DUCK RIVER ELECTRIC MEMBERSHIP CORPORATION

BYLAWS AS AMENDED OCTOBER 29, 2026

ARTICLE I

MEMBERSHIP

SECTION 1.01. **Eligibility.** Any individual 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", “entity”, "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, Duck River Electric Membership Corporation (hereinafter called 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 by the Cooperative. With respect to any particular classification of service for which the Cooperative shall require it, such application shall be accompanied by a supplemental contract, executed by the application on such form as is provided 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. It shall be the responsibility of the member to notify the Cooperative of any change in status of said membership and to keep the Cooperative informed on a current basis of any and all matters affecting the membership accounts, contact information, address changes, name changes or changes in the legal status of the member that may affect the member’s relationship with the Cooperative. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account, 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.

All contracts and provisions as established by the Cooperative shall be governed by and shall be construed in accordance with the laws of the State of Tennessee, and the venue for any action hereunder shall be Bedford County, Tennessee. In the event that either party shall bring suit to interpret these contracts and provisions, to collect for services provided by the Cooperative, or to secure enforcement of any or all rights, the parties agree that the prevailing party shall be entitled to recover from the other party its reasonable attorney’s fees, costs and expense in obtaining relief. Parties, by acceptance of these membership requirements, hereby waive, to the fullest extent permitted by law, the right to trial by jury in any action, proceeding or counterclaim, whether in contract, tort or otherwise, relating directly or indirectly to these provisions or any acts or omissions of the parties. This waiver of right to trial by jury is given knowingly and voluntarily by the parties, and is intended to encompass individually each instance and each issue as to which the right to trial by jury would otherwise accrue.

SECTION 1.03. **Membership Fees Service Security and Facilities 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 any service security deposit, or service connection deposit or fee, facilities extension deposit or any 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 or other adult individuals occupying the same location, by specifically so requesting in writing or by specifically being so notified in writing by the Cooperative, 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 -

(a) 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;

(b) the early vote of either or both shall constitute, respectively, one joint vote; PROVIDED, if both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote;

(c) notice to, or waiver of notice signed by either or both shall constitute, respectively, a joint notice or waiver of notice;

(d) suspension or termination in any manner of either shall constitute suspension or termination of joint membership;

(e) either, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualifications required therefor.

(f) upon the death, divorce of marriage, legal separation or conclusion of the relationship or arrangement that led to occupancy of the same location **and** the cessation of occupancy of the same location between joint members:

1. If one (1) or more joint members continue to legally receive electric service from the Cooperative at the same location, then the joint membership converts to a membership or joint membership in the name(s) of the joint member(s) continuing to legally receive the electric service from the Cooperative at the same location and, unless otherwise provided by court order, such remaining member or joint member(s) assume all the rights, privileges, obligations and liabilities of the prior joint membership.

2. If no joint member continues to legally receive electric service from the Cooperative at the same location, then the joint membership terminates, but each prior joint member will continue to be jointly and severally liable for any and all obligations of the prior joint membership, unless otherwise provided by court order.

SECTION 1.05. **Acceptance into 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 Cooperative may deny any 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 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 Cooperative may in writing waive such a requirement. The member shall pay for this service at such times, and in accordance with the rules and 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) as may be established by the Cooperative 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. 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 procedure do not reflect such allocation and proration.

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 member and non-members alike as capital as provided in Article VIII of these Bylaws.

SECTION 1.08. **Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.** Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the State of Tennessee, National Electrical Safety Code and National Electric Code, any applicable state code or local government ordinances, and any rules and regulations 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 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 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. Although the Cooperative will use reasonable diligence in supplying electric service, it shall not be liable for breach of contract or tort in the event of, or for loss, injury or damage to persons or 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 not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from failure or defective function of its metering equipment. In no event shall the liability and the responsibility of the Cooperative extend beyond the point of delivery.

SECTION 1.09. **Member to Grant Easement 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 to the Cooperative or other member*

or potential member of the Cooperative, grants of easement or rights-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 Cooperative's electric facilities or for maintaining necessary rights-of-way via mechanical or chemical means to support these electric facilities and as outlined in the Cooperative's Rules and Regulations and other policies pertaining thereto. Failure to execute and deliver said easement or rights-of-way can result in termination of electric service to member failing to provide same. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, to utilize or conserve electric energy more efficiently, or to conduct load research.

