



Bylaws

**Pea River Electric
Cooperative**
Ozark, Alabama

(Revised July 2009)



The aim of Pea River Electric Cooperative is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

BYLAWS

ARTICLE I MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation or body politic or sub-division thereof may become a member in Pea River Electric Cooperative, (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 conversion and bylaws 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 90 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 bylaws 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 conversion, bylaws and rules and regulations adopted by the board of trustees.

(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the cooperative.

SECTION 4. Membership and Service Connection Fees. The membership fee shall be five dollars, upon the payment of which a member shall be eligible for one service connection. An additional fee of five dollars shall be charged for each additional 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 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 bylaws. 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 conversion, bylaws, or rules or regulations adopted by the board of trustees, but only if such member shall have been given written notice by the secretary of 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.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the cooperative. In the event of the termination of membership in any manner, cash settlement of capital credit shall be subject to payment of the consumer's past due indebtedness to the cooperative and the amounts of such indebtedness shall be deducted, therefrom.

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 bylaws, 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.

(c) Notwithstanding any other provisions of these articles, a terminated member shall not forfeit the right to his pro rata share of the remaining assets of the organization upon 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 July of each year, beginning with the year 1955, at such time and place in the counties of Barbour, Dale, and Henry, State of Alabama, as shall be designated in the notice of the meeting, for the purpose of passing upon reports of the previous fiscal year, and transacting such other business as may come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture of dissolution of the cooperative.

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 25 percentum 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 counties of Barbour, Dale or Henry, 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 10 days nor more than 25 days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the person 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 members 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 such meeting.

SECTION 4. Quorum. As long as the total number of members does not exceed 500, 10 percentum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed 500, 50 members or three percentum of the members, whichever shall be the larger, 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, provided, that the secretary shall send notice by mail to any absent members of the time and place of such adjourned meetings. 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.

SECTION 5. Votes. Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members, including district meetings, regardless of the number of memberships held by him. At all meetings of the members, and district meetings, at which a quorum is present, 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 conversion of the cooperative, or these bylaws. If a husband and wife hold a joint membership they will jointly be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members or at any district meeting.

SECTION 6. Proxies. At all meetings of members, and all district meetings, a member may vote only in person. There shall be no voting by proxy or by mail, except that at an annual meeting or a special meeting of the members of this cooperative the members may vote by mail upon any motion or resolution to be acted upon at such meeting in connection with the borrowing of funds from, and the sale, mortgage, lease or other disposition or encumbrance or instrumentally thereof or other lending agency or lending corporation. The secretary shall enclose with the notice of such meeting an exact copy of such motion or resolution to be acted upon and such absent member shall express his vote thereon by writing "yes" or "no" on each such motion or resolution in the space provided therefor and enclose each such copy so marked in a sealed envelope bearing his name and addressed to the secretary. When such written vote so enclosed is received by mail from any absent member it shall be accepted and counted as a vote of such absent member at such meeting. If a husband or wife hold a joint membership and are absent from any annual or special meeting of the members they shall jointly be entitled to vote by mail as provided in this section. The failure of any such member to receive a copy of any such motion or resolution or ballot 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, except district meetings which shall be held solely for the purpose of electing trustees, shall be essentially as follows:

1. Call of the roll or registration of members.

2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the 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 and acting upon reports of the officers, trustees and committees.

5. Report on elections at district meetings and presentation of trustees elected.

6. Unfinished business.

7. New business.

8. Adjournment.

ARTICLE IV TRUSTEES

SECTION 1. General Powers. The business and affairs of the cooperative shall be managed by a board of nine trustees which shall exercise all of the powers of the cooperative except such as are by law or by the articles of conversion of the cooperative or by these bylaws conferred upon or reserved to the members. The territory served or to be served by the cooperative shall be divided into nine districts, the boundaries of which shall be fixed as follows, each district shall be represented by one trustee, who must be a member receiving service from the cooperative within the district which he represents.

The districts shall be as follows:

District No. 1. All that part of Dale County south of the Township line between Township 4 North, and Township 5 North and Highway No. 123.

District No. 2. All that part of Dale County south of the Township line between Township 6 North, and Township 7 North, west of the west fork of the Choctawhatchee River and North of the Township line between Township 4 North and Township 5 North. Also all that part of Dale County west of Hwy US 231 and north of the Township line between Township 6 North and Township 7 North.

