



BYLAWS
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SECTION 1.01. ELIGIBILITY.

Any natural person, firm, association, corporation, cooperative, business trust, partnership, federal, state or local government, or departments, agencies or any other political subdivision thereof (each hereinafter referred to as “person,” “applicant,” “him” or “his”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from Southwest Tennessee Electric Membership Corporation (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative.

SECTION 1.02. APPLICATION FOR MEMBERSHIP; RENEWAL OF PRIOR APPLICATION.

Application for Membership — wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative’s Articles of Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”) — shall be made in writing on such form as is provided therefore by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is not approved. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the Tennessee legal rate on judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03. MEMBERSHIP FEE; SERVICE SECURITY AND FACILITY EXTENSION DEPOSITS; CONTRIBUTION IN AID OF CONSTRUCTION.

The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities

extension deposit or a contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him.

SECTION 1.04. JOINT MEMBERSHIP.

A husband and wife, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership. The words “member,” “applicant,” “person,” “his” and “him,” as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities, and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing;

- 1) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- 2) the vote of either or both shall constitute, respectively, one joint vote;
- 3) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- 4) suspension or termination in any manner of either shall constitute suspension or termination of the joint membership;
- 5) either, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualifications required therefore; and
- 6) neither will be permitted to have any additional service connections except through their one joint membership unless such already existed as an individual membership prior to creation of the joint membership.

SECTION 1.05. ACCEPTANCE INTO MEMBERSHIP.

Upon complying with the requirements set forth in Section 1.02, any applicants shall automatically become a member on the date of his connection for the electric service; PROVIDED, the Board of Directors may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative’s terms and conditions of membership or that such application should be denied for other good cause.

SECTION 1.06. SERVICE TO NON-MEMBERS.

The Cooperative shall render service to its members only; provided, however, that service may be rendered to governmental agencies and political subdivisions and to other persons not in excess of fifteen per centum (15%) of the number of its members.

SECTION 1.07. EXCESS PAYMENTS TO BE CREDITED AS MEMBER FURNISHED CAPITAL.

All amounts received and receivable from the furnishing of electric energy to members and non-members in excess of operating costs and expenses properly chargeable against the furnishing of electric energy are, at the moment of receipt by the Cooperative, received with the understanding

that such amounts are furnished by members and non-members alike as capital as provided in Section 9.03 of these Bylaws.

SECTION 1.08. PURCHASE OF ELECTRIC POWER AND ENERGY; POWER PRODUCTION BY MEMBER; APPLICATION OF PAYMENTS TO ALL ACCOUNTS.

The Cooperative shall use reasonable diligent efforts to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefore at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

SECTION 1.09. WIRING.

Service to any person may in the discretion of the Board of Directors be conditioned upon such person furnishing to the Cooperative the certificate of a reputable inspector stating that the wiring of the premises served or to be served complies with all local regulations and is in accordance with the latest rules and regulations of the National Electrical Code of the National Board of Fire Underwriters for the installing of electric wire, apparatus, and appliances, and is in accordance with the wiring specifications prescribed by the Rural Electrification Administration. The requirement or waiver of such a certificate, however, or the supplying of service on the basis thereof, shall not subject the Cooperative to liability to any member or other person for any damages or injuries sustained by reason of defects existing in the wiring of such premises. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto, safely and without interference from hostile dogs or any other hostile source, for meter reading and bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such

facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation, or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including, but not limited to, the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

SECTION 1.10. MEMBER TO GRANT EASEMENTS TO COOPERATIVE AND TO PARTICIPATE IN REQUIRED COOPERATIVE LOAD MANAGEMENT PROGRAMS.

Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance, or relocation of the Cooperative's electric facilities. Each member shall participate in any required program that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.



ARTICLE II MEMBERSHIP SUSPENSION & TERMINATION

SECTION 2.01. SUSPENSION REINSTATEMENT.

Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. TERMINATIONS BY EXPULSION: RENEWED MEMBERSHIP.

Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may, without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefor, duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

SECTION 2.03. TERMINATION BY WITHDRAWAL OR RESIGNATION.

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

SECTION 2.04. TERMINATION BY DEATH OR CESSATION OF EXISTENCE: CONTINUATION OF MEMBERSHIP IN REMAINING OR NEW PARTNERS.

The death of a natural person member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: Provided, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: Provided further, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

SECTION 2.05. EFFECT OF TERMINATION.

Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. EFFECT OF DEATH, LEGAL SEPARATION OR DIVORCE UPON A JOINT MEMBERSHIP.

Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: Provided, that the estate of the deceased spouse shall not be released from any debts due to the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint: Provided, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07. BOARD ACKNOWLEDGEMENT OF MEMBERSHIP TERMINATION; ACCEPTANCE OF MEMBERS RETROACTIVELY.

Upon the termination of a person's membership for any reason, the Board of Directors, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been

furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly: Provided, that, should the Cooperative acquire any electric facilities dedicated or devoted to the public use, it may for the purpose of continuing service and avoiding hardship and to an extent which shall not exceed fifteen (15%) percent of the total number of persons served by the Cooperative, continue to serve the persons served directly from such facilities at the time of such acquisition, without requiring that such persons become members: Provided further, that such non-members shall have the right to become members upon nondiscriminatory terms.

SECTION 2.08. CHANGE IN PREMISES TO BE SERVED.

Any member who moves from one location to another shall be entitled to receive service at his new location if (a) the member notifies the Cooperative of his change in location, describing the new premises and the type and approximate amount of service desired therefor, (b) the new location is within the area of service of the Cooperative, as determined by the Board of Directors, and (c) such member pays a reasonable connection charge, the amount of which shall be determined by the Board of Directors.

SECTION 2.09. REMOVAL FROM SERVICE AREA OF COOPERATIVE.

When in the judgment of the Board of Directors the financial condition of the Cooperative justifies it, the Board of Directors may authorize the repurchase of memberships from members who have disposed of premises served by the Cooperative or removed from its service area. In case the Cooperative disposes of facilities which are necessary for the service of any members thereof, such members shall be notified of such disposition at least two (2) months in advance and shall be entitled to have their respective memberships repurchased by the Cooperative. Repurchased memberships shall be cancelled.



ARTICLE III MEETING OF MEMBERS

SECTION 3.01. ANNUAL MEETING.

The Annual Meeting of the members shall be held on the second Friday in August of each year, as shall be determined and designated by the Board of Directors and as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. SPECIAL MEETINGS.

Special meetings of the members may be called by the Board of Directors, by that number of directors that is one (1) less than a majority of the directors in office, or upon a written request signed by at least ten per centum (10%) 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 area served by the Cooperative as shall be determined and designated by the Board of Directors and which place must be specified in the notice of the Special Meeting.

SECTION 3.03. NOTICE OF MEMBER MEETINGS.

Written or printed notice of the place, date, and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member, by mail, by the Secretary (and, in the case of a special meeting, at the direction of those calling the meeting). Any such notice may be included with member service billings or as an integral part of the Cooperative's monthly newsletter. No matter the carrying of which, as provided by law, requires the affirmative votes of at least a majority of all the Cooperative's members shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. 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 and postmarked not later than the minimally required days prior to the meeting date that notice must be given, as follows:

- 1) except as otherwise provided in these Bylaws, not less than ninety (90) days prior to the date of a meeting of the members at which the Cooperative's dissolution or the sale or lease-sale of all or any substantial portion of its assets and properties devoted to and used or useful in furnishing electric service is scheduled to be considered and acted upon; or
- 2) Not less than sixty (60) days prior to the date of a meeting of the members of the Cooperative:
 - a) Having a primary purpose and at which the sale or lease-sale of all or any substantial portion of its assets and properties devoted to and used

