

**BYLAWS
OF
CLARKE-WASHINGTON
ELECTRIC MEMBERSHIP CORPORATION**

**ARTICLE I
MEMBERSHIP**

SECTION 1. REQUIREMENTS FOR MEMBERSHIP.

Any person, firm, association, corporation, or body politic or subdivision therefor will become a member of Clarke-Washington Electric Membership Corporation (hereinafter called the cooperative) upon receipt of electric service from the cooperative, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of conversion and bylaws of the cooperative and any rules, regulations and policies adopted by the board of trustees (hereinafter called the board); and
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the cooperative, and no membership in the cooperative shall be transferable, except, as provided in these bylaws. All memberships as shown by the books of the cooperative as of the date of adoption of these bylaws are hereby approved, confirmed and validated.

SECTION 2. MEMBERSHIP CERTIFICATES.

Membership in the cooperative shall be evidenced by the records of the cooperative. The cooperative may issue a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board of trustees. Such certificate shall be signed by the president and the secretary of the cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the cooperative as the board may prescribe.

SECTION 3. JOINT MEMBERSHIP.

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section I 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 with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

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

SECTION 4. 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, regulations and policies adopted by the board.

Any outstanding membership certificate shall be surrendered, and may be reissued by the cooperative in such manner as 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. Any outstanding membership certificate shall be surrendered, and may be reissued 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 5. MEMBERSHIP FEES.

The membership fee shall be Five (\$5) dollars, upon the payment of which a member shall be eligible for one service connection.

SECTION 6. PURCHASE OF ELECTRIC ENERGY.

Each member shall, as soon as electric energy shall be available, purchase from the cooperative all electric energy used on the premises specified in his application for membership and shall pay therefor at rates which shall from time to time be fixed by the board. 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 regardless of the amount of electric energy consumed, as shall be fixed by the board 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 7. TERMINATION OF MEMBERSHIP.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe.
- (b) The death, cessation of existence, failure of any member to purchase electrical energy from the cooperative for a period of six (6) months after the same is made available to him, or discontinuing the purchase of any energy or service from the cooperative shall automatically terminate membership in the cooperative.
- (c) The board may, by the affirmative vote of not less than two thirds of all the members of the board, expel any member who fails to comply with any of the provisions of the articles of conversion, bylaws, or rules, regulations or policies adopted by the board, but only if such member shall have been given written notice by the cooperative that such failure makes him liable to expulsion if such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the board or by vote of the members at any annual or special meeting.
- (d) Upon the termination of any membership under the provisions of subsections a, b, c of Section 7, Article I, any membership certificate that has been issued 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.

SECTION 8. REFUND OF MEMBERSHIP FEE.

- (a) All membership fees heretofore or hereafter paid to the cooperative shall be refunded to the member upon termination of membership and surrender of membership certificate, if any such certificate has been issued, less any indebtedness owed by the member to the cooperative.
- (b) The membership fee of a deceased member may be refunded to his administrator or executor. If 60 days have elapsed since the death of the member and no administration on the estate of such member is pending, then the cooperative may refund the membership fee to the spouse surviving at the time of payment, if competent to receive the same. If there be no administrator or executor or competent surviving spouse entitled to a refund, then refund may be made to the oldest competent next of kin at the time refund is made. Such refund shall be made on such other terms, requirements and conditions as the board of trustees may establish under policies of general application. Any refund of membership fee made pursuant hereto shall fully discharge the obligation and liability of the cooperative for making such refund.
- (c) Membership fees shall be forfeited to the cooperative unless written application for the refund of the same is made within one year from the date on which the membership terminated or became subject to termination, without the necessity of any affirmative action or notice by the cooperative, and notwithstanding the membership certificate has neither been surrendered nor any action has been taken to officially terminate the membership.

SECTION 9. ADDITIONAL PROVISIONS ON SUPPLYING OF ELECTRICAL ENERGY.

No person, firm, association, corporation or body politic of subdivision thereof shall become a consumer of the cooperative, or shall be entitled to receive electrical energy from the cooperative, without membership in the cooperative; provided, however, the board by resolution may authorize the serving of a particular prospective customer without membership for suitable reason and under such conditions as the board may prescribe.

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.

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 liable or responsible for any debts or liabilities of the cooperative.

SECTION 3. DUTY TO FURNISH EASEMENTS.