District No. 3. All that part of Dale County north of the Township line between Township 6 North and Township 7 North except that part west of Highway US 231, east of the west fork of the Choctawhatchee River and North of Highway No. 123.

District No. 4. All that part of Henry County west U.S. Highway 431 beginning at Barbour County Line, south to State Highway 10. Southwesterly along County Highway 45 to State Highway 173 and continuing south on County Highway 45 to intersection U.S. 431 and continuing south to Houston County line.

District No. 5. Starting at Houston County line on the south. All that portion of Henry County east of U.S. Highway 431 and continuing north to County Highway 45 to Highway 173 then north to the intersection Highway 45 and Highway 10 turning southeast to Highway 95 south to County Highway 53 to Union Church and County Highway 57, then southeast on dirt road to County Highway 65 south to Abbie Creek continuing along said creek to the Chattahoochee River all the area lying south and west to Houston County line.

District No. 6. All that part of Henry County lying north of Abbie Creek starting at Chattahoochee River in a northwest direction to County Road 65, then north 1/2 mile to dirt road then northwest to County Road 57, on across to County Road 53 to intersection State Highway 95, continue northwest to State Highway 10 on to intersection U.S. Highway 431 then north to Barbour County line, all of that area east to Chattahoochee River.

District No. 7. All that part of Barbour County within the city limits of Clio and Blue Springs and that part lying South of State Highway Number 10.

District No. 8. All that part of Barbour County north of State Highway Number 10, except the city limits of Clio and Blue Springs, and west of a line described as follows: Beginning at the Barbour and Bullock line on Highway Number 51 and running southeasterly along said highway to Clayton, thence easterly along Highway Number 30 about three miles to the Bud Gary Road, thence southerly along said Bud Gary Road about six miles to intersection of Home's Schoolhouse and settlement road a distance of about 2 1/2 miles to brick residence of Woodham, thence westerly about 1/2 mile along County Road Number 20 to the intersection of County Highway Number 53, thence southerly along County Highway 53 to State Highway Number 10.

District No. 9. All that part of Barbour County which lies east of the following line: Beginning at the Barbour and Bullock county line on Highway Number 51 and running southerly along said highway to Clayton, thence easterly along highway Number 30 about three miles to the Bud Gary Road, thence southerly along said Bud Gary Road about six miles to intersection of Home's Schoolhouse and settlement road a distance of about 2 1/2 miles to brick residence of Woodham, thence westerly along County Highway Number 20 to the intersection of County Highway Number 53, thence southerly along County Highway Number 53 to the intersection of State Highway Number 10, thence easterly along State Highway 10 to the Barbour and Henry County line.

The members, at any regular or special meeting, may, by resolution, alter the geographical boundaries of the nine districts with the aim of arranging more equitable districting. Notwithstanding any provisions of this action, a violation of such districting provision shall not invalidate or in any way affect or impair the validity of any corporate action.

SECTION 2. Qualifications. No person shall be eligible to become or remain a trustee, who;

(a) Is not a member and bona fide resident of, and receiving service in, the district which he represents or which he would represent if elected.

(b) 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.

(c) Is the incumbent of or a candidate for an elective office in connection with salary or compensation in excess of 100 dollars per annum is paid.

(d) Has not been a member of the cooperative for a minimum of four consecutive years.

(e) Is not 19 years of age or older

(f) Is not willing to agree in writing to take time to participate in training programs and/or seminars so as to become fully qualified to perform all the duties and responsibilities of a trustee which shall require a minimum of the following:

(1) Attendance at one training program or seminar per year sponsored by the NRECA, AREA, POWERSOUTH or CFC.

(g) Has not been a member in good standing with the cooperative for a period of four years immediately prior to qualification. Good standing shall mean that the member has not been disconnected for non-payment within said four year period and that the member has never diverted electric energy to his or her benefit as evidenced by the Cooperative records.

(h) Has been convicted of a felony offense.

(i) Has close relative employed by the cooperative or serving on the board of trustees at the time of qualification. "Close relative" means a person who is related to the principal person as a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece, by blood or in law. "In law" shall mean not only such person as, for example, brothers-in-law, but shall also include "step" relatives and adoptive ones.

(j) Is an employee of the cooperative or has been an employee of the cooperative within the preceding four years prior to the time of qualification.

