

# UPPER CUMBERLAND ELECTRIC MEMBERSHIP CORPORATION

Tennessee 25 Jackson

## By-Laws Adopted by Members September 8, 1990

Amended September 13, 1997; Amended September 10, 2011; Amended September 8, 2018

### Article I Membership

#### Section 1.01.

##### Eligibility.

Any natural person, firm, association, corporation, 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, Upper Cumberland Electric Membership Corporation (hereinafter called the "Cooperative").

#### Section 1.02.

##### Application for Membership; Renewal of Prior Application.

Application for membership shall be made in writing on such form as is provided by the cooperative. The applicant shall agree to purchase electric power and energy from the cooperative and to comply with and be bound by the Rural Electric and Community Services Cooperative Act, all provisions of the Cooperative's Articles of Incorporation and By-laws, 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 contract being hereinafter called "membership obligation"). With respect to any particular classification of service for which the Board of Directors (hereinafter called "Board") shall require it, such application may be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore 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, hereinafter called "related fees, deposits, or contributions"), which membership fee (related fees, deposits and contributions if required) 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 which such account first became overdue, compounded annually together with any related fees, deposits or contributions if required, 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 Facilities Deposits; Contribution in Aid of Construction.** The membership fee shall be \$5.00. The membership fee (together with any related fees, deposits or contributions if required) shall entitle the member to such connections as may be required. A service connection deposit or fee, in such amount as shall be prescribed by the cooperative (together with related fees, deposits and contributions if required), shall be paid by the member for each additional service connection requested by member. (Amended September 13, 1997)

#### Section 1.04.

##### Joint Membership.

A membership issued to either spouse of a marriage is deemed to be held jointly by the two. The words "member," "applicant," "person," "his," as used in these By-laws, 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:

- (a) the presence at a meeting of either or both shall constitute the presence of member and a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote;
- (c) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice of waiver of notice;
- (d) suspension or termination in any manner of either shall constitute suspension or termination of the joint membership; and,
- (e) either, but not both concurrently, shall be eligible to serve as Director of the Cooperative, but only if both meet the eligibility requirements therefore.

### **Section 1.05.**

#### **Acceptance of Membership.**

Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service, PROVIDED, the Board 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.**

#### **Purchase of Electric Power and Energy;**

#### **Power Production by Member; Application of Payments to all Accounts.**

The cooperative shall use reasonable diligence 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 shall not be liable for breach of contract or the loss, injury, or damage to persons or property resulting from interruption in service, excessive or inadequate voltage, single phasing or other unsatisfactory service, whether or not caused by negligence, 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 may in writing waive such requirement. The member shall pay for such service at the times, and in accordance with the rules, regulations, rate classifications, 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 and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. 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, or as required by Law.

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 procedures do not reflect such allocation and proration.

### **Section 1.07.**

#### **Excess Payments to be Credited as Member-Furnished Capital.**

All amounts paid for electric service in excess of the cost thereof shall be treated as member-furnished capital as provided in Article IX of these By-laws.

### **Section 1.08.**

#### **Wiring of Premises; Responsibility Therefore;**

#### **Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.**

Each member shall cause all premises to receive and receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the State of Tennessee, the National Electric Code, any applicable local governmental ordinances, and of the cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for such premises and all wiring and apparatuses connected thereto or used thereon, and shall indemnify the cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance thereof.

Each member shall make available without charge 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 safe access thereto 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 doing so. 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.

Although the cooperative will use reasonable diligence in supplying electric service, it shall not be liable for breach of contract or in tort in the event of, or for loss, injury or damage to persons or in property resulting from interruptions in service, excessive or inadequate voltage, single phasing, or otherwise unsatisfactory services.

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 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 malfunctioning of its metering equipment or any error occurring in the cooperative's billing procedures. In no event shall the responsibility of the cooperative extend beyond the point of delivery and which point of delivery is as determined by the cooperative, nor shall the cooperative be responsible for errors or malfunctioning for a period of over three years from the time of discovery or a lesser time if provided by Law.