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 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 therefor,
(b) the new location is within the service area of the Cooperative, as determined by the Cooperative,
(c) such member pays a reasonable connection charge and a new or revised security deposit as outlined by current Board Policy, the amount of which shall be determined by the Cooperative, and
(d) amount due for any bill previously rendered, including any arrears, at existing location is paid in full.

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. **Suspension and Termination.** The Cooperative may suspend Members as provided in this Bylaw and allowed by Law.

A. Suspension Reasons. The Cooperative may suspend a Member for the following reasons:
   1. As otherwise provided in these Bylaws;
   2. As required or permitted by Law;
   3. For good cause determined by the Cooperative; or
   4. If the Member:
      a. Fails to timely pay any amounts due the Cooperative;
      b. Fails to timely complete the Membership Procedure;

c. Ceases using any Cooperative service for six (6) consecutive months unless Member requests that Membership be retained by the Cooperative as "inactive" for future use;
d. Dies, legally dissolves, or legally ceases to exist;
e. Tampers with, alters, interferes with, damages, or impairs any Cooperative equipment; or
f. Voluntarily requests suspension.

B. Notice and Comment**.** Unless done for failure to timely pay any amounts due the Cooperative under 2.01, A, 4(a) above or unless otherwise determined by the Cooperative, a Member is suspended upon:

1. The Member's voluntary request for suspension; or
2. Unless otherwise provided in these Bylaws, and following the occurrence of a Suspension Reason other than a Member's voluntary request for suspension, the Cooperative:
    a. Provides the Member at least fifteen (15) calendar days prior written notice of the Member's possible suspension and the underlying Suspension Reason; and
    b. Notifies the Member that the Member has, and allows the Member, at least five (5) calendar days after the effective date of the notice to comment upon the Suspension Reason, either orally or in writing.

    Any written suspension notice provided by mail must be mailed to the Member's most current address shown on the Membership List. Unless otherwise determined by the Cooperative, a partnership-Member continuing to use a Cooperative service is not automatically suspended upon the death of any partner, or following any other alteration in the partnership. A partner leaving a partnership-Member remains liable to the Cooperative for any amounts owed to the Cooperative by the partnership-Member at the time of the partner's departure.

C. Effect of Member Suspension Upon Cooperative. Upon a Member's suspension, and other than the Cooperative's Obligations regarding the Cooperative's dissolution,
Then:

1. The Cooperative's duties, obligations and liabilities imposed by these Bylaws for the Member cease; and
2. The Cooperative may cease providing any Cooperative service to the Member.

D. Effect of Member Suspension Upon Member. Other than the rights upon the Cooperative's Dissolution, a member forfeits and relinquishes all rights provided in the Governing Documents. In particular, a suspended Member forfeits and relinquishes any voting rights provided by Law, the Articles, or these Bylaws. A suspended Member, however, remains subject to all obligations imposed by the Governing Documents.

E. Lifting of Suspension. Unless otherwise determined by the Cooperative, a Member's suspension is automatically lifted upon the Member rectifying, to the Cooperative's reasonable satisfaction, the underlying Suspension Reason within ten (10) calendar days of the suspension. The Cooperative may lift any Member suspension for good cause as determined by the Cooperative.

F. Member Termination. Upon approval by the Cooperative, and as allowed by Law, a suspended Member is terminated. Termination of a Member does not release the Member from any debts, liabilities, or obligations owed the Cooperative. Upon a Member's termination from the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any remaining portion of the membership fee or deposit paid by the Member. Upon discovery that the Cooperative has been furnishing Cooperative Services to any

person other than a member, it shall cease furnishing such service unless such person applies for, and the Cooperative 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.

SECTION 2.02. **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, the estate of the deceased spouse shall not be released from any debts due 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, the other spouse shall not be released from any debts due the Cooperative. It shall be the responsibility of the member to notify the Cooperative of any change in status of said membership within 90 days of spousal death, legal separation or divorce.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 3.01. **Annual Meeting.** The Annual Meeting of the members shall be held at such time between July 15 and September 15, and at such place within the geographical area of the counties served by the Cooperative in the State of Tennessee, and beginning at such hour, as the Board of Directors shall from year to year determine, for the purposes of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may be on the agenda set pursuant to SECTION 3.07 of these Bylaws prior to the meeting. It shall be the responsibility of the Board of Directors 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. If the election of directors is not held on the day designated herein for any Annual Meeting (including early voting), or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be scheduled.