- or useful in pursuance of one (1) or more secondary purposes is, solely because its bylaws so require, scheduled to be acted upon by the members; or
- b) Having one (1) or more secondary purposes only and at which the sale or lease-sale of all or any substantial portion of its assets and properties devoted to and used or useful in pursuance of one (1) or more such purposes is scheduled to be considered and acted upon;
 - 3) except as otherwise provided in these Bylaws, not less than forty-five (45) days prior to the date of a meeting of the members of the Cooperative at which a merger or consolidation with one or more other cooperatives is scheduled to be considered and acted upon; or
 - 4) if subdivision (1), (2) or (3) foregoing is not applicable, not less than five (5) nor more than twenty-five (25) days prior to the date of the meeting.

The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting, unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. QUORUM.

A quorum for the transaction of business at meetings of the members shall, except as provided in the next following sentence, be the lesser of two percent (2%) of all members or one hundred (100) members; and, once such a quorum is established, the meeting may proceed to transact all business that may lawfully come before it so long as at least the lesser of one percent (1%) of all members or fifty-one (51) members remain present. In the case of a meeting of the members at which the dissolution of the Cooperative or the sale or lease-sale of all or any substantial portion of its assets and property devoted to and used or useful in furnishing electric service is scheduled to be considered and acted upon pursuant, the quorum requirement shall be and shall remain through the meeting ten percent (10%) of all members. If mail balloting is otherwise allowed, ballots so delivered to the Cooperative shall not be counted in determining the existence of a quorum.

If, at any member meeting, less than the required quorum is present to enable the meeting to begin transacting business, or if the quorum requirement for it to continue ceases to exist, a majority of those present may adjourn the meeting from time to time without further notice; PROVIDED, if a majority of those present in person so resolve, the Secretary shall notify any absent members of the time, day and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference a list of those members who were registered as present in person, and a list of those members having voted by mail shall be kept one year.

SECTION 3.05. VOTING.

Each member shall be entitled to one (1) vote upon each matter submitted to a vote, regardless of the number of memberships held by the member. Each member entitled to a vote shall be an active member of the Cooperative, who is actually presently receiving service from the Cooperative. Where a membership is issued in the single name of one spouse, the other unnamed but identified spouse shall have a right to can the vote of the named spouse on any motion, resolution, election or at any meeting of members when the spouse named in the membership is not present at such meeting. All questions and elections shall be decided by a vote of a plurality of the members voting thereon, except as otherwise provided by law, the Articles of Conversion of the Cooperative, or these Bylaws. All voting on the election of Directors, on any motion or resolution, or any other matter submitted to the membership, shall be by mail; however, this provision shall not apply when voting in person is required by law.

SECTION 3.06. VOTING BY MAIL.

The Secretary shall enclose with the notice of the annual meeting or special meeting of the members an exact copy of such motion or resolution to be acted upon and such member shall express his or her vote thereon by marking “for” or “against” on each such motion or resolution in the space provided therefor, and in the case of election of directors, the Secretary shall enclose the “Ballot for Directors” to be marked by the member, and the member shall enclose each copy so marked in a sealed envelope bearing the member’s name, signature, account number and addressed to the Secretary. When such written vote so enclosed is received by mail or any other reasonable means of delivery from any member, it shall be counted as the vote of the member at such meeting if received by the Cooperative at the main office or any district office by no later than at least three (3) business days prior to the date on which the annual meeting of the members is scheduled to be held, and the Secretary shall announce the winner(s) at such meeting (or by timely written communication mailed to all members if for any reason the meeting is not duly held), and the persons so elected shall take office at the board meeting first held on or after the date on which the member meeting was scheduled to be held. In case a membership is owned by husband and wife, or joint tenants, with right of survivorship, a written vote received from the owner or owners of this particular membership shall constitute one (1) vote. The failure of any member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken at the meeting by the members at which the ballot is to be voted.

SECTION 3.07. CREDENTIALS AND ELECTION COMMITTEE.