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.

No trustee may be an employee of the cooperative nor may he or she become an employee of the cooperative at any time within four years after he or she relinquishes his or her position on the board of trustees.

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, Elections and Tenure. The trustees elected in 1954 shall serve until the close of the next annual meeting of the members or until their successors have been elected and shall have qualified.

Prior to the annual meeting of the members for the year 1955, a district meeting shall be held in each of the nine districts for the purpose of electing by and from the members of such district by secret ballot a trustee to represent such district on the board

of trustees. At the meeting of Districts 8, 3, 4, trustees shall be elected for terms of one year, and the meeting of Districts 9, 2, 5, trustees shall be elected for terms of two years, and at the meeting of Districts 7, 1, 6, trustees shall be elected for terms of three years. Thereafter all trustees shall be elected at district meetings to succeed those whose terms shall expire, to serve for terms of three years or until their successors have been elected and shall have qualified.

All district meetings required to be held by virtue of the expiration of the terms of trustees from such districts shall be held on the same day, with the date of such meetings being set by the board of trustees and to be on a day not less than seven days nor more than 31 days prior to the annual meeting of the members.

Notice of such district meetings shall be given prior to the meetings in all respects as provided in the bylaws for special meetings of the members.

A quorum at such district meetings shall be the same as provided for in the bylaws for meetings of the members. If less than a quorum is present at any district meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided, that the secretary shall send notice by mail to any absent members of the time and place of such adjourned meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his residence as it appears on the records of the cooperative, with postage thereon prepaid.

Trustees elected at the district meetings prior to the annual meeting of the members shall be presented to the members at the annual meeting of the members and shall commence to serve as trustees at the close of said meeting. In the event any district meeting required to be held, by virtue of the expiration of the term of the trustee from such district, is not held prior to the annual meeting of the members, or if for any reason a trustee for such district or districts shall not have been elected at such district meeting or meetings, or any adjournment thereof, prior to the annual meeting of the members, then, in that event, the trustee from such district or districts shall be elected at a special meeting of the members of such district or districts to be called by the board of trustees and to be held as soon after the annual meeting of the members as may be convenient. The trustee elected at such special district meeting shall commence to serve as trustee for their respective districts at the next regular or special meeting of the board of trustees. The term of any trustee elected at such special district election held after the annual meeting of the members shall expire at the same time as it would have had he been elected at a regular district meeting prior to the annual meeting of the members.

All nominations for trustees shall be made by petition signed by at least 10 members of the cooperative who reside in and receive service in the district for which such trustee is nominated. Such petition must be filed with the manager of the cooperative at the main office of the cooperative at Ozark, Alabama, on or before the 1st day of June 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 such trustee, if otherwise qualified. The qualifications of such candidates shall be considered and voted upon by the board of trustees of the cooperative at a regular or special meeting held during the month of June prior to the election, and if such candidate or candidates so nominated shall not meet all the qualifications for a trustee as prescribed by the bylaws 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 persons 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 district 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 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 with the notice of the district meeting a statement of the names and addresses of the candidates.

In the event two or more nominations for trustee are made for any one district in the manner provided above, and further in the event no one nominee receives a majority of the votes at the district meeting as herein set forth, then in such event a runoff election between the two nominees receiving the highest number of votes shall be held not less than seven days subsequent to the district meeting. The runoff election shall be conducted in all respects at the district meeting. All members in said district shall be allowed to vote at the runoff election regardless of whether or not they voted at the district meeting. The cooperative shall not be required to give notice of the runoff election other than that if there are more than two nominees for any one district, the notice of the district meeting shall advise members of said district of the time, date and place of the runoff election in the event one is necessary.

In the event of a tie vote, at a district meeting or a runoff election, then in such event a subsequent election shall be held in all respects as the election resulting in a tie. In the event of a second tie vote at a district meeting or a runoff election, then in such event the election of a trustee shall be resolved by drawing lots.

