a ballot. (2) The Board shall cause to be printed and mailed to all members, not less than fifteen (15) days nor more than forty (40) days prior to the meeting at which such ballots are to be cast, return-mail written ballots for voting in the election of Trustees, or on any proposed changes in, or additions to, the By Laws and on any business detailed in the agenda for the Annual Meeting. Instructions as to how the ballot(s) may be voted shall be included and an explanation as to how the ballot may be returned shall be enclosed therewith. Mail-return ballots shall be printed on a different color of paper than the ballots used by members present in person at the site of the member meeting; such ballots shall otherwise be identical. Also included shall be a return addressed envelope for members to return ballots by mail. (3) The deadline for the receipt by the auditor of mail ballots shall be the close of the Cooperative's normal business hours on the second business day preceding the date of the Annual Meeting. The independent auditor shall count and retain all mail ballots, and shall not reveal the results thereof to anyone until, at such Annual Meeting, the votes cast there in person shall have been counted. After all votes have been counted, the auditor shall duly report at the meeting the results of the mail-in balloting, of the balloting by persons registered and voting in person, and of the final results of all votes counted. The independent auditor provided for in these By Laws shall be selected by the Board of Trustees. (4) No matter may be voted on in person by the members at an Annual Meeting unless the matter is included in the meeting notice detailing the business to be transacted. (5) The failure of any member to receive a copy of any notice, ballot, motion or resolutions shall not invalidate any action which may be taken by the members at any such meeting.

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 substantially as follows:

1. Report as to which members are present in person and which members are represented by proxy 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. Election of Trustees.
6. Unfinished business.
7. New business
8. Adjournment.

ARTICLE IV Trustee

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine Trustees with one Trustee to reside in each of the nine districts hereinafter created, which Board of Trustees shall exercise all of the power of the Cooperative except such as are by law, the Articles of Incorporation, or these By Laws conferred upon or served to the members. The territory served by the Cooperative is divided into nine districts numbered from one through nine, both inclusive, and said districts are as follows:

District No. 1 is composed of Sections 1-30, Township 1, Range 29; Sections 3-10, 14-23, 26-30, Township 1, Range 30; Sections 1-36, Township 2, Range 29; Sections 7, 17-20, 28-33, Township 2, Range 30; Sections 3-11, 14-23, 26-35, Township 3, Range 29; Sections 17-22, 27-34, Township 4, Range 29; Sections 7-11, 14-18, Township 7, Range 8; and Sections 7-18, Township 7, Range 9.

District No. 2 is composed of Sections 1-36, Township 2, Range 27; Sections 1-36, Township 2, Range 28; Sections 1-36, Township 3, Range 28; and Sections 13, 19-36, Township 4, Range 28.

District No. 3 is composed of Sections 1-36, Township 1, Range 26; Sections 1-36, Township 1, Range 27; Sections 1-33, Township 1, Range 28; Sections 1-36, Township 2, Range 26; Sections 9-20, Township 7, Range 10; Sections 13-24, Township 7, Range 11; and Sections 13-24, Township 7, Range 12;

District No. 4 is composed of Sections 1-2, 11-14, 23-26, Township 3, Range 23; Sections 1-30, Township 3, Range 24; Sections 1-30, Township 3, Range 25; Sections 1-36, Township 3, Range 26; Sections 1-36, Township 3, Range 27; Sections 35-36, Township 4, Range 23; Sections 31-36, Township 4, Range 24; Sections 31-36, Township 4, Range 25; Sections 13-14, 23-36, Township 4, Range 26; and Sections 13-36, Township 4, Range 27.

District No. 5 is composed of Sections 1-3, 10-15, 22-27, 34-36, Township 1, Range 24; Sections 1-36, Township 1, Range 25; Sections 1-3, 10-15, 22-27, 34-36, Township 2, Range 24; Sections 1-36, Township 2, Range 25; Sections 34-36, Township 3, Range 24; Sections 31-36, Township 3, Range 25; Sections 13-24, Township 7, Range 13; and Sections 13-15, 22-24, Township 7, Range 14.

District No. 6 is composed of Sections 1-36, Township 1, Range 23; Sections 4-9, 16-21, 28-33, Township 1, Range 24; Sections 1-36, Township 2, Range 23; Sections 4-9, 16-21, 28-33, Township 2, Range 24; Sections 31-36, Township 3, Range 23; Sections 31-33, Township 3, Range 24; Sections 16-21, Township 7, Range 14; and Sections 13-16, 19-24, Township 7, Range 15.

District No. 7 is composed of Sections 1-36, Township 1, Range 21; Sections 1-36, Township 1, Range 22; Sections 1-36, Township 2, Range 21; Sections 1-36, Township 2, Range 22; Section 1-36, Township 3, Range 21; Sections 6-36, Township 3, Range 22; Sections 19-24, 28-30, Township 7, Range 16; and Sections 19-30, Township 7, Range 17.