At least sixty (60) days before any meeting of the members, the Board of Directors shall appoint a Credentials and Election Committee. The committee shall consist of not less than five (5) nor more than fifteen (15) members of the Cooperative who are not existing Cooperative employees, agents, officers, directors, or known candidates for directors and who are not close relatives (as defined in Section 4.14.) or members of the same household of such persons. In the appointment of the committee, the Board of Directors shall consider the equitable representation of the several areas served by the Cooperative. The committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the committee:

- 1) To establish or approve the manner of conducting member registration;

- 2) To establish or approve any ballot;
- 3) To supervise the count of all ballots or other votes cast in any election;
- 4) To rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast;
- 5) To rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions or nominations or the qualifications of candidates and the regularity of the nominations and election of directors);
- 6) To pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. In the exercise of the committee's responsibility, the Cooperative will make its legal counsel available for advice;

In the event a protest or objection is filed concerning the election, such protest or objection must be filed during or within three (3) business days following the adjournment of the meeting in which the voting results of the election or the results of any other vote are announced.

Should any such protest or objection be filed, the committee shall thereupon be reconvened, upon notice from its chairman or secretary, not less than seven (7) days after such protest or objection is filed. The committee shall hear such evidence as is presented by the protesters or objectors, who may be heard in person, by counsel, or both, and any opposing evidence.

The committee, by a vote of a majority of those present and voting, shall within a reasonable time, but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof or to set it aside. The committee's decision on all matters covered by this section shall be final. The committee may not act on any matter unless a majority of the committee is present.

SECTION 3.08. 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.
- 5) Election of directors.
- 6) Unfinished business.
- 7) New business.
- 8) Adjournments.



SECTION 4.01. NUMBER AND GENERAL POWERS.

The business and affairs of the Cooperative shall be managed by a Board of ten directors, which shall exercise all 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 4.02. QUALIFICATIONS.

No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or is not a member of the Cooperative and receiving service therefrom at his primary residential abode, and is not a citizen of the United States; PROVIDED, the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall, notwithstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a director, from the Directorate District in which such member is located, if he or such designee (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year-round resident within or in close proximity to an area served by the Cooperative; BUT PROVIDED FURTHER, no more than one (1) such person may serve on the Board of Directors at the same time. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least eighteen (18) years of age or is in any way employed by or substantially financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business substantially engaged in selling electrical or plumbing appliances, fixtures or supplies primarily to the members of the Cooperative, and no person shall take or hold office as a director who is an incumbent or candidate for an elected public office to which full time is devoted and for which a full time salary is paid. Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if, during his incumbency as a director, he becomes a close relative of another incumbent director or of a cooperative employee because of a marriage to which he was not a party. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

SECTION 4.03. ELECTION.

At each annual meeting of the members, directors shall be elected by secret written ballot by the members and, except as provided in the first proviso of Section 4.02 of these Bylaws, from among those members who are natural persons. Directors shall be elected by a plurality of the votes cast. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04. TENURE.

Directors shall be so nominated and elected that one director from each of the Directorate Districts vacancies in any year shall be elected for a five-year term at the annual meetings. Upon their election, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the annual meetings of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents to remain in office for another term subject to the provisions of Section 4.08.

SECTION 4.05. DIRECTORATE DISTRICTS.

The territory served by the Cooperative shall be divided into two Directorate Districts, each having five directors. District description and/or boundaries will be on display on the Cooperative system map, publicly displayed in each local Cooperative office.

SECTION 4.06. NOMINATIONS.

Any fifteen (15) or more members of the Cooperative, acting together, may make nominations in writing over their signatures, not less than sixty (60) days prior to the meeting, listing separately their nominee(s) for each open Directorate Position from or with respect to which a director, pursuant to this article, is to be elected. The Secretary shall post such nominations in an appropriate place at the principal office of the Cooperative. The Secretary shall mail to the members with the notice of the meeting, or separately, but not less than the number of days prior to the meeting required for the delivery of such notice, a statement of the names and addresses of all nominee(s) for each open Directorate Position from or with respect to which each director is to be elected. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

SECTION 4.07. VOTING FOR DIRECTORS; VALIDITY OF BOARD ACTION.

