

Table of Contents

	PAGE
GENERAL PROVISIONS	5
ARTICLE I	MEMBERSHIP 5
SECTION 1.01	Eligibility..... 5
SECTION 1.02	Application for Membership; Renewal of Prior Application 6
SECTION 1.03	Service 6
SECTION 1.04	Joint Membership..... 7
SECTION 1.05	Acceptance Into Membership..... 7
SECTION 1.06	Purchase of Services 8
SECTION 1.07	Application of Payments..... 8
SECTION 1.08	Excess Payments to be Credited as Member Furnished Capital 9
SECTION 1.09	Wiring on Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility, Indemnification 9
SECTION 1.10	Member to Grant Easements to Cooperative 10
SECTION 1.11	Nonliability for Debts of the Cooperative 11
SECTION 1.12	Change in Premises to be Served 11
ARTICLE II	MEMBERSHIP SUSPENSION AND TERMINATION 12
SECTION 2.01	Suspension; Reinstatement..... 12
SECTION 2.02	Termination by Expulsion; Renewed Membership 12
SECTION 2.03	Termination by Withdrawal or Resignation..... 13
SECTION 2.04	Termination by Death or Cessation of Existence; Continuation of Membership in Widow or Widower, Remaining or New Partners..... 13
SECTION 2.05	Effect of Termination..... 13
SECTION 2.06	Effect of Death, Legal Separation, Separation or Divorce Upon a Joint Membership 14
ARTICLE III	MEETING OF MEMBERS 14
SECTION 3.01	Annual Meeting..... 14
SECTION 3.02	Special Meetings..... 15
SECTION 3.03	Notice of Annual or Special Member Meeting..... 15
SECTION 3.04	Quorum 17
SECTION 3.05	Voting..... 17
SECTION 3.06	Voting by Mail 18

SECTION 3.07	Annual Meeting Credentials Committee.....	19
SECTION 3.08	Record Date.....	20
ARTICLE IV	DIRECTORS	20
SECTION 4.01	Number and General Powers.....	20
SECTION 4.02	Qualifications	20
SECTION 4.03	Tenure	22
SECTION 4.04	Directorate Districts.....	23
SECTION 4.05	Notice of Directors to be Elected	24
SECTION 4.06	Qualifying Petitions	24
SECTION 4.07	Directors Credentials Committee.....	24
SECTION 4.08	Notice of District Election	25
SECTION 4.09	Election by Directorate Districts.....	26
SECTION 4.10	Uncontested Elections	26
SECTION 4.11	Announcement of Results.....	26
SECTION 4.12	Removal of Directors by Members.....	26
SECTION 4.13	Vacancies	28
SECTION 4.14	Compensation; Expenses; Temporary Services.....	28
SECTION 4.15	Rules, Regulations, Policies, Rate Schedules and Contracts.....	29
SECTION 4.16	Accounting Systems and Reports.....	29
SECTION 4.17	Close Relatives.....	29
ARTICLE V	MEETING OF DIRECTORS	30
SECTION 5.01	Regular Meetings	30
SECTION 5.02	Special Meetings.....	30
SECTION 5.03	Removal of Directors by Board	31
SECTION 5.04	Notice of Directors' Meetings	31
SECTION 5.05	Quorum	32
SECTION 5.06	Manner of Acting.....	32
ARTICLE VI	OFFICERS AND RELATED MATTERS	32
SECTION 6.01	Number and Title.....	32
SECTION 6.02	Election and Term of Office	32
SECTION 6.03	Removal.....	33
SECTION 6.04	Vacancies	33
SECTION 6.05	Chairman.....	33
SECTION 6.06	Vice Chairman	34
SECTION 6.07	Secretary	34
SECTION 6.08	Treasurer	35
SECTION 6.09	Delegation of Secretary's and Treasurer's Responsibilities	35
SECTION 6.10	President/CEO	36
SECTION 6.11	Bonds.....	36
SECTION 6.12	Compensation; Indemnification.....	36
SECTION 6.13	Reports	37
SECTION 6.14	Committees	37