SECTION 4. Removal of Trustee by Members. Any member may bring charges against a trustee from the district in which the member resides by filing such charges in writing with the secretary, together with a petition signed by at least 25 percent of the members of said trustee's district and request the removal of such trustee by reason of malfeasance. The trustee against whom such charges have been brought shall be informed in writing of the charges at least 30 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 secretary shall present the petition to the board of trustees at the next regular meeting of the board of trustees after receipt of said petition, and the board of trustees shall set a meeting of the members from the district of the trustee against whom the petition has been filed within 60 days from the date of the regular meeting of the board of trustees at which said petition is presented. The question of the removal of such trustees shall be considered and voted upon by the members of said district and any vacancy created by such removal may be filled by vote of the members present at the meeting from the district represented by said trustee. If less than a quorum is present from the district for which a trustee is to be elected to serve the unexpired term of the removed trustee, the board of trustees shall call a special meeting of the members of such district to be held for the purpose of electing such trustee as soon thereafter as may be convenient.

The cooperative attorney shall act as parliamentarian of any such meeting held to remove a trustee and shall conduct said meeting in accordance with Article XII hereof.

Malfeasance shall mean wrongful conduct which affects, interrupts, or interferes with the performance of a trustee's duties.

SECTION 5. Vacancies. Subject to the provisions of 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 affirmative vote of a majority of the remaining trustees to serve until the day set for the next annual district meeting, at which time the members of the district concerned shall elect a trustee to serve the unexpired portion of the term of the trustee in respect of whom the vacancy occurs. Provided, however, that the member so selected by the remaining members of the board of trustees to fill the vacancy until the next annual district meeting shall reside in the same district as the one from which the trustee he succeeds was elected.

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, expenses and insurance related benefits, if any, may be allowed for attendance at such 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.

ARTICLE V MEETINGS OF TRUSTEES

SECTION 1. Regular Meeting. 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 the counties of Barbour, Dale, or Henry, 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.

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 trustee calling the meeting shall fix the time and place which shall be within the counties of Barbour, Dale, or Henry, Alabama, for the holding of the meeting.

SECTION 3. Notice of Trustees' Meeting. 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 prepaid.

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 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.

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 its 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 interest 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 at least 25 percent of the members requesting the removal of such officer by reason of malfeasance. The officer against whom such charges have been brought shall be informed in writing of the charges at least 30 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 secretary shall present the petition to the board of trustees at the next regular monthly meeting of the board of trustees after receipt of said petition, and the board of trustees shall set a meeting of the members within 60 days from the date of the regular meeting of the board of trustees at which said petition is presented. The question of the removal of such officer shall be considered and voted upon by the members at said meeting.

The cooperative attorney shall act as parliamentarian of any such meeting held to remove an officer and shall conduct said meeting in accordance with Article XII hereof.

Malfeasance shall mean wrongful conduct which affects, interrupts or interferes with

the performance of an officer's duties.

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, with the secretary, 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 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 powers 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 bylaws 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 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) Keep a register of the names and post office addresses of all members;

(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 conversion 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, forward a copy of the bylaws 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. 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 8. Fidelity Insurance Coverage. The board of trustees may purchase fidelity insurance coverage on such officers, employees and agents of the cooperative as it deems reasonable and prudent.

SECTION 9. Compensation. The powers, duties and compensation of any 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 10. 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.

SECTION 11. Delegation of Secretaries Responsibilities. Notwithstanding the duties, responsibilities and authorities of the secretary herein before provided in Sections VI, 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 and routine administration of, one or more of such officers such duties to one or more agents or other officers of the cooperative who are not trustees to the extent that the board does so delegate with respect to either such officers, that officer as such shall be released from duties, responsibilities and authorities.

**ARTICLE VII
DISPOSITION OF REVENUES AND RECEIPTS**

Revenues of the cooperative for any fiscal year in excess of the amount thereof necessary:

(a) To defray expenses of the cooperative and of the operation and maintenance of its facilities during such fiscal year;

(b) To pay interest and principal obligations of the cooperative coming due in such fiscal year;

(c) To finance, or to provide a reserve for the financing of, the construction or acquisition by the cooperative of additional facilities to the extent determined by the board of trustees;

(d) To provide a reasonable reserve for working capital;

(e) To provide a reserve for the payment of indebtedness of the cooperative maturing more than one year after the date of the incurrence of such indebtedness in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year;

(f) To provide a fund for education in cooperation and for the dissemination of information concerning the effective use of electric energy and other services made available by the cooperative, shall, unless, otherwise determined by a vote of the members, be distributed by the cooperative to its members, as patronage refunds pro-rated in accordance with the patronage of the cooperative by the respective members paid for during such fiscal year. Nothing herein contained shall be construed to prohibit the payment by the cooperative of all or any part of its indebtedness prior to the date when the same shall become due.