In the election of directors, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of directors to be elected, but no member

may vote for more than the number of nominees from or with respect to any particular Directorate District than there are to be elected. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of them shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

SECTION 4.08. REMOVAL OF DIRECTORS BY MEMBERS.

Any member may bring one or more charges against any one or more directors, alleging acts or omissions adversely affecting the business and affairs of the Cooperative and amounting to actionable negligence, malfeasance, misfeasance, nonfeasance, fraud or criminal conduct, and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition, signed by not less than ten (10%) percent of the total membership of the Cooperative, which calls for a special member meeting thereon and specifies the place, time and date thereof not less than forty (40) nor more than forty-five (45) days after the filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) nor more than ninety (90) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made and of the member(s) filing the charge(s) shall be contained in the notice of the meeting or separately noticed to the members not less than five (5) days prior to the member meeting at which the matter will be acted upon; PROVIDED, the notice shall set forth (by random selection but otherwise in alphabetical order) only twenty (20) of the names and addresses of the charging members, if twenty (20) or more members file the same charges(s) against the same director(s). Such director(s) shall be informed in writing of the charges after they have been validly filed and at least twenty-five (25) days prior to the meeting of the members at which the charge(s) are to be considered, shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charges(s), and shall be heard last; and the person(s) bringing the charge(s) shall have the same opportunity, but shall be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered, and voted upon at such meeting. A two-thirds vote of members attending the Special Meeting would be required for removal. Any vacancy created by such removal shall be filled by the Board of Directors at such meeting without compliance with the foregoing provisions with respect to nominations; PROVIDED, the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents, or otherwise; AND PROVIDED FURTHER, no director shall be so removable from office for the reason that he, in good faith and believing such to be in the best interests of the Cooperative and of its present and future members, failed or declined to support, or that he opposed, (1) a proposal to sell or lease-sell all or a substantial portion of the Cooperative's assets and properties or to

dissolve the Cooperative, or (2) a motion to notify the Cooperative's members of a proposal received by the Cooperative for such a sale, lease-sale or dissolution, or (3) a motion or any other effort to call a meeting of the Cooperative's members to consider and act upon a proposal for such a sale, lease-sale or dissolution. A newly elected director shall be from or with respect to the same Directorate District as was the director whose office he succeeds and shall serve out the unexpired portion of the removed director's term.

SECTION 4.09. VACANCIES.

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the Board of Directors. A director thus elected shall be from or with respect to the same Directorate District as was the director whose office was vacated and shall serve out that director's unexpired term or until a successor is elected and qualified.

SECTION 4.10. COMPENSATION; EXPENSES.

Directors shall, as determined by resolution of the Board of Directors, receive on a per diem basis a fixed fee, which may include insurance benefits, for attending meetings of the Board of Directors and, when approved by the Board of Directors, for otherwise performing their duties. The fee or fees fixed for otherwise performing their duties need not be the same as the fee fixed for attending meetings of the Board of Directors. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily, and reasonably incurred, in performing their duties. No close relative of a director shall be employed by the Cooperative and no director shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or the service of such director is temporary and shall be specifically authorized by a vote of the Board of Directors or the members upon a determination that such was an emergency measure; PROVIDED, a director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the unanimous vote of the remaining directors; AND PROVIDED FURTHER, an employee shall not lose eligibility to continue in the employment of the Cooperative if he becomes a close relative of a director because of a marriage to which he was not a party.

SECTION 4.11. RULES, REGULATIONS, RATE SCHEDULES AND CONTRACTS.

The Board of Directors shall have power to make, adopt, amend, abolish, and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments, or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.12. ACCOUNTING SYSTEM AND REPORTS.