SECTION 3.02. **Special Meetings.** A special meeting 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 by petition signed by no fewer than ten (10%) percent of the members, 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 a meeting shall be held at such place within the geographical area of the counties served by the Cooperative in the State of Tennessee, on such date, not sooner than forty (40) calendar days after the call for such meeting is made or a petition therefor 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, or through paid advertising notices published in newspapers of general circulation within the Cooperative's service area 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, included as a supplement to *The Tennessee Magazine*, by direct mail or by placing paid advertisements in newspapers of general circulation publishing within the Cooperative's service area; in any case publication and distribution of such notice in any one of the above manners shall be deemed to be all that is required to constitute notice and multiple efforts shall not be required. No action shall be acted upon at any meeting of the members unless notice of all such matters shall have been contained in the notice of the meeting. Such notice shall be deemed to be delivered when scheduled newspaper advertising notices have been placed and confirmed or mail notices have been

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 no 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) calendar 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 Bylaws, not less than forty-five (45) calendar 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) nor more than sixty (60) calendar 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 meeting 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. For purposes of determining the existence and maintenance of a quorum, members voting by proscribed methods of early voting, as outlined in Section 3.06 below, shall be considered as being present at the Annual Meeting. 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 to the notice of the meeting, the quorum requirement shall be and shall remain through the meeting ten percent (10%) 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. **Credentials Committee**. The Board of Directors shall, at least one hundred fifteen (115) calendar days before any meeting of the members, appoint a Credentials Committee consisting of an odd number of members who are not members of the Nominating Committee (See Section 4.06) or existing Cooperative employees, agents, officers, directors, or known candidates for director, and who are not close relatives or members of the same household thereof. In appointing the Committee, the Board of Directors shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman. Once appointed, the Committee shall serve until their successors are appointed by the Board of Directors. It shall be the responsibility of the Committee to:

(a) hear and rule upon any protest or objection from a disqualified Nominee for Director,
(b) establish and confirm an official voter eligibility list of members eligible to cast ballots as outlined in the “Process for Early Voting” document approved annually by the Board of Directors
(c) count or oversee the counting of all ballots or other votes cast in any election,

(d) report the result of the balloting to the meeting of the members,
(e) rule upon the effects of any ballots or other vote irregularly or indecisively marked or cast,
(f) rule upon all other questions that may arise relating to the election of directors,
(g) and 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 its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative and may employ the services of an independent audit firm to receive and count ballots under the direction of the Committee. Any such protest or objection must be filed during or within three (3) business days following the adjournment of the meeting in which the election is conducted or the results are announced, in the case of early voting. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) nor more than thirty (30) calendar days after such protest or objection is 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; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than ten (10) business days after such hearing, render its decision, which may be to affirm an election, to change the outcome thereof, or to set it aside. 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.

SECTION 3.06. **Voting.** Each member who is presently receiving electric service from the Cooperative and who is not in a status of suspension , as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members or during early voting, regardless of the number of memberships held by him/her that are in the same membership name. Accounts that are in the same membership name but have different location identifiers (e.g. John Doe house, John Doe barn, etc.) are NOT entitled to separate votes but accounts wherein the name on the membership is a separate person or entity (e.g. John Doe, Susie Doe, Doe Farms, etc.) are considered to be held in different membership names and thus are entitled to separate votes. Where a membership is issued in the name of one spouse, the other unnamed but identified spouse shall have a right to cast the vote of the member at any meeting of members (or during early voting, when appropriate) when the spouse named in the membership is not present. The Credentials Committee shall prescribe the method by which the unnamed spouse shall be identified. Voting by members other than members who are individual persons (entities) shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting or at the time of voting, of satisfactory evidence entitling the person presenting the same to vote. The Credentials Committee shall prescribe what is satisfactory evidence in determining who is eligible to represent members who are entities. Persons holding legal Power of Attorney or Executors of Estates for members shall be permitted voting privileges to represent those members identified by appropriate legal documentation. Documentation must be provided at the time of voting. In conjunction with 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; PROVIDED, however, election of directors shall be determined by a plurality of those voting when there are three or more candidates for a director's position. Members may not cumulate their votes. In cases where an election for a Director vacancy has more than one nominee and/or where another item of general interest to the membership has properly been placed on the agenda for a membership vote as provided by law or these Bylaws, in lieu of voting at a meeting of the members at which a quorum is present, a member may “vote early” by secret ballot or other electronic means as prescribed by the Board of Directors. Should “early voting” be allowed, the Secretary shall mail to the members or publish notice in newspapers of general circulation with the notice of the meeting or separately but not less than the number of days prior to the meeting required for delivery of such notice, a schedule of times and location(s) where “early voting” will be conducted. Such early voting shall take place at the various offices of the Cooperative for a period not to exceed five (5) calendar days preceding

the date of the Annual Meeting. Votes cast in "early voting" shall be tabulated by representative(s) of the Credentials Committee or the Committee's appointed designee(s) and the results announced at the meeting of the members.