#### **Section 1.09.**

##### **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, without charge, easements or rights-of-way over, on and under such lands owned or leased by 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 others or for the construction, operation, maintenance or relocation of the cooperative's electric facilities and for the use of the cooperative's facilities for any other service permitted by law over, on and under all lands owned, leased or otherwise occupied by such member, to the extent of the member's property interest in such land and as permitted by law. Each member shall participate in any required program and comply with related rates and service rule and regulations that may be established by the cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

(Amended September 8, 2018)

#### **Section 1.10.**

##### **Non-liability for Debts of the Cooperative.**

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

#### **Section 1.11.**

##### **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 therefore, (b) the new location is within the area of service of the cooperative, as determined by the Board, and (c) such member pays a reasonable connection charge, and pays such other charges as may be necessary, the amounts of which shall be determined by the Board.

## **Article II**

### **Membership Suspension and 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.**

##### **Termination 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 at any subsequently held regular or special meeting of the Board. After expulsion of a member, he may not again become a member except upon new application therefore duly approved as provided in Section 1.05; but the Board, 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 in good standing from membership upon such generally applicable conditions as the Board shall prescribe and upon, either (a) ceasing to (or, with the approval of the Board 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 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 Surviving Spouse, Remaining or New Partners.**

The death of a natural person member shall automatically terminate his membership, EXCEPT, that the surviving spouse of a deceased natural person member shall be eligible to vote and exercise all rights of a member until the surviving spouse's death, at which time the membership shall automatically terminate. The cessation of the legal existence of any other type of member shall automatically terminate such membership; PROVIDED, 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 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, 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 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 in Section 2.01 and 2.02, such suspension or expulsion shall not, unless the Board 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 this same manner and to the same effect as though such membership had never been joint; PROVIDED, the estate of the deceased spouse shall not be released from any debts due the cooperative. Upon 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, the other spouse shall not be released from any debts due the cooperative.

#### **Section 2.07.**

##### **Termination Other.**

Except as provided otherwise herein this Article II, payment of the final bill after the termination of any service shall terminate the membership therefore.

## **Article III Meetings of Members**

#### **Section 3.01.**

##### **Annual Meeting.**

The annual meeting of the members shall be held each year on the second Saturday in September, or such other date as the board shall fix, at such place in Smith County as the Board shall from year to year fix. It shall be the responsibility of the Board to make adequate plans and preparations for, and to encourage member attendance at the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the cooperative.

#### **Section 3.02.**

##### **Special Meetings.**

A special meeting of the members may be called by the Board, by that number of directors that is one (1) less than a majority of the directors in office, or by petition signed by no fewer than ten (10%) percent of the members and filed with the Secretary, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such meeting shall be held at such place in any county in Tennessee within which the cooperative serves, on such date, not sooner than forty (40) days after the call for such meeting is made or a petition therefore is filed, and beginning at such hour as shall be designated by those calling the same.

#### **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 or his designee (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 newsletter or given in any other reasonable manner. 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 By-laws, 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) except as otherwise provided in these By-laws, 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  
(3) if subdivision (1) or (2) foregoing is not applicable, not less than five (5) days nor more than thirty (30) 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 to two (2%) percent 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 (1 %) percent 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 fifty-one (51 %) percent of all members.

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.

### **Section 3.05.**

#### **Voting.**

Each member who is not in a status of suspension, as provided for in Article II, Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members, regardless of the number of premises at which such member is served by the cooperative. Voting by members, other than members who are natural persons, shall be allowed upon the presentation to the cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the cooperative's Articles of Incorporation or these Bylaws.

Members may not cumulate their votes or vote by proxy or mail.

### **Section 3.06.**

#### **Order of Business.**

The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members except for directorate district elections shall be essentially as follows:

- (1) Report on the number of members present in person in order to determine the existence of a quorum;
- (2) Reading of the notice of the meeting and proof of the due giving thereof; or of 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 necessary action thereon;
- (4) Presentation and consideration of reports of officers, directors and committees;
- (5) Introduction of directors;
- (6) Unfinished business;
- (7) New business; and
- (8) Adjournment.