ARTICLE VII	CONTRACTS, CHECKS AND DEPOSITS.....	38
SECTION 7.01	Contracts	38
SECTION 7.02	Checks, Drafts, Etc	38
SECTION 7.03	Deposits; Investments.....	38
ARTICLE VIII	NON-PROFIT OPERATION	38
SECTION 8.01	Operation	38
SECTION 8.02	Disposition of Revenues; Distribution of Excess	39
SECTION 8.03	Assignment and Notification	40
SECTION 8.04	Retiring and Refunding Capital Credits	41
SECTION 8.05	Contracts	42
ARTICLE IX	WAIVER OF NOTICE.....	42
ARTICLE X	DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION.....	43
SECTION 10.01	Disposition and Pledging of Property.....	43
SECTION 10.02	Distribution of Surplus Assets on Voluntary Dissolution	43
ARTICLE XI	FISCAL YEAR	43
ARTICLE XII	RULES OF ORDER.....	44
ARTICLE XIII	SEAL	44
ARTICLE XIV	BYLAW AMENDMENTS	45
SECTION 14.01	Power to Amend.....	45
SECTION 14.02	Procedure for Amending.....	45
ARTICLE XV	CONSTITUTIONALITY	46
ARTICLE XVI	ADOPTION.....	46

**BYLAWS
OF
VOLUNTEER ENERGY COOPERATIVE**

GENERAL PROVISIONS

DEFINITIONS

Under the terms and provisions of these Bylaws of Volunteer Energy Cooperative (“Cooperative”), as currently existing or as later amended the following will apply.

1. Unless otherwise provided in these Bylaws, words and terms have their customary and ordinary meaning.
2. The singular use of any word includes the plural use, and the plural use of any word includes the singular use.
3. The masculine use of any word includes the feminine and neutral uses of any word include the masculine and feminine uses.
4. The present tense of any word includes the past and future tenses, and the future tense of any word includes the present tense.
5. “Shall”, “will” or “must” indicate mandatory action or requirement, and “may” indicates permissive action or act.
6. “T.C.A.” shall mean Tennessee Code Annotated.
7. “Patrons” shall include members and non-members receiving electric service from the Cooperative.

**ARTICLE I
MEMBERSHIP**

SECTION 1.01. ELIGIBILITY

Any person, firm, association, corporation, cooperative, business trust, partnership, legal entity, federal, state or local government, or departments, agencies or any other political subdivision thereof (each hereinafter referred to as “member,” “person,” “applicant,” “him” or “his”), who receives energy service provided by the Cooperative, shall be eligible to

become a member of and to receive any service from the Cooperative.

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

Application for membership shall be made in writing on such form as provided by the Cooperative. The applicant shall agree to: (1) take delivery of or purchase electric power and energy from the Cooperative; (2) comply with and be bound by: (a) all state and federal laws, (b) all provisions of the Cooperative's Articles of Incorporation; (c) these Bylaws; (d) all rules, regulations, rate classifications and rate schedules established pursuant thereto; and (e) any policies, resolutions or actions adopted by the Board of Directors ("Board") or members, as all the same then exist or may thereafter be adopted or amended (the obligation embraced by such contract being hereinafter called "membership obligations"). With respect to any particular classification of service for which the Board shall require, such application may be accompanied by a supplemental contract, executed by the applicant on such form as is provided.

Any former member of the Cooperative may, upon payment of any outstanding account plus accrued interest thereon at the Tennessee legal rate on judgments in effect when such account first became overdue, compounded annually, together with any related fees, deposits or contributions, if required, renew and reactivate any prior application for membership as though the application had been newly made on the date of such payment.

SECTION 1.03. SERVICE

A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with related fees, deposits and contributions in aid of construction if required), shall be paid by the member for each additional service received.

SECTION 1.04. JOINT MEMBERSHIP

The spouse of any person who is or becomes a member will automatically become a joint member with the member spouse. Unless otherwise specified 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 vote of either shall constitute one joint waiver of notice; provided, if both vote, each shall constitute a one-half (1/2) vote;
- (c) notice to or waiver of notice signed by either or both shall constitute a joint notice or waiver of notice;
- (d) except upon death of a joint member or upon divorce, the suspension or termination in any manner of either shall constitute suspension or termination of the joint membership.

Either a husband or wife, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualification requirements set forth in Section 4.02.

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 receipt of service. The Board may 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 SERVICES

The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore neither warrants nor guarantees a continuous or flawless provision of services. Each member, for so long as such premises are owned or occupied or used by the member, shall purchase or take delivery from the Cooperative of all electric energy, unless and except to the extent that the Board may in writing waive such requirement. Each member is encouraged to use all services provided by the Cooperative. The member shall pay for such services 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 energy or other services actually used) established by the Board and, if applicable, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02.

SECTION 1.07. APPLICATION OF PAYMENTS

Each member shall pay all amounts owed to the Cooperative as and when they become due and payable. When the member has received more than one service from the Cooperative, any payment for the service shall be deemed to be allocated and credited on a pro rata basis to the outstanding accounts for all such services, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and pro-rata.