District No. 8 is composed of Sections 1-36, Township 2, Range 20; and Sections 1, 12, 24-36, Township 3, Range 20.

District No. 9 is composed of Sections 12-14, 22-27, 34-36, Township 1, Range 15; Sections 1-36, Township 1, Range 16; Sections 1-36, Township 1, Range 17; Sections 1-36, Township 1, Range 18; Sections 1-36, Township 1, Range 19; Sections 1-36, Township 1, Range 20; Sections 13-14, 23-26, 31-36, Township 2, Range 16; Sections 1-36, Township 2, Range 17; Sections 2-11, 14-23, 25-36, Township 2, Range 18; Sections 1-36, Township 2, Range 19; Sections 33-35, Township 3, Range 17; Sections 25-36, Township 3, Range 19; Sections 19-30, Township 7, Range 18; Sections 19-30, Township 7, Range 19; Sections 19-30, Township 7, Range 20; Sections 19-30, Township 7, Range 21; Sections 19-30, Township 7, Range 22; and Sections 22-27, Township 7, Range 23.

Not less than sixty (60) days before any meeting of the members at which Trustees are to be elected, the Board of Trustees shall review the composition of the several districts and, if the Board of Trustees is of the opinion that inequalities in representation has developed which should be corrected, the Board of Trustees may reconstitute the districts to correct such inequalities in representation."

Section 2. Qualifications and Tenure. At the Annual Meeting of the members in 1956, Trustees to represent Districts Three, Six and Nine shall be elected for terms of one year; Trustees to represent Districts Two, Five and Eight shall be elected for terms of two years; and Trustees to represent Districts One, Four and Seven shall be elected for terms of three years. At each Annual Meeting thereafter, Trustees shall be elected to succeed those whose term shall expire, to serve for three years or until their successors have been elected and shall have qualified. The Trustees shall be elected by ballot, by and from the members, subject to the provisions of these By Laws with respect to the removal of Trustees, provided however, that if there is no opposition to a Trustee, he may be elected by acclamation. If an election of Trustees shall not be held on the day designated in the By Laws for the Annual Meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Trustees may be elected by plurality vote. No person shall be eligible to become or remain a Trustee or to hold any position of trust in the Cooperative who:

1. is not a member and bona fide resident in the area served by the Cooperative; or
2. if a Trustee is not a resident of the district from which he is elected to represent; or
3. is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; or
4. is the incumbent of an elective public office in connection with which a salary or compensation in excess of one hundred dollars per annum is paid.
5. no Trustee may be an employee of the Cooperative nor may he or she become an employee of the Cooperative at any time within two years after he or she leaves office.

6. has a close relative employed by the Cooperative or serving on the Board of Trustees at the time of qualification. Close relative shall mean father, mother, brother, sister or child, father-in-law, mother-in-law, brother-in-law, sister-in-law, and to include step-children. However, this provision shall not apply to any person presently serving on the Board of Trustees.
7. is an employee of the Cooperative or has been an employee of the Cooperative within the preceding five years prior to the time of qualifications.
8. has been convicted of a felony offense.

Upon establishment of the fact that a Trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such Trustee from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

Section 3. Nominations. All nominations for Trustees shall be made by petition signed by at least fifteen (15) members of the Cooperative who reside in and receive service in the district for which such Trustee is nominated, along with complete addresses of said members. Such petition must be filed with the CEO of the Cooperative at the main office of the Cooperative at Hartford, Alabama, at least sixty (60) days prior to the Annual Meeting at which the election for such Trustees is to be held, in order for such person nominated therein to be eligible for election as such Trustee, if otherwise qualified. The qualifications of such candidates shall be considered and verified by the Board of Trustees of the Cooperative at their regular meeting held during the month prior to the Annual Meeting, and if such candidate or candidates so nominated shall not meet all the qualifications for a Trustee as prescribed by the By Laws of the Cooperative, such person shall be ineligible to hold office as such and it shall be the duty of the Secretary to give immediate written notice to the person nominating such candidate of such disqualification, or to as many such persons as their current addresses are known. Nominations made in any manner except as provided above shall not be considered at the meetings held for the 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 day 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 at the close of 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 with the notice of the Annual Meeting a statement of the names and addresses of the candidates.

Section 4. 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 separate petition for each Trustee to whom charges are being brought, containing the signature and complete mailing address of at least ten per centum (10%) of the members 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 twenty 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 to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity.

Section 5. Vacancies. Subject to the provisions of these By Laws 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 affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term of the Trustee in respect of whom the vacancy occurs. The member elected as Trustee to fill the vacancy must reside in the same district as the Trustee to whose office he succeeds.