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 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 cost and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating cost 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 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 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.

In the event of dissolution or liquidation of the cooperative, after all outstanding indebtedness to 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 the first retired, provided, however, that beginning with the year 1987, the board of trustees may elect to pay up to 25 percent of the capital credited to the patrons for the most recent calendar year, provided that the board of trustees has

made available sufficient cash to pay the oldest outstanding capital credits according to the books and records of the cooperative for a minimum of one calendar year. In no event, however, may any such capital be retired unless after the proposed retirement, the capital of the cooperative shall equal at least 40 percent of cooperative depreciation reserve, or a sum equal to two years maximum debt service payments on the long term government loans outstanding, whichever is the larger.

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 occupancy in all or part of such patrons premises served by the cooperative unless the board of trustees, acting under policies of general application, shall determine to become a member of the cooperative, the capital credited to the account of such non-member patron may be applied by the cooperative toward payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these bylaws, the board of trustees, at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credited to any such person 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 of trustees, acting under policies of general application, and the legal representatives of such patrons 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 on 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 office.

SECTION 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that the cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishings of such goods or service shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

SECTION 4. Non-Operating Margin Allocation. All non-operating and other margins shall be allocated or assigned on the same basis as operating margins.

ARTICLE VIII 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 IX 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. Except as otherwise provided by law or in these bylaws, 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, officers, agent or agents 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. 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 90 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 November of each year and end on the 31st day of October of the following year.

SECTION 6. Debt Limit. The Board of Trustees of Pea River Electric Cooperative is authorized, on behalf of the cooperative, to borrow from time to time additional sums from United States of America pursuant to the provisions of the Rural Electrification Act of 1936, as from time to time amended (hereinafter called the Act), and such sums as it may deem advisable from National Rural Utilities Cooperative Finance Corporation (CFC) or other lending agencies or lending corporations and to incur indebtedness from time to time by the assumption of indebtedness of third parties to United States of America, to National Rural Utilities Cooperative Finance Corporation (CFC) or other lending agencies or lending corporations, such loans and such assumptions of indebtedness to be in such amounts and upon such terms as the board of trustees shall deem advisable to finance the construction, acquisition and operation of such electric generating, transmission, distribution and service facilities as the board of trustees shall from time to time determine. The board of trustees of the cooperative is further authorized to cause the proper officers, on behalf of the cooperative, from time to time, without further authorization of the members, to execute, seal and deliver notes, bonds or other evidences of indebtedness and secure indebtedness created by such loans and assumptions and to refund the notes, or other evidences of indebtedness heretofore by the cooperative to United States of America, or hereafter issued pursuant to the authorization herein contained, all upon such terms as the board of trustees shall determine, and the board of trustees of the cooperative is authorized, from time to time, without further authorization of the members, to mortgage, by deed or trust or by mortgage and upon such terms as the board of trustees shall determine, all or any substantial portion of the property of the cooperative now owned or hereinafter acquired in order to secure such loans and such indebtedness heretofore or hereinafter made at any time or times.

ARTICLE X 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 corporation or organization.

SECTION 2. Waiver of Notice. Any member or trustee may waive in writing, any notice of a meeting required to be given by these bylaws. 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 transactions 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 bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the cooperative.

SECTION 4. Accounting System and Reports. The board of trustees shall cause to be established and maintained a complete accounting system which shall conform so long as the cooperative is indebted to the Government or any agency or instrumentality thereof, to such accounting system as may from time to time be designated by the administrator of the Rural Electrification Administration of the United States of America. All accounts of the cooperative shall be examined by a committee of the trustees appointed by the board of trustees which shall render reports to the board of trustees at least four times a year at regular meetings of the board of trustees. The board of trustees shall also within 60 days 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 annual meeting next following the close of such fiscal year.

**ARTICLE XI
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, or an accurate summary and explanation thereof.

**ARTICLE XII
PARLIAMENTARY PROCEDURE**

Parliamentary procedure at all meetings of the members of the board of trustees, or 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 most recent edition of Roberts Rules of Order, except to the extent that such procedure is otherwise determined by law or by the cooperative's Certificate of Incorporation or bylaws.