Any overcharge shall be either credited to the member's account or the member reimbursed at the Cooperative's sole discretion. Any under billing shall be paid by the member as determined by the Cooperative.

SECTION 1.08. EXCESS PAYMENTS TO BE CREDITED AS MEMBER FURNISHED CAPITAL

All amounts paid for energy services or other services in excess of the cost thereof shall be treated as member-furnished capital as provided in Article VIII of these Bylaws.

SECTION 1.09. 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 receiving electric service to become and to remain wired in accordance with the specifications of the State of Tennessee, the National Electrical Code, any applicable local governmental ordinances, and of the Cooperative. If any of 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, officers, Directors and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance thereof, or failure to comply with the provisions of this Section 1.09.

Each member shall make available without charge to the Cooperative a suitable site whereon, as determined by the Cooperative, to place the Cooperative's facilities for the furnishing and metering of electric services or other services and shall permit the Cooperative's authorized employees, agents and independent contractors to have safe access thereto for meter reading, bill collecting, inspection, maintenance, replacement, relocation, repair, disconnection, or for any other purpose related to such facilities. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly refrain from interfering with, impairing, operating or causing damage to such facilities, and shall prevent others from doing so. Each member shall also install and maintain any

protective device or procedure as the Cooperative shall from time to time require in order to protect the Cooperative facilities and their operation.

Although the Cooperative will use reasonable diligence in supplying electric services or other services, it does not guarantee nor warrant the continuous and uninterrupted supply or use thereof. It shall not, therefore, be liable in contract or tort for loss, injury, death, or damage to persons or property resulting from excessive or inadequate voltage, single phasing, and interruptions in services or unsatisfactory services.

In the event the Cooperative's facilities are interfered with, impaired in their operation or damaged by a member, or by any other person when the member's reasonable care and surveillance could have prevented such, the member shall indemnify the Cooperative and its employees, agents, officers, Directors 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 therefrom. In no event shall the responsibility of the Cooperative extend beyond the point of delivery of any service.

SECTION 1.10. MEMBER TO GRANT EASEMENTS TO COOPERATIVE

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 any 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 energy and other services to the member or others, whether a member or non-member. Such grant of easements shall allow the Cooperative and other entities for which the Cooperative grants a use of said easements the right to construct, operate, maintain or relocate electric and other facilities placed over, on, or under said easements. Each member will insure that

all persons who have an interest in any land in which the member has an interest will execute an easement under the same terms and conditions as that executed by the member.

In the event that the Cooperative fails, prior to construction of any facilities over, on, under or across said property or fails thereafter to obtain said easement in writing, nevertheless, the Cooperative, its employees, agents and subcontractors and other entities for which the Cooperative grants a use of said easement shall have a right to enter upon the members' land and to perform all functions relative to the construction, operation, replacement, expansion, maintenance or relocation of such facilities as may be placed thereon.

SECTION 1.11. NONLIABILITY FOR DEBTS OF THE COOPERATIVE

The private property of a member 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 1.12. CHANGE IN PREMISES TO BE SERVED

Any member who moves from one location to another shall be entitled to receive service at the new location if (a) the member notifies the Cooperative of the 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 activation charge as may be imposed.

ARTICLE II
MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. SUSPENSION; REINSTATEMENT

After the expiration of the initial time limit prescribed, either in a specific written notice or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other noncompliance with membership obligations, a member's membership shall automatically be suspended, unless within said time the member requests in writing a hearing contesting the proposed suspension. A hearing will be conducted by management within five (5) working days after receipt of the request and a decision made immediately thereafter, which decision is final unless otherwise determined by the Board. During such suspension the member will not be entitled to receive electric or other services from the Cooperative or to cast a vote at any meeting of the members or for election of a Director. 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.

***SECTION 2.02. TERMINATION BY EXPULSION;
RENEWED MEMBERSHIP***

If a suspended member is not automatically reinstated to membership, as provided in Section 2.01, the Board may terminate the member's membership. After expulsion, a member may not again become a member except upon new application duly made as provided in Section 1.02. The Board may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

SECTION 2.03. TERMINATION BY WITHDRAWAL OR RESIGNATION

A member may withdraw from membership upon ceasing to use services provided.