Members shall, without charge to the cooperative, permit the cooperative to enter on any premises of the member to construct, maintain and remove its poles, lines and appliances, and the member shall execute and deliver to the cooperative all such written instruments as may be necessary for the granting of the necessary easements over land owned or controlled by the member, and the board of trustees may require from applicants for membership the repayment of sums previously paid to them for such easements.

ARTICLE III MEETING OF MEMBERS

SECTION 1. ANNUAL MEETING.

The annual meeting of the cooperative shall be held at such time and place, of each year beginning with the year 1972, as shall be selected, from time to time, by the board; the place selected by the board shall, however, be within a county served by the cooperative, and the time and place thereof shall be designated in the notice to the members of said meeting; such annual meetings shall be 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. It shall be the responsibility of the board to make adequate plans and preparations for each such annual meeting. Failure to hold any such annual meeting at the time designated therefor shall not work a forfeiture or dissolution of the cooperative.

SECTION 2. SPECIAL MEETINGS.

Special meetings of the members may be called by resolution of the board, or upon a written request signed by any three board members, 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 one of the counties served by the cooperative as designated by the board and shall be specified in the notice of the special meeting.

SECTION 3.

"Notice of all special or annual meetings of the members shall be given to each member of this cooperative in strict accordance with the laws of this State governing the giving of such notice, as said laws shall exist at the time each such notice is given. Unless otherwise required under the laws of this state, such notice shall be given by or under the direction of the secretary, or upon a default in such duty by the secretary, by the person or persons calling the meeting; and, 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 at which a quorum is present."

SECTION 4.

"The number of members present in person required to constitute a quorum for the transaction of business at any meeting of the members shall, from time to time, be the minimum required under the laws of this State for such purpose, as said laws shall exist at the time of such meeting. 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. It shall be the duty of the secretary to record the names of the members present in person at each meeting of the members, and the cooperative shall preserve such record for not less than five (5) years following the date of such meeting."

SECTION 5. VOTING.

Each member shall be entitled to one vote and no more, upon each matter submitted to a vote at a meeting of the members, regardless of the number of memberships held by him. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the articles of conversion of the cooperative, or these bylaws. If a husband and wife hold a joint membership they shall jointly be entitled to one vote, and no more, upon each matter submitted to a vote at a meeting of the members.

SECTION 6. MAIL VOTING.

Any member who is absent from an annual meeting or special meeting of the members may vote by mail at such meeting upon any motion or resolution pertaining to the borrowing of funds from the United States of America, or any agency or instrumentality thereof, or from any financing institution organized on a cooperative plan for the purpose of financing its members' programs, projects or undertakings, in which the cooperative holds membership, or the sale, mortgage, lease or other disposition or encumbrance of the cooperative's property to the United States of America, or any agency or instrumentality thereof, or to any financing institution organized on a cooperative plan for the purpose of financing its members' programs, projects or undertakings, in which the cooperative holds membership. The secretary shall be responsible for the enclosure, with the notice of such meeting, of a ballot containing an exact copy of such motion or resolution to be acted upon and such absent member shall express his vote thereon by placing a cross (X) in one of the spaces provided therefor. Such absent member shall enclose each such ballot so marked in a sealed envelope addressed to the cooperative. When such written vote so enclosed is received by mail from any absent member, it shall be counted as the vote

of such member at such meeting. In case of a joint membership, if husband and wife are both absent from such meeting, a written vote received from either of them shall constitute one joint vote. The failure of any absent member to receive such ballot shall not invalidate any action which may be taken by the members at any such meeting.

The foregoing shall be and it is hereby declared to be retroactive to the extent that all mail votes heretofore submitted to the cooperative by mail from any member absent from this special meeting, shall be counted as the vote of such member at this meeting on the resolution designated therein, provided such vote shall have been cast and submitted by mail in the manner herein above provided.

SECTION 7. ORDER OF BUSINESS.

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

- (1) Call of the roll or registration of members.
- (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, and acting upon, reports of officers, directors and committees; including reports on audits and financial condition of the cooperative.
- (5) Election of trustees.
- (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.

SECTION 2. TRUSTEE DISTRICTS.