Notwithstanding the foregoing, the Board or the members themselves may from time to time establish a different order of

business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; PROVIDED, no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

## **Article IV Directors**

### **Section 4.01.**

#### **Number and General Powers.**

The business and affairs of the cooperative shall be managed under the direction of board of nine (9) directors. The Board shall exercise all of the powers of the cooperative except such as are by law or by the Cooperative's Articles of Incorporation or By-laws 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 not a member of the cooperative and receiving service at his primary residential abode, which abode shall be in the directorate district for which the director is seeking to represent or represents; PROVIDED, the operating or chief executive of any member which is not a natural person, such as a corporation, 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 (1) is in substantial permanent occupancy, or use of the premises served by the cooperative, and (2) is a permanent and year-round resident within or in close proximity to the district from which he seeks to represent; BUT PROVIDED FURTHER, no more than one (1) such person may serve on the Board 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:

- (a) is not more than eighteen (18) years of age; or,
- (b) is in any way employed by or financially interested in a competing enterprise; or,
- (c) is in a business selling electric energy or a substantial amount of supplies, products or services to the cooperative; or,
- (d) is in a business engaged in the construction and maintenance; including right-of-way maintenance of distribution lines of the cooperative; or,
- (e) is the incumbent of or candidate for an elective public office in connection with which a salary is paid; or,
- (f) is a close relative of an employee or incumbent director of the cooperative as defined in Section 4.21; or,
- (g) is receiving any salary wages or remuneration of any type from the cooperative except vested benefits earned as an employee and which would not be increased or diminished or otherwise affected by being a director.
- (h) was formerly employed by the cooperative in any capacity on either a full or part-time basis in a period not less than three (3) consecutive years from the annual meeting date next following the director's election.

Any petitioner for candidacy for election to a Board of Directors' position or any petitioner certified by the Credentials Committee for candidacy shall be subject to any equitable policies, rules or standards established by the Board of Directors for conducting any Directorate Election. Any violation or alleged violation of such policy, rule or standard occurring during the election process beginning with any petitioner's receipt of a petition and attachments and ending with the close of polls on Election Day shall be subject to review by the Credentials Committee. If the Credentials Committee finds that such violation occurred, it may disqualify the petitioner for seeking the position or if elected, may disqualify the director-elect for serving.

Notwithstanding any other foregoing provisions of this section dealing with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be reelected as a director of another incumbent director or of a cooperative employee because of a marriage or adoption to which he was not a party nor shall any incumbent director lose eligibility to remain or be reelected as a director if serving at the time of adoption of these By-laws because of such relationship.

Nothing in this Section shall, or be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board unless such action is taken with the 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 4.02 Amended on September 13, 1997; September 10, 2011; September 8, 2018)

**Section 4.03.**

**Tenure.**

Directors shall be elected for a term of three (3) years, except as provided in Article IV; Section 4.15 and 4.16, taking office at the director's meeting immediately following the annual meeting, as provided in Article V, Section 5.01, next following their election.

Upon election, a director shall, subject to the provisions of these By-laws with respect to removal, serve throughout said term of three (3) years, or until a successor is qualified and elected.

**Section 4.04.**

**Directorate Districts.**

For the purpose of election of directors, the area served by the cooperative is hereby divided into four (4) directorate districts as follows:

- District No. One shall consist of Smith, DeKalb, Wilson and Macon Counties.
- District No. Two shall consist of Putnam and White Counties.
- District No. Three shall consist of Overton, Clay, Fentress and Pickett Counties.
- District No. Four shall consist of Jackson County.

Each district shall be entitled to representation on the Board in accordance with the following:

<b>District Number</b>	<b>Number of Directors</b>
One	3
Two	2
Three	2
Four	2

During years 2011, 2012, 2013, 2014, 2015 and 2016, a process to eliminate the heretofore schedule causing two directors to be elected or re-elected every third year from District One, the last year being 2010, shall advance by extending the term of the director receiving the greater number of votes in District One in 2010 by one year to expire in 2014 and by extending the term of the director elected from District Three in 2011 by two years to expire in 2016 as follows:

- 2011 - One Director each from Districts Two, Three and Four
- 2012 - One Director each from Districts One, Two and Three
- 2013 - One Director each from Districts One and Four
- 2014 - One Director each from Districts One, Two and Four
- 2015 - One Director each from Districts One, Two and Three
- 2016 - One Director each from Districts One, Three and Four

Thereafter the Directorate Election in 2013, directors shall be divided into three (3) groups for the purpose of creating grouped terms according to the foregoing said adjustments. Therefore, beginning with the Directorate Election in 2014, the groups shall be alternated as follows for election to three-year terms:

Group 1 - Commencing 2014 One Director each from Districts One, Two and Four

Group 2 - Commencing 2015 One Director each from Districts One, Two and Three

Group 3 - Commencing 2016 One Director each from Districts One, Three and Four  
(Amended September 10, 2011)

**Section 4.05.**



### **Notice of Directors to be Elected.**

The Secretary of the cooperative or his designee, not less than one hundred twenty (120) days prior to the annual meeting of members, shall give written notice of impending vacancies on the board of directors due to expiring terms of incumbent directors and the districts from which directors will be elected at district directorate elections to fill the impending vacancies. Such notice shall be given by mail with postage thereon prepaid to all members at the billing address reflected on the cooperative's records, or by publication in newspapers of general circulation in the cooperative area. Such notice shall include the places where qualifying petitions and other information as determined by the board may be obtained for the purpose of qualifying as a candidate for a director.

### **Section 4.06.**

#### **Qualifying Petitions.**

In order for a member to become a qualified candidate for election as director, he shall file with the Secretary of the cooperative or with his duly appointed representative a written petition nominating such person as a candidate and signed by him and by not less than fifty (50) other members in good standing whose premises served by the cooperative are located in the directorate district of the candidate. Such other information as the Board, by the policy- of general application, deems necessary or appropriate to determine the eligibility of the candidate shall be filed with the petition. The petition and other information shall be made available at each office of the cooperative and shall be filed with the Secretary or his designee not less than ninety (90) days prior to the annual meeting of members.

Any candidate for director shall be allowed to withdraw as a candidate provided they notify the Credentials Committee in writing forty-five (45) days prior to the election and the Credentials Committee determines' that said written withdrawal is authentic.

### **Section 4.07.**

#### **Credentials Committee.**

The President of the Board shall appoint five (5) members of the cooperative to serve as a Credentials Committee to pass upon the eligibility of a member to become a candidate. This Committee shall be appointed not less than ninety (90) days prior to the annual meeting of members. The Credentials Committee shall meet within ten (10) business days after the deadline for filing qualifying petitions to review the petitions and accompanying documents to determine if a member is a qualified candidate for a director. The Committee shall immediately thereafter notify in writing each and every member who filed a petition of its findings and shall certify to the Secretary of the cooperative those members who qualify as candidates for director. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the cooperative. Any protest or objection to not being qualified shall be filed with the Committee in writing within three (3) business days next following delivery of the notification of non-eligibility. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) business days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestors or objectors, who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall immediately after such hearing, render its decision. The Committee may not act on any matter unless a majority of the Committee is present. The Committee's decision on all matters covered by this Section shall be final, subject only to contrary holding by a court, and the report or certificate of its decision shall constitute prima facie evidence of the facts therein.

### **Section 4.08.**

#### **Notice of District Election.**

The Secretary or his designee shall give written notice of the place, the date and hour of any district election and of the name(s) of the qualified candidates to be voted upon for directors thereat. Such notice shall be by mail with postage thereon prepaid, to the members eligible to vote at such election. Such notice shall be mailed to the member at his billing address if he is served by the cooperative at only one premise. If he is served by two (2) or more premises and one (1) is his residential abode, notice shall be mailed to him at such residential abode unless the member shall have requested, in writing, that the notice shall be mailed to him at another address; which request shall be honored. Any eligible member may cast his vote at any one of the Cooperative's election precincts.

Each district election shall be held at some reasonably central locations within the district. Notice of the district elections shall be given not less than five (5) days nor more than thirty (30) before the date of the elections.

On the date of the election, the Election Supervisors shall open polls at the hour specified in the notice. Voting shall be by written ballot or by voting machines or cards. There shall be no nominations from the floor nor shall write-in candidates be permitted.

Elections in all districts polling places shall be held on the same date.  
(Amended September 10, 2011)

#### **Section 4.09.**

##### **Election Supervisors.**

Where there is more than one qualified candidate for any directorship to be filled then not less than forty-five (45) days prior to the annual meeting of members, the Board shall appoint three (3) members in each voting district who are not cooperative employees, agents, officers, directors or candidates for director or close relatives or members of the same household of any of the foregoing, who shall serve as Election supervisors, and shall designate one of such number to act as Chairman.