SECTION 2.04. TERMINATION BY DEATH OR CESSATION OF EXISTENCE; CONTINUATION OF MEMBERSHIP IN WIDOW OR WIDOWER, REMAINING OR NEW PARTNERS

The death of a person member shall automatically terminate his membership except, that the widow or widower of a deceased person member shall continue to be a member and shall be eligible to vote and exercise all rights of a member until his or her 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 or directly to occupy or use the premises being furnished services pursuant to such membership; 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 of a membership, any membership fee and any deposit, less any amounts due the Cooperative shall be refunded to the person or entity. Termination shall not release the member, or if applicable, member's estate from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board 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

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 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 to occupy or use the residence; provided, the other spouse shall not be released from any debts due the Cooperative at time of separation.

**ARTICLE III
MEETINGS OF MEMBERS**

SECTION 3.01. ANNUAL MEETING

The annual meeting of the members shall be held each year on such date, at such time and at such place in a county in Tennessee within which the Cooperative serves, 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 constitute 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 a meeting shall be held at such place in any county in Tennessee within which

the Cooperative serves, on such date and hour as shall be designated by the Board.

SECTION 3.03. NOTICE OF ANNUAL OR SPECIAL MEMBER MEETINGS

Written, printed, or electronic 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 made available to each member by the Secretary or his designee. Any such notice may be included with billing notices or as an integral part of the Cooperative's monthly newsletter or given in any other reasonable manner. No matter which 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 or when sent electronically, addressed to the member at the address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked on or prior to the date next following which the minimum period for such notice would begin, as follows:

- (1) except as otherwise provided in these Bylaws, or as provided in T.C.A. Section 65-25-213 (a) (2) (D), not less than ninety (90) days prior to the date of a meeting of the members at which the Cooperative's dissolution or the sale or lease-sale of all or any substantial portion of its assets and properties devoted to and used or useful in furnishing electric service is scheduled to be considered and acted upon; or
- (2) not less than sixty (60) days prior to the date of a meeting of the members to consider the sale or lease-sale of assets and properties pursuant to T.C.A. Section 65-25-211 (c) (2) (A) or (B); or
- (3) except as otherwise provided in these Bylaws, or as provided in T.C.A. Section 65-25-213 (a) (2) (D)

not less than forty-five (45) days prior to the date of a meeting of the members of the Cooperative at which a merger or consolidation with one or more other cooperatives is scheduled to be considered and acted upon; or

- (4) if (1) (2) or (3) above is not applicable, not less than twenty (20) nor more than sixty (60) 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 grounds 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 the objection.

SECTION 3.04. QUORUM

A quorum for the transaction of business at meetings of the members shall be the lesser of two (2%) percent of all members or one hundred (100) members except where a greater number is required by law. Once 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, the quorum requirement shall be and shall remain throughout the meeting ten (10%) 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 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 in person by members, other than members who are 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.

Where a membership is issued in the name of one spouse, the other unnamed but identified spouse shall have a right to cast a vote in accordance with the provisions of Section 1.04. The Board shall prescribe the method by which the unnamed spouse shall be identified.

SECTION 3.06. VOTING BY MAIL

Any member may vote by mail upon official mail ballots which as to form and content have been prescribed by the Board on any matter which may come before the members at any meeting and only by mail for election of Directors. Such ballots shall clearly and fairly identify all matters being considered at the member meeting and the date of the member meeting. All ballots shall contain clear and accurate instructions as to how the ballots are to be validly voted. The member shall express a choice of each matter presented by a mark being made in the appropriate space upon the ballot.

Except as required by the provisions of T.C.A. Section 65-25-213 (a) (3) for the sale or lease-sale of assets and property, ballots shall be mailed to all eligible members in the United States mail, addressed to the member at the address as it appears on the records of the Cooperative with postage thereon prepaid and postmarked no more than sixty (60) days, nor less than thirty (30) days prior to the meeting of members.

All ballots for the sale or lease-sale of assets and property pursuant to the provisions of T.C.A. Section 65-25-213 (a) (3) shall be mailed no sooner than twenty (20) days prior to the member meeting.

The member shall mail or deliver the ballot to an independent auditor as designated on the ballot in a sealed pre-addressed envelope to the independent auditor inside another envelope bearing the member's name and signature.

All ballots must be received by the independent auditor no later than ten (10) days prior to the date of the member meeting. All ballots received after said time shall not be accepted and counted as a ballot of the absent member.

The independent auditor shall tabulate the votes and shall deliver the tabulated votes along with all ballots to the Chairman of the Credentials Committee at least five (5) days prior to the member meeting.

A failure to receive a ballot will not affect or invalidate any action taken at the member meeting and any member voting by mail ballot may not revoke same.