- (a) The territory served or to be served by the cooperative shall be divided into nine districts, the boundaries of which shall be so fixed that each district shall contain approximately the same number of members. Each district shall be represented by one trustee, who must be a member receiving service from the cooperative within the district which he represents, and who must reside within the district which he represents. The original nine districts shall be the districts as they exist on the date of the adoption of these bylaws, a description of which is attached hereto as Exhibit "A".
- (b) The board of trustees, at any regular or special meeting thereof held not less than 30 days prior to any annual meeting of the members or special meeting of the members in lieu of such annual meeting, may, by resolution, alter the geographical boundaries of the nine districts with the aim of arranging more equitable districting. Upon the submission of a petition signed by 50 or more members of the cooperative, the president of the cooperative shall be required to call a special meeting of the board of trustees to consider and take action upon the rearranging of the geographical boundaries of the nine districts to accomplish the purpose of this districting provision. Notwithstanding any provisions of this section, a violation of such districting provisions shall not invalidate or in any affect or impair the validity of any corporate action.

SECTION 3. QUALIFICATIONS AND TENURE.

- (a) The persons serving as trustees at the time of the adoption of these bylaws, including any elected at the annual meeting at which these bylaws are adopted, shall compose the board of trustees until the next annual meeting of the members or until their successors shall have been elected and shall have qualified. If the election of trustees shall not be held on the day designated 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.
- (b) For the election of trustees to be held at the annual meeting at which these bylaws are adopted, or any adjournment thereof, and for each election of trustees thereafter, the trustees are divided into three groups, with staggered terms as follows:
 - Group No. 1: The trustees for Districts No. 1, 4, and 7.
 - Group No. 2: The trustees for Districts No. 3, 6, and 9.
 - Group No. 3: The trustees for Districts No. 2, 5, and 8.
- (c) The present trustees were last elected for terms of three years at the following annual meetings.
 - Group No. 1: 2010.
 - Group No. 2: 2011.

Group No. 3: 2009.

The present trustees shall serve until their successors have been elected and shall have qualified. Upon the expiration of the respective three year terms for which the present trustees were last elected, the trustees for each group shall be elected for terms of three years and shall hold office until the annual meeting of the members in the year in which their respective terms expire or until their successors have been elected and qualified. Vacancies in any group shall be filled only for the unexpired term of such group.

- (d) Trustees for each group whose terms are expiring at the annual meeting of the members shall be elected by a ballot at each annual meeting of the members by and from the members.

SECTION 4. QUALIFICATIONS.

No person shall be eligible to become or remain a board member of the cooperative who:

- (a) Is not a member and bona fide resident in the area served or the area being served by the cooperative; or
- (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; or
- (c) Is an employee of the cooperative or has been an employee of the cooperative within the preceding five years; or
- (d) Does not reside within the district which he represents.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions the board shall remove such board member 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.

SECTION 5. NOMINATIONS.

The board may appoint, not less than 30 days or more than 90 days before the date of a meeting of the members at which board members are to be elected, a committee on nominations consisting of not less than five (5) nor more than fifteen (15) members who shall be selected from different sections so as to ensure equitable representation. No member of the board may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the cooperative at least 30 days before the meeting a list of nominations for board members. The secretary shall be responsible for mailing with the notice of the meeting or separately, but at least 10 days before the date of the meeting, a statement of the number of board members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Any 15 or more members acting together may make other nominations by petition and the secretary shall cause such nominations to be posted at the same place where the list of nominations made by the committee is posted. Nominations made by petition must be received at least 15 days before the meeting. Later nominations by petition shall not be accepted and no nominations may be made from the floor at the meeting of the members.

Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of trustees.

SECTION 6. REMOVAL OF BOARD MEMBER BY MEMBERS.

Any member may bring charges against a board member and, by filing with the secretary such charges in writing together with a petition signed by at least ten per centum of the members and request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least 10 days prior to the meeting of the members at which time the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 7. VACANCIES.

Subject to the provisions of these bylaws with respect to the filling of vacancies by the removal of trustees by the members, a vacancy occurring on 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; provided, however, that the member so selected to fill the vacancy shall reside in the same district as the one from which the trustee he succeeds was elected.

SECTION 8. COMPENSATION.

Board members shall not receive any salary for their services as such, but by resolution the board of trustees shall authorize a fixed sum for each day or portion thereof spent on cooperative business, such as attendance at meetings, conferences and training programs or performing committee assignments authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the cooperative, unless the payment and amount of compensation shall be

specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the board as an emergency measure.

ARTICLE V MEETINGS OF BOARD

SECTION 1. REGULAR MEETINGS.

A regular meeting of the board shall be held without notice, immediately after the annual meeting of the members. A regular meeting of the board shall also be held monthly at such time and place within one of the counties served by the cooperative as designated by the board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS.