The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete, and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial conditions as of the end of, such year. A summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

**SECTION 4.13. SUBSCRIPTION TO COOPERATIVE'S NEWSLETTER;
SUBSCRIPTION TO STATEWIDE PUBLICATION.**

For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Directors shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to the statewide publication, The Tennessee Magazine, or a successor such publication, the annual subscription price for which shall be not less than \$2.60 nor more than \$6.00, and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the manner as would any other expense of the Cooperative.

SECTION 4.14. NEPOTISM.

No close relative of a director, officer or the president shall be a paid employee of the Cooperative. As used in these bylaws, "close relative" means a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.



ARTICLE V MEETINGS OF DIRECTORS

SECTION 5.01. REGULAR MEETINGS.

A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as selected by the Board in advance of the annual member meeting. Regular meetings of the Board of Directors shall also be held monthly at such date, time and place in the area served by the Cooperative as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted at such meeting shall require special notice. Any Director absent from any meeting of the Board of Directors which is recessed or adjourned to a later date, time and place shall be entitled to receive written notice of such recessed or adjourned meeting at least three (3) days prior to such meeting. The Board may, however, establish a policy providing that the Chairman may change the date, time and place of a regular monthly meeting for good cause and not less than three (3) days notice thereof to all Directors.

SECTION 5.02. SPECIAL MEETINGS.

Special meetings of the Board of Directors may be called by Board resolution, by the Chairman, or by any three (3) Directors. The Board, the Chairman, or the Directors calling the meeting, shall fix the date, time, and place thereof, which shall be held within the area served by the Cooperative, except, however, all Directors may consent to any such meeting being held at some other place in Tennessee or elsewhere. Upon the calling of such meeting, it shall be the duty of the Secretary to cause notice of such meeting to be given, as provided in Section 5.03.

Special meetings may also be held by telephone conference call, without regard to the actual location of the Director at the time of such telephone conference meeting, if all Directors consent thereto.

SECTION 5.03. NOTICE OF DIRECTORS MEETINGS.

Notice of the time, place, and purpose of any special meeting of the Board of Directors shall be given at least three (3) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 5.04. QUORUM.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. A Director who has a conflict of interest in a matter to be considered shall not, with respect to that matter, be counted in determining the number of directors in office or present.



ARTICLE VI OFFICERS: MISCELLANEOUS

SECTION 6.01. NUMBER AND TITLE.

The officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary and Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 6.02. ELECTION AND TERM OF OFFICE.

The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of offices.

SECTION 6.03. REMOVAL.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

SECTION 6.04. VACANCIES.

Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 6.05. CHAIRMAN.

The Chairman shall:

- 1) Be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;
- 2) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors 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
- 3) in general, shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors, from time to time.

SECTION 6.06. VICE CHAIRMAN.

In the absence of the Chairman, or in the event of his inability or refusal to act, the Vice

Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.07. SECRETARY.

The Secretary shall:

- 1) keep the minutes of the members and the Board of Directors in one or more books provided for that purpose;
- 2) see that all notices are duly given in accordance with these bylaws, or as required by the law;
- 3) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed 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;
- 4) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- 5) sign with the Chairman certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;
- 6) have general charge of the books of the Cooperative in which a record of the members is kept;
- 7) keep on file at all times a complete copy of the 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 upon the express application and request of the member therefor; and
- 8) 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 Directors.

SECTION 6.08. TREASURER.

The Treasurer shall:

- 1) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- 2) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit or invest all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- 3) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.09. DELEGATION OF SECRETARY AND TREASURER'S RESPONSIBILITIES.

Notwithstanding the duties, responsibilities, and authorities of the Secretary and of the Treasurer herein before provided in Section 7 and 8, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not Directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities, and authorities.

SECTION 6.10. PRESIDENT.

The Board of Directors may appoint a President who may be, but who shall not be required to be, a member of the Cooperative. The President shall have general oversight, care and management of the property and business of the Cooperative and shall perform such additional duties and have such additional authority as the Board of Directors may from time to time require of or vest in him, provided, however, that the president shall always be subject to the direction and management of the Board of Directors through action taken at regular or special meetings of such board.