SECTION 3.07. ANNUAL MEETING CREDENTIALS COMMITTEE

The Chairman of the Board shall, at least ten (10) business days before any meeting of members appoint a Credentials Committee, consisting of an uneven number of members who are not existing Cooperative employees, agents, officers, or Directors, and who are not close relatives or member of the same household. The Credentials Committee shall meet and select its own Chairman at least two (2) days prior to the member meeting. It shall be the responsibility of the Committee to establish and approve the manner of conducting member registration and voting, to pass upon all questions that may arise with respect to the registration and qualifications of members to vote, to count all votes cast in person, to certify all votes by mail ballots, and to rule upon all other questions that may arise relative to voting. 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 any ruling of the Credentials Committee must be filed or within three (3) business days following the adjournment of the meeting of the Credentials Committee. The Committee shall thereupon be reconvened, upon notice from its Chairman not less than seven (7) 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; and the Committee, by 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. 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. The report or certificate of its decision shall constitute prima facie evidence of the facts stated therein.

SECTION 3.08. RECORD DATE

The Board shall fix a date for determining the total membership and the members eligible to receive notice of a member's meeting and mailed ballot. This record date shall be at least thirty (30) days prior to the date of the member meeting or district election.

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 twelve (12) 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 Bylaws conferred upon or reserved to the members.

SECTION 4.02. QUALIFICATIONS

No person shall be eligible to qualify as a candidate, become or remain a Director, etc. 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.

No person shall be eligible to qualify as a candidate, become or remain a Director, etc. of or to hold any other position of trust in the Cooperative who:

- (a) does not have the capacity to enter into a legally binding contract; or,
- (b) is in any way employed by, affiliated with, or financially interested in:
 - 1. a competing enterprise with the Cooperative or any entity in which the Cooperative has an interest; or;
 - 2. is employed by or owns a competing business or a business selling electric energy or a business selling substantial amount of supplies, products or services to the Cooperative or its subsidiaries;
 - 3. is engaged in the construction and maintenance of distribution lines and other facilities of the Cooperative including right of way maintenance; or,
- (c) is the incumbent of or candidate for an elected county or municipal office; or,
- (d) is or has been an employee or VECustomers Share Board Member of the Cooperative within five (5) years of date of the annual meeting at which the Director takes office; or,
- (e) is a close relative of an employee or incumbent Director of the Cooperative as defined in Section 4.17; or,
- (f) has been an employee who is or has received retirement or pension benefits as a result of his employment at the Cooperative; or,
- (g) who was discharged from employment at the Cooperative for just cause or disciplinary reasons; or,
- (h) has been or is convicted of or pled guilty to a felony; or,
- (i) is a member, officer, director or employee of any

union currently acting as a bargaining agent for any electric utility or who lives in the same household with and is financially interdependent with any person included in this Section 4.02, during the preceding five (5) years of the date of the annual meeting at which the Director takes office .

- (j) has not been a member of the Cooperative receiving service at his primary residential abode for at least 180 days (or months) prior to the date of filing of Qualifying Petitions pursuant to Section 4.06.

Notwithstanding the foregoing provision 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 a Cooperative employee because of marriage or adoption to which he was not a party nor shall any incumbent Director lose eligibility to remain or be re-elected as a Director if serving at the time of adoption of these Bylaws.

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 4.03. TENURE

Directors shall be elected for a term of four (4) years, taking office at the first annual meeting of members held after the district elections hereinafter provided.

Upon election a Director shall, subject to the provisions of these Bylaws with respect to removal, serve throughout said term of four (4) years, or until a successor is elected and qualified.

SECTION 4.04. DIRECTORATE DISTRICTS

For the purpose of election of Directors, the area served by the Cooperative is hereby divided into twelve (12) voting Directorate districts consisting of the following counties:

DISTRICT NUMBER: AREA:

ONE	Polk
TWO	Bradley
THREE	Hamilton
FOUR	McMinn
FIVE	Meigs
SIX	Bledsoe and Rhea
SEVEN	Roane and Loudon
EIGHT	Cumberland West of Highway No. 127
NINE	Cumberland East of Highway No. 127
TEN	White, Putnam, and Overton
ELEVEN	Fentress, Morgan, and Scott
TWELVE	Pickett

Each district shall be entitled to be represented by one (1) Director.

Directors representing the aforesaid voting Directorate districts shall be divided into four (4) groups for the purpose of creating staggered terms of office, and the Director of each group shall be selected first in the years hereinafter provided for and at each interval of four (4) years thereafter, as follows:

GROUP ONE:	2016- District 2, 6, and 8;
GROUP TWO:	2017-District 3, 4, and 7;
GROUP THREE:	2018-District 1, 5, and 9
GROUP FOUR:	2019-District 10, 11, and 12.