Section 6. Compensation. Trustees as such shall not receive any salary for their services, but by resolution of the Board of Trustees a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Trustees. No Trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payment of compensation shall be specifically authorized by a vote of the members or the service by such Trustee or close relative shall have been certified by the Board of Trustees as an emergency measure.

Section 7. Term of Office: A member shall be entitled to serve as a Trustee for as many terms as he/she is qualified in accordance with Section 2 hereof and is elected by the Members in accordance with the Bylaws.

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 By Law immediately after, and at the same place as, the Annual Meeting of the members. A regular meeting of the Board of Trustees may also be held monthly at such time and place in Geneva or Houston County, Alabama, as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof. All meetings will be open to the membership.

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 or the Trustees calling the meeting shall fix the time and place (which shall be in Geneva or Houston County, Alabama) for the holding of the meetings. All meetings will be open to the membership.

Section 3. Notice of Trustees' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered not less than five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting, to each Trustee. 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 postage thereon paid.

Section 4. Quorum. A majority of the Board of Trustees shall constitute a quorum, provided that if less than such majority of the Trustees is present in person, by video or teleconference, at said meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent Trustees of the time and place of such adjourned meeting. The act of the majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE VI

Officers

Section 1. Number. The officers of the Cooperative shall be a president, vice-president and secretary and such other officers as may be determined by the Board of Trustees from time to time.

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 of Trustees 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 of Trustees 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 Trustees. Any officer or agent 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 be served thereby. In addition, any member of the Cooperative may bring charges against an officer by filing such charges in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, and request the removal of the 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 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 officer shall be considered and voted upon at the next regular or special 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 of Trustees, shall preside at all meetings of the members and the Board of Trustees;

(b) 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 By-Laws 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 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 when so acting, shall have all the power of and be subject 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:

- (a) keep the minutes of the 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 By Laws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and affix 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 By Laws;
- (d) maintain a register of the names and post office addresses of all members, the composite of which shall not be released to any group, organization, association, or individual except as required in the operation and functioning of Wiregrass Electric Cooperative;
- (e) have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) keep on file at all times a complete copy of the Articles of Incorporation and By Laws 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, forward a copy of the By Laws and of all amendments thereto to each member; and
- (g) in general perform 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. Chief Executive Officer. The Board of Trustees may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board of Trustees may from time to time vest in him.

Section 8. Fidelity Insurance Coverage for Officers and Employees. The Board of Trustees shall secure fidelity insurance coverage on those officers and employees charged with the responsibility for the custody of the funds or property of the Cooperative in such amounts as the Board of Trustees shall deem reasonably prudent.

Section 9. Compensation. The power, duties and compensation of any officers, agents and employees shall be fixed by the Board of Trustees, subject to the provisions of these By Laws with respect to compensation for Trustees and close relatives of Trustees.

Section 10. Reports. The officers of the Cooperative shall submit at each Annual Meeting of the member's 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 or 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 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 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 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. 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 and any amount so allocated shall be included as a 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 of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons 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. 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 such interest or successors in occupancy in all or a 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 provision of these By Laws, the Board of Trustees, 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 By Laws, to retire capital credited to any such patron 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 Incorporation and By Laws 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 By Laws 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 not sell or lease all or any substantial portion of its property, unless such sale or lease is authorized at a duly held meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such sale or lease shall have been contained in the Notice of the Meeting. A Cooperative may mortgage, by mortgage or deed of trust, pledge or otherwise encumber, to secure any indebtedness of the Cooperative, all or any substantial portion of its property, assets, and the revenues and income therefrom, from time to time, when authorized by the affirmative vote of a majority of its members at a duly held meeting after proper notice thereof. Provided, however, that the Board of Trustees of the Cooperative, without authorization of the members thereof, shall have full power and authority to authorize 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 revenues 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, any instrumentality or agency thereof, or to any financing institution organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings, in which the Cooperative holds membership.

ARTICLE IX Seal

The corporate seal of the Cooperative shall be in the form of a circle and 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 By Laws, 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 by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

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

Section 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

ARTICLE XI Miscellaneous

Section 1. Membership in Other Organizations. The Cooperative may, upon the vote of a majority of the Board of Trustees at any regular or special meeting, purchase stock in or become a member of any non-profit corporation.

Section 2. Waiver of Notice. Any member or Trustee may waive in writing any notice of a meeting required to be given by these By Laws. The attendance of a member or Trustee at any meeting shall constitute a waiver of notice of such meeting by such member or Trustee, except in case a member or Trustee 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 rules and regulations not inconsistent with law, the Articles of incorporation or these By Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 4. Accounting Systems and Reports. The Board of Trustees shall cause to be established and maintain a complete accounting system which, among other things, 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 Service of the United States of America. The Board of Trustees shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following Annual Meeting.

ARTICLE XII Amendments

These By Laws 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.