The Secretary of the cooperative or his designee shall timely give written notice to each of the Election Supervisors of their appointment and furnish the Chairman with a list of names of all eligible voting members residing in the district and the names of all persons who have been qualified as a candidate for director of the cooperative.

#### **Section 4.10.**

##### **Election by Directorate Districts.**

Directors shall be elected from their respective directorate districts by eligible members of the entire cooperative. District meetings shall be held on the date and at the time and place, and in accordance with such plans and procedures, other than those otherwise provided in these By-laws, as determined by the Board.

#### **Section 4.11.**

##### **Contested Elections.**

When more than one candidate for election to any same position as director has been qualified, the standard election shall be held in the precinct in each district on the Saturday of the weekend preceding the weekend in which Labor Day occurs, and the polls shall be open for a minimum of eight (8) hours beginning at 7:00 a.m. The Board of Directors may at its discretion hold part of any Directorate Election on not more than parts of two (2) days during the same week as the defined standard day.

The eligibility of members to vote and voting shall be in accordance with the provisions of Article III, Section 3.05 of these By-laws and Section 4.08.

The candidate who receives the greater plurality of the votes cast shall be declared elected. Drawing by lot, when necessary, shall resolve tie votes.

A quorum shall consist of the presence in person of one (1) or more members.  
(Amended September 10, 2011)

#### **Section 4.12.**

##### **Registration, Protest and Certification.**

It shall be the responsibility of the Election Supervisors in a contested election to establish or approve the manner of conducting member registration and to pass upon all questions that may arise with respect to the registration and qualification of members to vote in person, to count all ballots or other votes cast in the election, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to voting and the election of directors, and to pass upon any protest or objection filed with respect to any aspect of the election or with the declared results thereof. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the cooperative. Any protest or objection regarding any aspect of the election shall be filed during, or within three (3) business days next, following the close of the election. The Committee shall thereupon be reconvened, upon notice from its Chairman, not less than three (3) business days after such protest(s) or objection(s), is (are) filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; then the Committee shall by a vote of the majority of those present and voting render its decision immediately. The Committee may not act on any matter unless a majority of the Committee is present. The Committee's decision on all matters covered by this section shall be final subject only to a contrary holding by a Court, and the report or certificate of its decision shall constitute prima facie evidence of the facts stated therein.

After all votes have been tabulated by the Committee, the results shall be certified to the Secretary of the cooperative after the close of the polls of the district election or after the Committee has made a decision on any protest or objection duly filed. Ballots shall be impounded by the cooperative and retained for a reasonable period of not less than six (6) months.

#### **Section 4.13.**

##### **Uncontested Elections.**

Where only one candidate has been qualified in each district, there being no necessity to open the polls, the nominating petition shall constitute a written ballot, waiver of the necessity of holding an election and consent that each member's signature shall constitute a vote for the candidate. No further action shall be necessary for the election of the qualified candidate, who shall thereby be elected a director.

#### **Section 4.14.**

##### **Announcement of Results.**

At the following annual meeting of members, the Secretary shall announce to the members the names of the incumbent directors and the district which each director represents, and, likewise, shall announce the names of the directors elect and the districts they shall represent.

#### **Section 4.15.**

##### **Removal of Directors by Members.**

Any member may bring one or more charges against anyone or more directors, alleging acts or omissions adversely affecting the business and affairs of the cooperative and amounting to actionable negligence, malfeasance, misfeasance, 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 petition, signed by not less than ten (10%) percent of the members of the cooperative eligible to vote for director or directors sought to be removed, 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. Each page of the petition shall, in the forepart thereof, state the name(s) and addressee(s) 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), of the director(s) against whom the charge(s) have been made, and of the member(s) filing the charge(s), shall be contained verbatim in the notice of the meeting or separately noticed to the members not less than five (5) days prior to the meeting(s) at which the charge(s) 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 charge(s) against the same director(s).

Such director(s) shall be informed in writing of the charge(s) 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 charge(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, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor; PROVIDED, the questions 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 removed 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 eligible as such and shall be from or with respect to the same District as was the director whose office he succeeds, and shall serve out the unexpired portion of the removed director's term.

#### **Section 4.16.**

## **Vacancies.**

Subject to the provisions of these By-laws with respect to the removal of directors by members as set forth in Section 4.15, vacancies occurring on the Board shall be filled by the affirmative vote of a majority of the remaining directors, and directors thus elected shall serve until the next annual meeting and until their successors shall have been qualified and elected.