SECTION 4.05. NOTICE OF DIRECTORS TO BE ELECTED

Not less than one hundred twenty (120) days prior to the annual meeting of members, the Secretary of the Cooperative or his designee, shall give written notice of the Directors whose terms shall expire and which group of Directors as set forth in Section 4.04 shall be elected at district elections. Such notice shall be by mail with postage thereon prepaid to all members in the district eligible to vote at the billing address reflected on the Cooperative's records. 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. If a member is served by the Cooperative at two (2) or more premises located in two (2) or more directorate districts, he shall be eligible to vote for a director in the district where the primary membership is listed.

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 a duly appointed representative a written petition nominating such person as a candidate and **signed by the candidate** and not less than twenty-five (25) 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 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 the corporate 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.

SECTION 4.07. DIRECTORS CREDENTIALS COMMITTEE

The Chairman of the Board shall appoint three (3) Directors who are not representing the districts scheduled for election 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 elect a Chairman and review the petitions and accompanying documents to determine if a member is a qualified candidate for a Director and the Committee may request any potential candidate to appear before the Committee to answer any questions regarding the member's qualifications as a candidate and to receive other information as needed. 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 its findings. 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. Upon receipt of same 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 protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by 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 a contrary holding by a Court. The report or certificate of its decision shall constitute prima facie evidence of the facts stated therein.

SECTION 4.08. NOTICE OF DISTRICT ELECTION

The Secretary or his designee shall give written notice of the name(s) of the qualified candidate(s) to be voted upon for Directors. Such notice shall be by U.S. mail or by electronic communication with postage thereon prepaid, to the members

eligible to vote in each district election at the member's billing address.

SECTION 4.09. ELECTION BY DIRECTORATE DISTRICTS

Voting shall only be by mail ballot. A Director shall be elected by a plurality of the votes cast.

SECTION 4.10. UNCONTESTED ELECTIONS

In a voting district where only one candidate has been qualified, there being no necessity to mail ballots, the nominating petition shall constitute a written ballot, and 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 4.11. ANNOUNCEMENT OF RESULTS

At the following annual meeting of members, the Secretary shall announce to the members the names of the persons elected as Directors and the district that each Director represents, and, likewise, shall announce the names of the incumbent Directors and the districts that they serve.

SECTION 4.12. REMOVAL OF DIRECTORS BY MEMBERS

Any member may bring one or more charges against any one or more Directors, alleging acts or omissions adversely affecting the business and affairs of the Cooperative and amounting to actionable negligence, malfeasance, misfeasance, nonfeasance, fraud or criminal conduct, and may request the removal of such Director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition, signed by not less than ten (10%) percent of the members of the Cooperative eligible to vote for Director within the district of the Director(s) sought to be removed. The petition shall call for a special member meeting and specify 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 names and addresses of the members filing such charge(s), a verbatim statement of such

charge(s) and the names 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 members filing the charge(s), shall be contained in the notice of the meeting or separately noticed to the members within the affected district(s) not less than five (5) days prior to the member 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) at least twenty-five (25) days prior to the district meeting of the members at which the charge(s) are to be considered. Such Director(s) shall have an opportunity at the meeting to be heard in person, by witness, 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. If a quorum is present as required under Section 3.04 then a majority vote of the members present shall be required to remove the Director. Any vacancy created by such removal shall be filled by vote of the members at such district meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor. The question of the removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the district meeting through oral statements, documents, or otherwise: and provided further, no Director shall be 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, or (2) a motion to notify the Cooperative's members of a proposal received by the Cooperative for such a sale, lease-sale or dissolution, or (3) a motion or any other effort to call a meeting of the Cooperative's members to consider and act upon a proposal for such a sale, lease sale, or dissolution. A newly elected Director shall be from the same Directorate district as was the Director whose office he succeeds, and shall serve out the unexpired portion of the removed Director's term.

SECTION 4.13. VACANCIES

Subject to the provisions of these Bylaws with respect to the removal of Directors by members as set forth in Section 4.12, vacancies occurring on the Board shall be filled by a majority vote of the remaining Directors, or at the Board's discretion by a special election by members. Directors thus elected shall serve until the next district election to be called and held in the district wherein said vacancy occurs and until their successors shall have been qualified and elected.