SECTION 6.11. BONDS OF OFFICERS.

The Board of Directors shall require the Treasurer, or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The cost of all such bonds shall be borne by the Cooperative.

SECTION 6.12. COMPENSATION; INDEMNIFICATION.

The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Directors. The Cooperative shall indemnify present and former Cooperative directors, officers (including the President), agents and employees against liability and costs of defending against liability and shall purchase insurance in reasonable face amounts to cover such indemnification to the fullest extent permissible by law, in accordance with Sections 48-58- 301 through 48-58-601 (Section 304 excluded) of the Tennessee Nonprofit Corporation Act, as the same may from time to time be amended.

SECTION 6.13. REPORTS.

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



ARTICLE VII CONTRACTS, CHECKS, & DEPOSITS

SECTION 7.01. CONTRACTS.

Except as otherwise provided in these bylaws, the Board of Directors 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 7.02. CHECKS, DRAFTS, ETC.

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

SECTION 7.03. DEPOSITS; INVESTMENTS.

All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.



ARTICLE VIII MEMBERSHIP CERTIFICATES

SECTION 8.01. CERTIFICATES OF MEMBERSHIP.

Membership in the Cooperative may, if the Board of Directors so resolves, be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with the Articles of Conversion of the Cooperative or these Bylaws. Such certificates shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

SECTION 8.02. ISSUE OF MEMBERSHIP CERTIFICATES.

No membership certificates shall be issued for less than the membership fee, nor until any required service security deposits, facilities extension deposits, service connection fees, or contributions in aid of construction have been fully paid and such payment has been deposited with the Treasurer.

SECTION 8.03. LOST CERTIFICATE.

In case of a lost, destroyed, or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.



ARTICLE IX REVENUES & RECEIPTS

SECTION 9.01. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED.

The Cooperative shall at all times be operated on a Cooperative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

SECTION 9.02. DISPOSITION OF REVENUES; DISTRIBUTION OF EXCESS.

With respect to the Cooperative's furnishing of electric service, the revenues therefrom for any fiscal year, in excess of the amount thereof necessary:

- 1) to defray expenses of the Cooperative, including the operation and maintenance of its facilities during such fiscal year;
- 2) to pay interest and principal obligations of the Cooperative coming due in such fiscal year;
- 3) to finance, or to provide a reserve to finance, the construction or acquisition by the Cooperative of additional facilities to the extent determined by the Board;
- 4) to provide a reasonable reserve for working capital;
- 5) 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;
- 6) to comply with any covenant or obligation of the Cooperative pursuant to any contract it has entered into; and
- 7) to provide a fund for education in cooperation and for the dissemination of information concerning the effective use and conservation of electric power and energy and concerning any other services made available by the Cooperative, including, if the Board so authorizes, publication of or subscription to a Cooperative newsletter and/or a statewide or regional publication.

Shall be distributed or credited by the Cooperative to patrons:

- 1) as patronage refunds prorated in accordance with the patronage of the Cooperative by the respective patrons paid for during or with respect to such fiscal year; or
- 2) by way of general reductions of rates or other charges; or
- 3) by any combination of such methods.

SECTION 9.03. USE OF CONTRIBUTED CAPITAL.

The primary purpose of this Cooperative shall be to extend to and provide its patrons with electrical current and energy at the lowest feasible rate or charge consistent with prudent management and sound economy. Therefore, all amounts received and receivable from the furnishing of electric energy to patrons, members, and non-members alike, in excess of operating costs and expenses properly chargeable against the furnishing of electric energy are at the moment of receipt by the Cooperative received with the understanding that such amounts are furnished by the patrons as capital. Capital contributed by the patrons shall be used

only for capital purposes including, without limitation, new electric system construction, the retirement of electric system indebtedness at or prior to maturity and working capital adequate for all purposes including facilitation of general rate reductions.