## **Section 4.17.**

### **Compensation; Expenses, Temporary Services.**

Directors shall, as determined by resolution of the Board, receive on a per diem basis a fixed fee, for attending meetings of the Board and, when approved by the Board, 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. Directors may also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonable 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 or the members upon determination that such is or was an emergency measure; PROVIDED, 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 or adoption to which he was not a party nor in any event lose eligibility for the reason that he was a close relative of an incumbent director and already employed by the cooperative at the time of the adoption of this By-law provision.

For a period of not less than three (3) consecutive years from the date on which a Director leaves the cooperative board for any reason, he or she shall be prohibited from applying for or accepting any position of employment within the cooperative. (Amended September 8, 2018)

## **Section 4.18.**

### **Rules, Regulations, Rate Schedules and Contracts.**

The Board 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, 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 4.19.**

### **Accounting System and Reports.**

The Board shall cause to be established and maintained a complete accounting system of the cooperatives 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 either written or oral of such audit reports shall be submitted/to the members. The Board may at any regular or special meeting, authorize special audits, complete or partial, at any time and for any specified period of time.

## **Section 4.20.**

### **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 shall be empowered, on behalf of and for circulation to the members, to subscribe to or to publish or have published any cooperative newsletter. The annual subscription price for which shall be not less than \$1.00, and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the cooperative.

The Board shall also be empowered, on behalf of and for circulation to the members periodically, to subscribe to any statewide or national publication, the annual subscription price for which shall be not less than \$2.30, and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expenses of the cooperative.

The Board may change the annual subscription price on any publication to ensure that any second class mail permit is not

revoked or for other valid reason.

#### **Section 4.21.**

##### **"Close Relative" Defined.**

As used in these By-laws, "close relative" means a person, who, by blood including half kin, step, or by adoption, is either spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal or an immediate in-law, as defined: father-in-law – principal's spouse's father; mother-in-law - principal's spouse's mother; brother-in-law – principal's sister's spouse; brother-in-law – principal's spouse's brother; sister-in-law – principal's brother's spouse; sister-in-law – principal's spouse's sister; son-in-law – principal's daughter's spouse; daughter-in-law – principal's son's spouse. PROVIDED, a director serving or re-elected to the cooperative shall not lose eligibility to remain on the board or qualify for re-election if he/she has a specific existing "close relative" relationship as defined herein above at the time of the adoption of this By-Law provision and that specific existing "close relative" relationship remains the only exception of this provision. (Amended September 8, 2018)

#### **Section 4.22.**

##### **Effective Date and Termination of Amendments.**

From and after the date of adoption of these amendments, these By-laws shall have been effectively amended accordingly, and any change so made by these By-laws shall be in full force and effect until at least the completion of the election of directors at the annual meeting of the members first held in accordance with such changes; PROVIDED, no such change shall be so effectuated as to expand the existing term of an incumbent director or to compel the vacancy of any director's office prior to the time his term would normally expire, unless such director consents thereto in writing.

## **Article V Meetings of Directors**

#### **Section 5.01.**

##### **Regular Meetings.**

A regular meeting of the Board 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 designated by the Board in advance of the annual member meeting. A regular meeting of the Board shall also be held monthly (except the Board may dispense with the monthly meeting held during or before or after the month of the annual meeting), at such date, time and place in any county in Tennessee within which the cooperative serves as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the day, time and place thereof, except when business to be transacted thereat shall require special notice; PROVIDED, any director absent from any meeting of the Board at which such a resolution initially fixes or makes any change in the day, time or place of a regular meeting shall be entitled to receive written notice of such at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER, if a policy therefore is established by the Board, the President may change the day, time or place of a regular monthly meeting for good cause and upon at least five (5) days notice thereof to all directors.

#### **Section 5.02.**

##### **Special Meetings.**

Special meetings of the Board may be called by Board resolution, by the President, or by any three (3) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.04. The Board, the President, or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in any county in Tennessee within which the cooperative serves unless all directors consent to its being held in some other place in Tennessee or elsewhere. Special meetings may also be held via the telephone conference call, without regard to the actual location of the directors at the time of such telephone conference meeting, if all the directors consent thereto.