SECTION 3.07. **Order of Business**. Except as otherwise provided under these Bylaws the Board shall determine the agenda and order of business for the Annual Meeting. Once established and set by the Board, no change will be permitted to the printed agenda or order of business and no supplemental action can be introduced or vote taken by the members. Except as otherwise provided by the Board, before or at a member meeting, the Chairman shall preside at the member meeting. The Chairman may remove a person from the member meeting for unruly, disruptive, or similar behavior, and may exercise power reasonably necessary to efficiently and effectively conduct the member meeting.

ARTICLE IV

DIRECTORS

SECTION 4.01. **Number and General Powers.** The business and affairs of the Cooperative shall be managed under the direction of a board of thirteen (13) directors, twelve (12) of whom shall be elected from among the members within their respective Zone of representation and one (1) appointed by the University of the South. 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 Bylaws conferred upon or reserved to the members and even though elected by Zone are charged with representing the interests of the entire membership.

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 therefrom at his primary residential abode, which abode shall be in the directorate zone which the director represents or is seeking to represent; PROVIDED, the operating or chief executive of any member which is an entity, 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 Zone 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.

Notwithstanding the above nor any other provision of these Bylaws, no individual shall be eligible to simultaneously occupy more than one seat on the Board, regardless of the circumstances giving rise to that situation.

No person shall be eligible to become a candidate, be elected director, remain a director of, or to hold any other position of trust in, the Cooperative who:

(a) does not have the capacity to enter legally binding contracts; or

(b) is in any way employed by or substantially financially interested in a competing enterprise including being employed by another organization providing electric or natural gas, propane or other similar bottled gas, or other competing energy utility services; 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 the distribution lines of the Cooperative; or,

(e) is the incumbent of or a candidate for an elective public office in connection with which a salary is paid for a full-time position; or,

(f) is or has been an employee of the Cooperative within three (3) years of the date of the election for director; or,

(g) is or has been a representative or bargaining agent for a Union representing or seeking to represent Cooperative employees; or

(h) is a close relative of an employee, incumbent director, or director candidate (subject to the following provision) of the Cooperative as defined in Section 4.13 of these Bylaws; PROVIDED, said close relative will be eligible to seek a director's seat if the outcome of the election will not result in close relatives simultaneously holding seats on the Board (e.g. two close relatives running for the same Board seat) and if he/she is nominated by petition as outlined in Section 4.06. In the event a person submits a petition and is eligible to become or remain a director, any close relative shall thereafter be ineligible and disqualified to seek to become or remain a director in a different Director zone. In the event that petitions are received by the Cooperative on the same day from two or more close relatives for a director's position in different zones, the petition from the lowest numbered zone shall be accepted, and any other petitions shall be deemed ineligible and disqualified; or,

(i) is receiving any salary, wages or remuneration of any type from the Cooperative, whether directly or indirectly, including any pensions or retirement plan benefits or any health, medical or other form of benefits as a result of having been previously employed by the Cooperative, whether paid by the Cooperative or by a third party under contract with the Cooperative; or,

(j) is compromised in any manner concerning loyalty to the Cooperative or its member/owners, including potential situations where a decision regarding employee interests might impair that loyalty and threaten realization of the basic goal of operating the Cooperative in the best interests of the member/owners; otherwise has any Conflict of Interest that would influence corporate business decisions germane to conducting routine business operations of the Cooperative.

No person who has served as a Director shall, for a period of six (6) months thereafter, make application to and/or become an employee of the cooperative.

Notwithstanding any of the foregoing provisions of this Section dealing 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.

It shall be the responsibility of the Committee on Nominations to verify the eligibility of candidates seeking election as director (as outlined in SECTION 4.02), including those nominated by the Committee and those nominated by petition. 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 Committee on Nominations to disqualify such nominee. A disqualified nominee may appeal the decision of the Committee on Nominations to the Credentials Committee. Said appeal must be filed with the office of the President/Chief Executive Officer of the Cooperative and to the attention of the Credentials Committee

within three (3) business days of being notified of their disqualification. The Credentials Committee will meet within ten (10) business days of receiving said appeal for the purpose of hearing from the disqualified Nominee, the Chairman and Cooperative staff, and issue its findings within five (5) business days of such hearing. The decision of the Credentials Committee on candidate eligibility 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. 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.