SECTION 4.14. COMPENSATION, EXPENSES, TEMPORARY SERVICE

Directors shall, as determined by resolution of the Board, on a per diem basis, receive such fee, which may include the cost for medical insurance, for attending the 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 reasonably incurred in performing their duties.

No Director shall receive compensation for serving the Cooperative in any other capacity, unless the service of such Director is temporary and shall be specifically authorized by a

vote of the Board or the members upon a determination that such is or was an emergency measure.

SECTION 4.15. RULES, REGULATIONS, POLICIES, RATE SCHEDULES AND CONTRACTS

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

SECTION 4.16. ACCOUNTING SYSTEMS AND REPORTS

The Board shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during and financial condition as of the end of such year. A summary, either written or oral, 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 4.17. CLOSE RELATIVES

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 re-elected as a Director if, during his incumbency as a Director, he becomes a close relative of another incumbent Director or a Cooperative employee because of marriage or adoption to which he was not a party nor shall any incumbent Director lose eligibility to remain or be re-elected as a Director if

serving at the time of adoption of these Bylaws because of such relationship. No close relative of a Director shall be employed by the Cooperative. However, 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 marriage or adoption to which he was not a party or lose eligibility for the reason that he was a close relative of an incumbent Director if already employed by the Cooperative at the time of adoption of this Bylaw provision.

As used in these Bylaws, "close relative" means a person who, by blood or by law, including step, half, and adoptive kin, is within the third degree of a current employee or Director.

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 convenient. 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 as the Board shall provide by resolution. 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 Chairman 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 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 5.04. The Board, the Chairman, or the Directors calling the meeting shall fix the date, time and place for the meeting. 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, if all the Directors consent thereto in writing either before or after such meeting. The Directors may take any action by written consent that may be taken at a special meeting.

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 a written charge, setting forth the reason for his removal, and shall be afforded a hearing and the same rights afforded to him under Section 4.12 regarding Removal of Directors by members.

SECTION 5.04. NOTICE OF DIRECTORS' MEETINGS

Written or oral notice of the day, time, place, or 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, any regular meeting of the Board shall be delivered to each Director not less than five (5) days prior thereto, either personally or by email or mail, by or at the direction of the Secretary or, upon a default in this duty by Secretary, by 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) 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 grounds 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 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 a quorum is present, or for any action taken by consent.

ARTICLE VI OFFICERS AND RELATED MATTERS

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. 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 6.01 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 possible. 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 qualified, subject to the provisions of the Bylaws with respect to the removal of Directors and to the removal of officers by the Board. The Board may designate and elect any other officer 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. CHAIRMAN

The Chairman 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 preside 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 to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to the Chairman or some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;

- (c) in general, perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board 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.

SECTION 6.07. SECRETARY

The Secretary shall:

- (a) keep, or cause to be kept, the minutes of meetings of the member 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 Bylaws 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 documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or is required by law;
- (d) keep, or cause to be kept, a register of the name of each member, and address furnished to the Cooperative by such member;
- (e) have general charge of the books of the Cooperative;
- (f) keep or cause to be kept on file a complete copy of the Cooperative's Articles of Incorporation and Bylaws and other documents required by law of the Board

together with all amendments thereto, rules and regulations, policies, 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 to a member of such documents set forth in this paragraph upon request; and

- (g) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned 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 the duties incident to the office of Treasurer and such other duties as from time to time may be assigned 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 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 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, liabilities and authorities.

SECTION 6.10. PRESIDENT/CEO

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 shall be designated President/CEO. 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.

SECTION 6.11. BONDS

The Board shall require the Treasurer and 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 employee 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, agent or employee who is also a Director or a close relative of a Director shall be determined as provided in Section 4.14 of these Bylaws, 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, agents and employees against liability and costs of defending against liability, and shall purchase insurance in reasonable amounts to cover such indemnification to the fullest extent such insurance is available, to the fullest extent permissible by law, including Section 48-58-301 through 48-58-601 (Section 304 excluded)

of the Tennessee Nonprofit Corporation Act, as the same may from time to time be amended.