#### **Section 5.03.**

##### **Removal of Directors by Board.**

Any director who misses three (3) consecutive meetings or a total of five (5) meetings within a twelve (12) month period shall be subject to removal as a director by the Board. The affected director shall be given written charge, setting forth the reason for his removal, and shall be afforded a hearing and the same rights afforded to him under Article IV, Section 4.15

regarding Removal of Directors by Members.

#### **Section 5.04.**

##### **Notice of Directors Meetings.**

Written or oral notice of the day, time, place or of the scheduled day and time of a telephone conference call, and purpose(s) of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board, shall be delivered to each director not less than five (5) days prior thereto, either personally or by mail, or at the direction of the Secretary or, upon a default in this duty by the Secretary, by those calling it in the case of special meeting or by any director in the case of a meeting whose day, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at his address as it appears on the records of the cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a director at any meeting of the Board 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 of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

#### **Section 5.05.**

##### **Quorum.**

The presence in person of a majority of the directors in office shall be required for the transaction of business; PROVIDED, 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; AND PROVIDED FURTHER, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause all directors to be duly and timely notified in accordance with Section 5.04 of the day, time and place of such adjourned meeting.

#### **Section 5.06.**

##### **Manner of Acting.**

The affirmative votes of a majority of the directors in office shall be required to constitute valid action by the Board at any meeting at which quorum is present.

## **Article VI Officers-Miscellaneous**

#### **Section 6.01.**

##### **Number and Title.**

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

#### **Section 6.02.**

##### **Election and Term of Office.**

The four officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after 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 the By-laws with respect to the removal of directors and to the removal of officers by the Board. The Board may designate and elect any other officers with such title, tenure, responsibilities and authorities, as the Board may from time to time deem advisable.

#### **Section 6.03.**

##### **Removal.**

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

#### **Section 6.04.**

##### **Vacancies.**

A vacancy in any office elected or appointed by the Board shall be filled by the Board for the unexpired portion of the term.

### **Section 6.05.**

#### **President.**

The president shall:

- (a) be the principal executive officer of the Board and shall preside at all meetings of the Board, and, unless determined otherwise by/him, at all meetings of the members;
- (b) sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the Board, 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 By-laws to some other officer or agent of the cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

### **Section 6.06.**

#### **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 restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the Board.

### **Section 6.07.**

#### **Secretary.**

The Secretary shall:

- (a) keep, cause to be kept, the minutes of meetings of the members and of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these By-laws or as required by law;
- (c) be custodian of the corporate records and-of the seal of the cooperative and 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 authorized in accordance with the provisions of these By-laws or is required by law;
- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the cooperative by such member;
- (e) sign, with the President, certificates of membership the issue of which shall have been authorized by resolution of the Board;
- (f) have general charge of the books of the cooperative in which a record of the members is kept; (g) keep or cause to be kept, on file at all times a complete copy of the cooperative's Articles of Incorporation and By-laws, together with all amendments thereto, which copies shall always be open to the inspection of any member at reasonable times, and, at the expense of the cooperative, furnish a copy of such documents set forth in this paragraph (g) and of all amendments thereto upon request to any member; and
- (h) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board.

### **Section 6.08.**

#### **Treasurer.**

The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the cooperative;
- (b) receive and give receipts for monies due and payable to the cooperative from any source whatsoever, and deposit or invest all such monies in the name of the cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

### **Section 6.09.**

### **Delegation of Secretary's and Treasurer's Responsibilities.**

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board 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 officers 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.**

#### **General Manager; Executive Vice President.**

The Board may appoint a General Manager, who may be, but who shall not be required to be a member of the cooperative, and who may also be designated Executive Vice President or other such officer by the board. As such officer(s) he shall perform such duties as the Board may from time to time require and shall have such authority as the Board may from time to time vest in him at any regular or special meeting of the board.

### **Section 6.11.**

#### **Bonds.**

The Board shall require the Treasurer and any other officer, agent or employee of the cooperative charged with responsibility for the custody of any of its funds or property to give bond 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 employees of the cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the cooperative.

### **Section 6.12.**

#### **Compensation; Indemnification.**

The compensation, if any, of any officer or agent who is also a director, or close relative of a director, shall be determined as provided in, Article IV, Section 4.17 of these By-laws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefore approved by the board.