Any Director who misses three (3) consecutive Board meetings or 25 percent (%) of Board meetings (as defined in Section 5.01 and Section 5.02) within any period of twelve months or any Director that fails to achieve certification as a "Credentialed Cooperative Director" or similar certification through the National Rural Electric Cooperative Association's Director training program within the first three years of initially being elected to serve on the Board, subsequent to the adoption of this Bylaw provision, shall be ineligible to be elected as a Director unless, by resolution, the Board in its sole discretion waives this eligibility requirement because the best interests of the Cooperative would be served by so waiving.

SECTION 4.03. **Election**. At each Annual Meeting (including early voting) of the members or as described in Section 3.06 of these Bylaws, directors shall be elected by secret written or electronic 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 individual persons; PROVIDED, when the number of nominees does not exceed the number of directors to be elected from a particular Directorate Zone, and if there is no objection, secret written or electronic balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner among those present at the meeting, notwithstanding any other provisions of these Bylaws. When there are three or more candidates for a director's position, directors shall be elected by a plurality of the votes cast by members within their respective Zone. 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 or with respect to each of the Directorate Zones vacancies in any year shall be elected for three year terms at an Annual Meeting of the members (including early voting): In 2008, and as amended under Section 4.05, one director from or with respect to each Directorate Zones Numbers 1,2,4 and 6 shall be elected for three-year terms; in 2009, one director from or with respect to each of Directorate Zones 1,2,4 and 5 shall be elected for three-year terms; and in 2010, one director from and with respect to each of Directorate Zones 1,3,5 and 6 shall be elected for three-year terms and the director from or with respect to Directorate Zone 2 to be appointed by the University of the South shall be appointed for a three year term; PROVIDED, the terms of no two directors from the same Directorate Zone shall coincide. Upon their election, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the Annual Meeting 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 (including early voting) 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 (including early voting) 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 Zones.** Beginning with the Annual Meeting of the members in 2010, and for the election of directors beginning in 2010, directors will be elected by members within their respective Zone, as provided below. Balloting for director elections will be conducted by Zone and shall be carried out as outlined in SECTION 4.03.

The territory served by the Cooperative shall be divided into six (6) Directorate Zones which represent the Counties served by the Cooperative. County line designations of the site where said membership provides service will be used to determine in which Zone said membership will be allowed to cast a ballot. In cases where multiple memberships which cross multiple county lines are held by the same

member in the same name, and if elections are being held in multiple Zones, such membership shall be permitted to vote in only one such election, with the Zone in which such membership can vote being determined by the membership with the largest energy use within the previous three (3) months of the election being selected as the primary voting membership and the ballot cast in that respective county. Each Zone shall be represented by the number of directors, and the Zones and counties they represent are described, as follows:

Directorate Zone No.	Descriptions	Number of Directors
1	Coffee and Warren Counties	3
2	Franklin, Grundy, and Marion Counties, One appointed by the University of the South	3
3	Moore and Lincoln Counties	1
4	Bedford and Rutherford Counties	2
5	Marshall and Giles Counties	2
6	Maury, Hickman, Lawrence, Lewis and Williamson Counties	2

Notwithstanding the foregoing Directorate Zone descriptions, periodically, but not less than once every three (3) years, the Board of Directors, not less than ninety (90) calendar days prior to the earliest date on which the annual member meeting may be scheduled by these Bylaws to be held, shall review the Zones and Directorships. If the Board determines that, having an equitable regard for the number of members served therein, other communities of interest and boundaries that are readily ascertainable, the boundaries or number of Districts should be altered or that the number of Directors should be increased or reduced, the Board shall amend these Bylaws accordingly and may, after such amendments become effective, appoint additional Directors provided for by such amendments, and may fix their respective initial terms, not to exceed three years. The Board of Directors shall cause all such amendments and the names, addresses and initial terms of any such newly appointed additional Directors to be noticed in writing to the members not less than ten (10) calendar days prior to the date on which the Committee on Nominations for the next annual member meeting shall first convene and shall also in timely advance of such Committee meeting, inform the members of the names and addresses of the members of the Nominations Committee and of the date, hour and place of that Committee's first meeting. From and after the date of such notice of amendments these Bylaws shall have been effectively amended accordingly, and any change so made by action of the Board shall be in full force and effect until at least the completion of the election of directors at the Annual Meeting (including early voting) 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.