Special meetings of the board may be called by the president or any three board members, 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 board members calling the meeting shall fix the time and place for holding of the meeting.

SECTION 3. NOTICE OF BOARD MEETINGS.

Written notice of the time, place and purpose of any special meeting of the board shall be delivered to each board member 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 members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

SECTION 4. QUORUM.

A majority of the board shall constitute a quorum, provided, that if less than such majority of all the board is present at said meeting, a majority of the board present may adjourn the meeting from time to time; and provided further, that the secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these bylaws.

SECTION 5. MEETINGS OUTSIDE OF AREA SERVED.

Special or regular meetings may be held at any time outside of the area served by the cooperative upon the consent of all the trustees, evidenced by a waiver of the place of meeting signed by all of the trustees.

ARTICLE VI OFFICERS

SECTION 1. NUMBER.

The officers of the cooperative shall be a president, vice president, secretary, treasurer, and such other officers as may be determined by the board from time to time. The offices of secretary and treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE.

The officers shall be elected by ballot, annually by and from the board at the meeting of the board held immediately 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 convenient. Each officer shall hold office the first meeting of the board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have been qualified. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY THE BOARD.

Any officer or agent elected or appointed by the board may be removed by the board 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, and, by filing with the secretary such charges in writing together with a petition signed by ten per centum of the members, may request the removal of such officer. The officer against whom the charges have been brought shall be informed in writing of the charges at least 10 days prior to the board 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. In the event the board does not remove such officer, the question of his removal may be considered and voted upon at the next annual meeting of the members.

SECTION 4. PRESIDENT.

The president shall:

- (a) Be the principal executive officer of the cooperative and, unless otherwise determined by the members or the board, shall preside at all meetings of the members and the board ;
- (b) Sign, with the secretary, certificates of membership, the issue of which may have been authorized by the board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board 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 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 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.

SECTION 6. SECRETARY.

The secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) The safekeeping of the corporate books and records and the seal of the cooperative and affixing the seal of the cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Signing, with the president, certificates of membership, the issue of which may have been authorized by the board or the members;
- (f) Having general charge of the books of the cooperative in which a record of the memberships is kept;
- (g) Keeping 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, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and
- (h) In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to them by the board.

SECTION 7. TREASURER.

The treasurer shall be responsible for:

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

SECTION 8. MANAGER.

The board may appoint a manager who may be, but 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 may from time to time vest in him.

SECTION 9. BONDS OF OFFICERS.

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

SECTION 10. COMPENSATION.

The powers, duties and compensation of officers, agents and employees shall be fixed by the board subject to the provisions of these bylaws with respect to compensation for a board member and close relative of a board member; provided the board may delegate the authority to the manager to fix the powers, duties and compensation of all employees other than the manager.

SECTION 11. 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 members 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 members 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 members as capital. The cooperative is obligated to pay by credits to a capital account for each member 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 member is clearly reflected and credited in an appropriate record to the capital account of each member. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member 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 members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members as herein provided, beginning with the fiscal year 1967.

In the event of dissolution or liquidation of the cooperative, after all outstanding indebtedness of the cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the cooperative will not be impaired thereby, the capital credited to members' accounts may be retired in full or in part. The board may authorize the cooperative to and the cooperative shall, wholly or partially retire and refund capital credits to members and former members. The board shall determine the manner, method, and timing of retiring and refunding capital credits and affiliated capital credits.

Capital credited to the amount of each member shall be assignable on the books of the cooperative pursuant to written instructions from the assignor and only to successors in occupancy in all or a part of such member's premises served by the cooperative, unless the board of trustees, acting under policies of general application, shall determine otherwise; provided, however, nothing herein shall preclude capital credited to the account of an individual member vesting in the members of a joint membership, with right of survivorship, when such individual membership is conveyed to a joint membership.

Where the membership is a joint membership, the capital shall be credited to the joint membership and in event of the death of one of the joint members, the capital credit shall pass to and become the property of the survivor. As to such joint memberships, the request for retirement of a capital credit, hereinafter provided for, can be made only upon the death of the survivor.