The cooperative shall indemnify present and former cooperative directors, officers including the General Manager and other named officer( s), 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 such insurance is available, to the fullest extent permissible by law, including Sections 4858-301 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.

### **Section 6.14.**

#### **Committees.**

The President, subject to Board approval, shall appoint members, and specify the functions of any committees which are deemed necessary to assist the Board in the performance of its duties and responsibilities. In addition to other committees, the President may appoint an Executive Committee which shall have the power and authority to act on behalf of the Board on emergency matters or other specific matters as designated by the Board, all subject to Board ratification, modification or rejection of any action taken, unless third party rights have already vested and would be impaired if modified or rejected.

## **Article VII Contracts, Checks and Deposits**

### **Section 7.01.**

#### **Contracts.**



Except as otherwise provided by law or these By-laws, the Board may authorize any cooperative officer, agent or employee 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 evidence of indebtedness, issued in the name of the cooperative, shall be signed or countersigned by such officer, agent or employee of the cooperative and in such manner as shall from time to time be determined by resolution of the Board.

**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 may select.

## **Article VIII Membership Certificates**

**Section 8.01.**

**Certificate of Membership.**

Membership in the cooperative may, if the Board 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 not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its By-laws.

Such certificate, if authorized to be issued by the Board, shall be signed by the President and by the Secretary, and the seal shall be affixed thereto; PROVIDED, the seal and the signatures of the President and the Secretary may be imprinted thereon by facsimile.

**Section 8.02.**

**Issue of Membership Certificates.**

No membership shall be issued for less than the membership fee fixed by Section 1.03 nor until such membership fee, or any other related fees, deposits or contributions, if required, have been fully paid and contracts and other documents executed as required by the Board.

**Section 8.03.**

**Lost Certificate.**

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

## **Article IX Non-Profit Operation**

**Section 9.01.**

**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 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; an
- (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 statewide, regional or national publication;

shall be distributed or credited by the cooperative to patrons:

- (A) 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
- (B) by way of general reduction of rates or other charges; or
- (C) by any combination of such methods.

### **Section 9.03.**

#### **Use of Contributed Capital.**

The primary purpose of the cooperative is to furnish its patrons with electric service at the lowest rates and charges consistent with prudent management and sound economy. Therefore, all amounts received and receivable from the furnishing of electric energy to patrons, members and nonmembers alike, in excess of operating costs and expenses properly chargeable thereto, are at the moment of receipt by the cooperative received with the understanding that they 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, and for facilitation of general rate reductions.

### **Section 9.04.**

#### **Contract.**

The patrons of the cooperative, by dealing with the cooperative, acknowledge that the provisions of this Article of the By-laws 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 the Article of the By-laws shall be called to the attention of such patrons by being posted in a conspicuous place in all the cooperative's offices.

### **Section 9.05.**

#### **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 there from 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 shall determine.

## **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 and Pledging of Property; Disposition of Surplus Assets on Dissolution**

#### **Section 11.01.**

##### **Disposition and Pledging of Property.**

The cooperative may authorize the sale, lease, lease-sale, disposition, pledging, mortgaging or encumbering 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**

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.

## **Article XIII**

### **Rules of Order**

Parliamentary procedure at all meetings of the members, of the Board, of any committee provided for in these By-laws and of any other committee of the members, of the Board 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 By-laws. This Article shall be subordinate to any other provision of these By-laws pertaining to the votes required for action by members, directors or committees.

## **Article XIV**

### **Nepotism**

No close relative, as defined in Article IV, Section 4.21, of a director, officer or the manager shall be a paid employee of the cooperative, provided, however, that this Article shall apply only to employees hired after the adoption of these By-laws.

## **Article XV**

### **By-Law Amendments**

#### **Section 15.01.**

##### **Power to Amend.**

The Cooperative's By-laws may, subject to Section 15.02, be changed (adopted, amended or repealed) by the members only.

#### **Section 15.02.**

##### **Procedure for Amending.**

A By-law 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 meeting at which it is to be acted upon; and (2) it is sponsored by the Board or at least fifty (50) members who over their signatures file with the secretary of 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 FURTHER the Board shall not cause any proposed By-law change to be noticed or acted upon, if it determines that such, if adopted, would be illegal or a legal nullity.