SECTION 4.06. **Nominations.** It shall be the duty of the Board of Directors to appoint, not less than two hundred (200) calendar days before the date of a meeting of the members at which Directors are to be elected, a Committee on Nominations. This Committee on Nominations shall consist of not less than seven (7) nor more than eleven (11) members of the Cooperative who are not existing Cooperative employees, agents, officers, directors or known candidates for director or close relatives or members of the same household thereof, and who are so selected that each of the Cooperative's Directorate Zones shall have representation thereon in approximate proportion to the authorized number of directors from or with respect to such District. The Committee shall prepare and post in an appropriate place at the principal office of the Cooperative at least one hundred forty-five (145) calendar days prior to the meeting a list of nominations for directors to be elected, listing separately the nominee(s) for each Directorate Zone from or with respect to which director must, pursuant to this Article, be elected at the meeting. The Committee may include as many nominees for any directorship to be elected as qualify as described below, PROVIDED, however, that no close relative of an incumbent or prior Director of the Cooperative nor any member serving or whom has served on the Committee on Nominations or the Credentials Committee shall be eligible to be nominated as a candidate for Director by the Committee on Nominations unless one full

year has transpired from the date such close relative last served on the Board or such individual last served on the Committee on Nominations or the Credentials Committee (NOTE: this one-year provision does not apply to candidate(s) nominated by petition). Said candidate must also meet all other qualifications of candidacy as outlined in SECTION 4.02. Immediately following the posting of nominations by the Committee on Nominations, and in no case less than 100 days prior to the date of the Annual Meeting, any fifteen (15) or more members of the Cooperative, acting together, may submit to the Committee on Nominations additional nominations in writing over their signatures, listing their nominee(s) in like manner for verification of candidate qualifications (as outlined in SECTION 4.02). The Committee on Nominations shall meet following the close of the deadline for petitions, and in no case less than 90 days prior to the date of the Annual Meeting, to review and confirm the qualifications of any nominees by petition. The Secretary shall post such qualified nominations at the same place where the list of nominations made by the Committee is posted at least sixty (60) calendar days prior to the meeting. The Committee shall place into nomination the names of all such candidates for whom such petitions have been received and who the Committee deems as meeting the qualification requirements (as outlined in SECTION 4.02). 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 delivery of such notice, a statement of the names and addresses of all qualified nominee(s) for each Directorate Zone from or with respect to which one or more directors are to be elected. Notwithstanding the provisions contained in this Section, failure to comply with any of such provision shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of the directors.

SECTION 4.07. **Voting for Directors; Validity of Board Action**. In the election of directors, no member may vote for more than the number of nominees from or with respect to that member's particular Directorate Zone than there are to be elected. Ballots marked in violation of the foregoing restriction shall be invalid and shall not be counted. 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.** As provided in this Bylaw, one (1) or more Directors elected by the members may be removed by the members for taking or omitting any grossly negligent, fraudulent, or criminal act significantly and adversely affecting the Cooperative:

A. Director Removal Petition. For each Director for whom removal is requested, the membership of the Cooperative shall deliver to the Chairman or Secretary a dated written petition("Director Removal Petition"):

    1. Identifying the Director on each page;
    2. Explaining, on each page, the basis for requesting the Director's removal and identifying the grossly negligent, fraudulent, or criminal act or omission underlying the removal request; and
    3. As names of members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty (60) calendar days following the Directors Removal Petition date, of at least ten (10) percent of the membership.

    Within thirty (30) calendar days following the Chairman or Secretary receiving a Director Removal Petition:

    1. The Cooperative shall forward a copy of the Director Removal Petition to the implicated Director(s); and
    2. The Board shall meet to review the Director Removal Petition.

B. Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) calendar days following the Board's determination. Notice of the Member Meeting must state that:

1. A purpose of the Member Meeting is to consider removing a Director(s);
2. Evidence will be presented, and a member vote taken, regarding removing the Director(s);

If a Member Quorum (as outlined in Section 3.04) is confirmed at the Member Meeting, then for the Director named in each Director Removal Petition:

1. Evidence must be presented supporting the basis for removing the Director;
2. The Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director;
3. Following the Director's presentation, and following member discussion, the members in attendance must vote whether to remove the Director; and
4. In addition to voting as outlined above, early voting as described in the procedures outlined in Section 3.06 shall be permitted for votes taken under this section and votes tabulated in early voting will be added to those cast at the meeting to determine the outcome. As part of the early voting process, the charges as described in Section 4.08, A 1 and 2 above will be conspicuously posted or otherwise made available to those voting early. In addition, written statements prepared and furnished by members urging the removal of the Director presenting evidence in support of their removal and written statements prepared and furnished by the named Director, or his or her legal counsel, refuting and presenting evidence opposing the removal of the Director will be conspicuously posted or otherwise made available to those voting early.

If a majority of the member quorum attending the meeting and voting early affirm to remove the Director, then the Director is removed effective the time and date of the member meeting.

Neither a Director Removal Petition nor Director removal affects any Board action. No Director may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets, or any Cooperative dissolution.

SECTION 4.09. **Vacancies.** Subject to the provision of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members and as provisioned in Section 4.08, a vacancy occurring in the Board of Directors shall be filled by a majority vote of the remaining Board of Directors. A director thus elected shall be from or with respect to the same Directorate Zone 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. Any member appointed to serve on the Board of Directors must meet the qualifications of a Director as outlined in Section 4.02. In no case can the newly appointed Director be the same person as the Director removed by a vote of the membership as outlined in Section 4.08.

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 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 is or 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 the employee is not a party.

SECTION 4.11. **Rules, Regulations, Rate Schedules and Contracts.** The Board of Directors shall have power to make, adopt, amend, abolish, promulgate or delegate the right to similarly do so to appropriate management personnel 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 affairs of the Cooperative.

SECTION 4.12 **Accounting System and Reports**. The Cooperative shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and the Board of Directors 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. **Nepotism: "Close Relative" Defined.** As used in these Bylaws, the term "close relative" means an individual who:

(1) Through blood, law, or marriage, is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law; or
(2) Resides in the same residence (collectively, “Close Relative”).

An individual qualified and elected, designated, or appointed to a position does not become a Close Relative while serving in the position because of a marriage or legal action to which the individual was not a party.

ARTICLE V

MEETINGS OF DIRECTORS

SECTION 5.01. **Regular Meetings.** A regular meeting of the Board of Directors shall be held, without notice other than this bylaw, immediately after, and at the same place as, the Annual Meeting of the members, or as soon thereafter as it conveniently may be held. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in Shelbyville, Bedford County, Tennessee, as the Board of Directors may provide by resolution; PROVIDED, the Board may, at its discretion hold any of its regular meetings in any of the counties in Tennessee within which the Cooperative serves. 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) calendar days prior to the next meeting of the board; AND PROVIDED FURTHER, the Chairman may change the day, time or place of a regular monthly meeting for good cause and upon at least five (5) calendar days notice thereof to all directors. Regular meetings may be held via telephone conference call, without regard to the actual location of the directors at the time of such telephone conference meeting, pursuant to the provisions of Section 48-58-201(c) of the Tennessee Nonprofit Corporation Act.

SECTION 5.02. **Special Meetings.** Special meetings of the Board of Directors may be called, by the Chairman, 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 5.03. The Board, the Chairman, or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties 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 telephone conference call, without regard to the actual location of the directors at the time of such a telephone

conference meeting, pursuant to the provisions of Section 48-58-201(c) of the Tennessee Nonprofit Corporation Act.

SECTION 5.03. **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) calendar days when notice is given by mail or not less than three (3) calendar days if given by oral notice (by a Director or staff level employee), by or at the direction of the Secretary or, upon a default in his duty by the Secretary, by him or those calling it in the case of a 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) calendar 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. In the event of an emergency circumstance requiring Board action and for which a special or telephone conference meeting cannot be arranged, action by the Board can be taken without a meeting in accordance with the provision of Section 48-58-202 of the Tennessee Nonprofit Corporation Act.

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 and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken; 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 for the determination of a quorum; 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 the absent directors to be duly and timely notified of the day, time and place of such adjourned meeting.