Notwithstanding any other provisions of these bylaws, the board of trustees, at its discretion, shall have the power from time to time to provide under a policy of general application for the payment of all of the capital credit of deceased members and thereby accelerate the payment of the capital credit of deceased members. The capital credit of a deceased member, whether regular or accelerated, may be paid to his administrator or executor. If 60 days have elapsed since the death of the member and no administration is pending on the estate of such deceased member, then the cooperative may pay the capital credit of such deceased member to his spouse surviving at the time of payment, if competent to receive the same. If there be no administrator or executor or competent surviving spouse entitled to payment, then payment may be made to the oldest competent next of kin at the time payment is made. Accelerated payment of capital credit of a deceased member shall be made only upon the written request of the party entitled to receive payment of the same and shall be subject to the proviso that the financial condition of the cooperative will not be impaired thereby. All payments of capital credit, whether regular or accelerated, shall be made upon such other terms, conditions or requirements as the board of trustees may establish under policies of general application. Payment of capital credit to the party requesting payment of the same pursuant hereto and to any implementing resolution of the board of trustees shall discharge the cooperative of any further obligation to make such payment and of any further liability with reference thereto.

The members of the cooperative, by dealing with the cooperative acknowledge that the terms and provisions of the articles of conversion and bylaws shall constitute and be a contract between the cooperative and each member and patron, and both the cooperative and members and patrons are bound by such contract, as fully as though each member and 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 member and patron of the cooperative by posting in a conspicuous place in the cooperative's office.

**ARTICLE VIII
DISPOSITION OF PROPERTY**

This 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 hereof 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. However, this 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 notwithstanding herein contained or any other provisions of law, the board of trustees of this cooperative, without authorization of the members hereof, 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 this cooperative holds membership.

**ARTICLE IX
SEAL**

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

**ARTICLE X
FINANCIAL TRANSACTIONS**

SECTION 1. CONTRACTS.

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

SECTION 2. CHECKS, DRAFTS, ETC.

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

SECTION 3. DEPOSITS.

All funds, except petty cash, of the cooperative shall be deposited from time to time to the credit of the cooperative in such bank or banks as the board may select.

SECTION 4. CHANGE IN RATES.

Written notice shall be given to the administrator of the Rural Electrification Administration of the United States of America not less than 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 April of each year and shall end on the 31st day of March of the following year.

ARTICLE XI MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS.

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

SECTION 2. WAIVER OF NOTICE.

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

SECTION 3. POLICIES, RULES AND REGULATIONS.

The board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of conversion or these bylaws as it may deem advisable for the management, administration and regulation of the business and affairs of the cooperative.

SECTION 4. ACCOUNTING SYSTEM AND REPORTS.

The board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform, 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. The board shall also after the close each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

SECTION 5. AREA COVERAGE.

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

ARTICLE XII AMENDMENTS

These bylaws may be altered, or 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.

**EXHIBIT "A" TO BYLAWS OF
CLARKE-WASHINGTON ELECTRIC MEMBERSHIP CORPORATION**

TRUSTEE DISTRICTS

District No. 1

Beginning at the point where the Township line between Township 6 North and 5 North intersects the west county line of Washington County, thence east along the Township line to the northeast corner of Section 4, Township 5 North, Range 2 West, thence south to the southeast corner of Section 9, Township 2 North, Range 2 West, which point is on the south line of Washington County, thence west along the south line of Washington County to the Range line between Ranges 3 West and 4 West, thence south along the County line to the southeast corner of Section 24, Township 2 North, Range 4 West, thence West along the county line of Washington County to the west line of Washington County, thence north along the west line of Washington County to the point of beginning.

District No. 2

Beginning at the northeast corner of Section 4, Township 5 North Range 2 West, in Washington County, thence south to the southeast corner of Section 9, Township 2 North, Range 2 West, which point is on the south line of Washington County, thence west along and with the south line of Washington County to the Tombigbee River, thence north with the meanders of the Tombigbee River to the Township line between Township 6 North, and Township 5 North, thence west along said Township line to the point of beginning.

District No. 3

Beginning at the northeast corner of Section 4, Township 5 North, Range 2 West, in Washington County, thence north to the northeast corner of Section 4, Township 6 North, Range 2 West, thence west to the northeast corner of Section 1, Township 6 North, Range 3 West, thence north along the Range line between Range 2 West and Range 3 West to the north line of Washington County, thence east along said County line to the Tombigbee River, thence south with the meanders of the said Tombigbee River to the Township line between Township 6 North, and Township 5 North, thence west along said Township line to the point of beginning.