SECTION 9.04. ASCERTAINMENT OF CONTRIBUTED CAPITAL.

The Cooperative shall maintain such books and records as will enable it at any time to compute, upon reasonable notice, the amount of capital contributed during any given period by each of its patrons.

SECTION 9.05. CONTRACT.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the provisions of this Article of the Bylaws shall constitute and be a contract between the Cooperative and non-member patrons, and both the Cooperative and such 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 such patrons by being posted in a conspicuous place in the Cooperative's offices.

SECTION 9.06. PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES OR GOODS.

In the event that the Cooperative should engage in the business of furnishing services or goods other than electric power energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable thereto shall, insofar as permitted by law, be prorated annually on a patronage basis and, subject to their prior use for any proper purposes, be returned to those patrons from whom such amounts were obtained pursuant to such method, at such time, on such basis and in such order of priority as the Board of Directors shall determine.



Southwest Tennessee Electric
Membership Corporation

**ARTICLE X
WAIVER OF NOTICE**

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE XI
DISPOSITION & PLEDGING OF PROPERTY;
DISTRIBUTION OF SURPLUS
ASSETS ON DISSOLUTION



Southwest Tennessee Electric
Membership Corporation

SECTION 11.01. DISPOSITION AND PLEDGING OF PROPERTY.

The Cooperative may authorize the sale, lease, lease-sale, disposition, pledging, mortgaging or encumbrancing of all, a substantial portion or any part of its assets and properties as provided by law, including Sections 65-25-113 and 114 of the Tennessee Code Annotated, as the same may from time to time be amended.

SECTION 11.02. DISTRIBUTION OF SURPLUS ASSETS ON VOLUNTARY DISSOLUTION.

Upon the Cooperative's voluntary dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged, or adequate provision therefore has been made, shall be distributed as provided for in Section 65-25-120 (b) (2) of the Tennessee Code Annotated, as the same may from time to time be amended.

ARTICLE XII
FISCAL YEAR



Southwest Tennessee Electric
Membership Corporation

The Cooperative's fiscal year shall begin on the first day of the month of July of each year and end on the last day of the month of June following.



Southwest Tennessee Electric
Membership Corporation

ARTICLE XIII RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws. This Article shall be subordinate to any other provision of these Bylaws pertaining to the votes required for action by members, directors, or committees.



Southwest Tennessee Electric
Membership Corporation

ARTICLE XIV 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".



ARTICLE XV BYLAW AMENDMENTS

SECTION 15.01. POWER TO AMEND.

The Cooperative's Bylaws may, subject to Section 15.02 be changed (adopted, amended, or replaced) by the members; PROVIDED, either the Board of Directors or the members may change any bylaw if, as established by law, such bylaw is illegal or has become a legal nullity or when necessary to comply with Postal Regulations or Internal Revenue code.

SECTION 15.02. PROCEDURE FOR AMENDING.

A bylaw may be changed only if (1) a copy or an accurate summary explanation of the proposed change is contained in or with the notice of the member or Board meeting at which it is to be acted upon; and (2) if to be acted upon by the members, it is sponsored by the Board of Directors or at least fifty (50) members who over their signatures file with the Cooperative a petition, proposing such change and setting forth with particularity the wording thereof and the time that the change is to become effective, at least forty-five (45) days prior to the date of the member meeting at which such change is proposed to be acted upon; PROVIDED, if the Cooperative is presented with a written request by one or more, but less than fifty (50) members that a bylaw change be noticed to and acted upon by the members, and if the request sets forth with particularly the wording of the proposed change and the time that the change is to become effective, the Board of Directors may, but shall not be obligated to, waive the foregoing petition requirement and cause such proposed bylaw change be noticed or acted upon; PROVIDED FURTHER, the Board of Directors shall not cause any proposed bylaw change to be noticed or acted upon, or permit any amendment to a proposed bylaw change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity. A change so noticed may be amended from the floor of the member or Board meeting at which it is being considered if the amendment is germane thereto.