SECTION 6.13. REPORTS

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

SECTION 6.14. COMMITTEES

The Chairman, 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 Chairman 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 Bylaws, 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 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 or motion 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
NON-PROFIT OPERATION

SECTION 8.01 OPERATION

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 8.02 DISPOSITION OF REVENUES;
DISTRIBUTION OF EXCESS**

Patrons shall furnish and contribute to the Cooperative, and the Cooperative shall receive from the Patrons, as capital ("Capital") the amount ("Operating Margins") by which the funds and amounts received by the Cooperative from Patrons for providing a Cooperative service exceed the Cooperative's costs and expenses of providing the Cooperative service. Such costs and expenses are those used for, but are not limited to, the following:

- (1) to defray expenses of the Cooperative, including the operation and maintenance of its facilities during such fiscal year;
- (2) to pay interest and principal obligations of the Cooperative coming due in such fiscal year;
- (3) to finance, or to provide a reserve to finance, the construction or acquisition by the Cooperative of additional facilities to the extent determined by the Board;
- (4) to provide a reasonable reserve for working capital;
- (5) to provide a reserve for the payment of indebtedness of the Cooperative maturing more than one year after the date of the incurrence of such indebtedness in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year;
- (6) to comply with any covenant or obligation of the Cooperative pursuant to any contract it has entered into; and
- (7) to provide a fund for education 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, regional or national publication.

Any Capital Credits that are received by the Cooperative, minus any costs associated with such, shall be allocated as in the same manner as Operating Income and shall be considered as Capital Credits. Any and all Capital Credits allocated are not required to be funded until the Board decides to retire and refund Capital Credits as outlined in Section 8.04.

All capital contributed by Patrons prior to July 1, 1979, shall become permanent non-refundable capital of the Cooperative.

SECTION 8.03 ASSIGNMENT AND NOTIFICATION

Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits may be assigned or transferred only upon:

1. A Patron delivering a written assignment or transfer to the Cooperative;
2. The Patron complying with any other reasonable requirement determined by the Board; and
3. The Board approving the assignment or transfer.

The Cooperative may notify each Patron in writing of the dollar amount of Capital Credits allocated or credited to the Patron.

SECTION 8.04 RETIRING AND REFUNDING CAPITAL CREDITS

At any time prior to the Cooperative's dissolution or liquidation, and if the Board determines that the Cooperative's financial condition will not be adversely impacted and it has authority to do so, the Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund Capital Credits to Patrons and/or former Patrons.

The Board shall determine the manner, method and timing of retiring and refunding Capital Credits.

To secure payment of any amounts owed by a Patron or former Patron to the Cooperative, including any reasonable compounded interest and late payment fees determined by the Board, the Cooperative has a security interest in the Capital Credits of every Patron and former Patron. Before retiring and refunding any Capital Credits the Cooperative may deduct from the Capital Credits any amounts owed to the Cooperative by the Patron or former Patron, including any reasonable compounded interest and late fee determined by the Board.

If the Cooperative takes reasonable measures to notify any Patron or former Patron of retired or refunded Capital Credits, and if the Patron or former Patron fails to claim the retired or refunded Capital Credits within two (2) years, then the Patron or former Patron contributes the unclaimed amounts to the Cooperative, and the Cooperative accepts the unclaimed amounts from the Patron or former Patron, as permanent, non-allocated capital.

A Patron's right to receive Capital Credits vests, accrues and becomes payable only upon the Cooperative retiring or refunding the Capital Credits as provided in these Bylaws, and not upon the Cooperative allocating or crediting the Capital Credits.

SECTION 8.05 CONTRACTS

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 Patrons, and both the Cooperative and such Patrons are bound by such contract as fully as though each Patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of such Patrons by being posted in a conspicuous place in all the Cooperative's offices.

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, including 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 obligations of the Cooperative have been satisfied and discharged, or adequate provision therefore has been made, shall be distributed as provided for in Section 65-25-220 (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 July of each year and end on the last day of the month of June following.

ARTICLE XII
RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board, of any committee provided for in these Bylaws and of any other committee of the members or 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 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
SEAL

The Corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Tennessee."

ARTICLE XIV
BYLAW AMENDMENTS

SECTION 14.01 POWER TO AMEND

The Cooperative's Bylaws may be changed (adopted, amended or repealed) by the members or by the Board, 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 or the members may change any Bylaw if, as established by law, such Bylaw is illegal or has become a legal nullity.

SECTION 14.02 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 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, if a written request is presented 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 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 shall not cause any proposed Bylaw change to be noticed or acted upon, if it determines that such, if adopted, would be illegal or a legal nullity. A change so noticed may not be amended from the floor of the member meeting at which it is being considered.

**ARTICLE XV
CONSTITUTIONALITY**

If any of the provisions of these Bylaws are determined by a court of law to be unconstitutional or otherwise not enforceable, the remaining provisions shall not be affected.

**ARTICLE XVI
ADOPTION**

These Bylaws have been duly adopted by the Board this 23rd day of April, 2008, pursuant to Article XIV, Section 14.02.

END