District No. 4

Beginning at the point where Satilpa Creek empties into the Tombigbee River in Clarke County, Alabama, thence in a northerly direction with said creek to the south line of Section 7, Township 9 North, Range 1 East, thence east to the Range line between Ranges 1 East and 2 East, thence south along said Range line to the Township line between Townships 9 North and 8 North, thence east along said Township line to the northeast corner of Section 5, Township 8 North, Range 2 East, thence south to the northeast corner of Section 32, Township 8 North, Range 2 East, thence to the northeast corner of Section 33, Township 8 North, Range 2 East, thence south to the northeast corner of Section 16, Township 7 North, Range 2 East, thence east to the range line between Ranges 2 East and 3 East, thence south along said range line to the Township line between Townships 5 North and 6 North, thence east along said Township line to the range line between Ranges 3 East and 4 East, thence south along said range line to the Alabama River, thence in a southerly direction along and with the meanders of the Alabama River to the cut off, thence in a westerly direction with the meanders of the Tombigbee River to the point of beginning.

District No. 5

Beginning at the point where Satilpa Creek empties into the Tombigbee River in Clarke County Alabama, thence in a northerly direction with said creek to the south line of Section 7, Township 9 North, Range 1 East, thence east to the range line between Ranges 2 East and 3 East, thence north along said range line to the north line of Clarke County, thence west along the north line of Clarke County to the Tombigbee River, thence south along and with the meanders of the Tombigbee River to the point of beginning, excepting that portion of said area in the northwest corner thereof served by the lines of the Black Warrior Electric Membership Corporation.

District No. 6

Beginning at the point where the Township line between Townships 6 North and 5 North intersects the west county line of Washington County, thence east along the Township line to the northeast corner of Section 4, Township 5 North Range 2 West, thence north to the northeast corner of Section 4, Township 6 North, Range 2 West, thence west to the northeast corner of Section 1, Township 6 North, Range 3 West, thence north along the Range line between Ranges 2 West and 3 West to the north line of Washington County, thence west with the north line of Washington County to the northwest corner of Washington County, thence south along the west line of Washington County to the point of beginning.

District No. 7

Beginning on the north line of Clarke County on the range line between Ranges 2 East and 3 East, thence east to the northeast corner of Clarke County, thence south along the east line of Clarke County to where the county line turns east, thence west to the northeast corner of Section 5, Township 10 North, Range 4 East, thence south to the northeast corner of Section 17, Township 9 North, Range 4 East, thence west to the range line between Ranges 3 East and 4 East, thence south to the township line between Townships 9 North and 8 North, thence west to the northeast corner of Section 2, Township 8 North, Range 3 East, thence south to the township line between Townships 8 North and 7 North, thence west along said township line to the range line between Ranges 2 East and 3 East, thence south along said range line to the northeast corner of Section 13, Township 7 North, Range 2 East, thence west to the southeast corner of Section 9, Township 7 North, Range 2 East, thence north to the northeast corner of Section 33, Township 8 North, Range 2 East, thence west to the northeast corner of Section 32, Township 8 North, Range 2 East, thence north to the Township line between Townships 8 North and 9 North, thence west to the range line between Ranges 1 East and 2 East, thence north to the southwest corner of Section 7, Township 9 North, Range 2 East, thence east to the range line between Ranges 2 East and 3 East, thence north to the point of beginning.

District No. 8

Beginning at the point where the east line of Clarke County, Alabama, intersects the township line between Townships 10 North and 11 North, thence west on said township line to the northeast corner of Section 5, Township 10 North, Range 4 East, thence south to the northeast corner of Section 17, Township 9 North, Range 4 East, thence west to the range line between Ranges 3 East and 4 East, thence south to the township line between Townships 8 North and 9 North, thence west along said township line to the northeast corner of Section 2, Township 8 North, Range 3 East, thence south to the township line between Townships 8 North and 7 North, thence west on said township line to the range line between Ranges 2 East and 3 East, thence south along said range line to the township line between Townships 5 North and 6 North, thence east along said township line to the range line between Ranges 3 East and 4 East, thence south along said range line to the Alabama River, thence in a northerly direction with the meanders of the Alabama River to the Monroe County line, thence along the County line between Monroe County and Clarke County to the Alabama River, thence continuing in a northerly direction with the meanders of the Alabama River and along the county line to where said county line runs north from said river, thence north along said county line to where the county line turns east, thence east along said county line to where the same turns North, thence north along said county line to the Wilcox County line, thence west with said county line to where the county line turns north, thence north along the county line to where it turns northwest, thence northwest along the county line to where the county line turns West, thence west to the point of beginning.

District No. 9

All of Monroe and Wilcox counties, Alabama.