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 from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02 **Election and Term of Office.** The officers named in Section 6.0l shall be elected, annually and without nomination via secret ballot cast by and from the standing Board of Directors 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 Bylaws with respect to the removal of directors and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

The President or Chief Executive Officer, or in his or her absence, the General Counsel, of the Cooperative will serve as Chair at such meeting for purposes of conducting the election of Chairman. Without nomination a secret written ballot vote for the election of Chairman will be held. The President or Chief Executive Officer, or in his or her absence, the General Counsel will collect the ballots and in the presence of all Directors present tally the votes in a manner preserving the confidentiality of the voting process. The candidate receiving a majority vote of the Directors present will become Chairman. If no candidate receives a majority, another secret written ballot vote will be taken among the two (2) candidates receiving the highest number of votes cast, with such candidate then receiving the most votes declared as

Chairman. Once so elected, the Chairman will assume the Chair and will conduct the election for other officer positions in a similar manner.

SECTION 6.03. **Removal.** Any officer, agent, or employee elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby.

SECTION 6.04. **Vacancies.** A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05. **Chairman.** The Chairman shall -

(a) be the principal executive officer of the Board and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members;

(b) sign, with the Secretary, 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

(c) in general, 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.** Unless otherwise determined by the Board of Directors, and unless otherwise required by Law, the Articles, or these Bylaws, the Secretary:

1. Shall be responsible or delegate the preparation of minutes of Board and Member Meetings;
2. Shall be responsible for authenticating the Cooperative's records;
3. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board of Directors

SECTION 6.08. **Treasurer.** Unless otherwise determined by the Board of Directors, and unless otherwise required by Law, the Articles, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board of Directors.

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 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 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; Chief Executive Officer.** The Board of Directors shall appoint a President, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Chief Executive Officer. The President shall have general oversight, care and management of the property, personnel, 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, the President shall always be subject to the direction of the Board of Directors through action taken at its regular or special meetings.

SECTION 6.11. **Insurance.** At the Cooperative's expense, the Cooperative will provide liability insurance on behalf of all Directors, Officers and Employees charged with the responsibility or in custody of the Cooperative's funds or property. Said insurance will protect said individual against any:

1. Liability, including judgment, settlement, or otherwise; or
2. Reasonable expenses, including reasonable attorney fees,

asserted against, or incurred by, the Cooperative or the individual in his or her individual capacity, or arising from the individual's status, as a Cooperative Director, Officer, employee, agent or representative.

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 or, if so title, the Chief Executive Officer), 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.** Designated 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 AND DEPOSITS

SECTION 7.01. **Contracts.** Except as otherwise provided by law or these Bylaws, the Board of Directors 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 7.01. **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 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 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

NON-PROFIT OPERATION

SECTION 8.01. **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, excluding Security Deposits.

SECTION 8.02. **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:

(a) to defray expenses of the Cooperative, including the operation and maintenance of its facilities during such fiscal year;

b) to pay interest and principal obligations of the Cooperative coming due in such fiscal year;

(c) to finance, or to provide a reserve to finance, the construction or acquisition by the Cooperative of additional facilities to the extent determined by the Board;

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

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

(f) to comply with any covenant or obligation of the Cooperative pursuant to any contract it has entered into; and

(g) 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 8.03. **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 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, and for facilitation of general rate reductions.

SECTION 8.04. **Ascertainment of Contributed Capital.** The Cooperative shall maintain such books and records as will enable it at anytime upon reasonable notice, to compute the amount of capital contributed during any given period by each of its patrons.

SECTION 8.05. **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 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.

SECTION 8.06. **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.

ARTICLE IX

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 X

DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 10.01. **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, in accordance with Sections 65-25-213 and 214 of the Tennessee Code Annotated, as the same may from time to time be amended.

SECTION 10.02. **Distribution of Surplus Assets on Voluntary Dissolution**. Upon the Cooperative's voluntary dissolution, any assets remaining after all liabilities or obligation of the Cooperative have been satisfied and discharged, or adequate provision therefor has been made, shall be distributed in accordance with Section 65-25-220 (b) (2) of the Tennessee Code Annotated, as the same may from time to time be amended.

ARTICLE XI

FISCAL YEAR

The Cooperative's fiscal year shall begin on the first day of the month of January each year and end on the last day of the month of December of the calendar year.

ARTICLE XII

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 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 extend 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.

ARTICLE XIII

BYLAW AMENDMENTS

SECTION 13.01. **Power to Amend.** The Cooperative's Bylaws may, subject to Section 13.02, be changed (adopted, amended, or repealed) by the members or the Board of Directors, except that the members may provide in the bylaws that specific provisions thereof may be changed only by the members, in which case such provisions shall contain a statement to that effect: 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.

SECTION 13.02. **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 sixty (60) calendar 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 particularity 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 change to be noticed and 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.