

# Bylaws of Cumberland Electric Membership Corporation

## Article 1 – Membership

**Section 1.01. Eligibility.** Any natural person; firm; association; corporation; cooperative; business trust; partnership; federal, state or local government (or departments, agencies or any other political subdivisions thereof); or any other entity<sup>1</sup> shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him<sup>2</sup>, to receive electric service from Cumberland Electric Membership Corporation.<sup>3</sup> No person shall hold more than one membership in the Cooperative.<sup>4</sup>

### **Section 1.02. Application for Membership; Renewal of Prior Application; Membership by Payment for Service.**

**A. Application and agreements therein.** Revised 4-30-04. Application for membership shall be made in writing on such form provided and from time to time prescribed by the Cooperative. An applicant (or spouse of the applicant, who shall be deemed an agent of the spouse for purposes of making the application) shall agree in writing on the application:

- (1) To pay for any service received from the Cooperative;
- (2) To be bound by and to comply with all provisions of the Cooperative's:
  - (a) Charter and Certificate of Incorporation, and Amendment to Charter and Articles of Conversion<sup>5</sup>;
  - (b) Bylaws;
  - (c) All policies, rules, regulations, rate classifications and rate schedules established pursuant thereto; and
  - (d) As all matters in (a), (b), and (c) then exist or may thereafter be adopted or amended<sup>6</sup>; and
- (3) That he is both willing and able to abide by the Cooperative's terms and conditions (which include, but are not limited to, the matters in (2) for rendering service.

**B. Accompanying supplemental contracts.** With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form provided and from time to time prescribed by the Cooperative.

**C. Membership fee.** The membership application shall be accompanied by a 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.

**D. Renewal or reactivation of former member's application.** Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the Tennessee legal rate on judgments in effect when such account first became overdue, (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

#### **E. Membership by payment for service.**

- (1) **Generally.** Notwithstanding any other provision of these Bylaws to the contrary, any person not already a member of the Cooperative (and not making payment for or on behalf of an existing member) succeeding (as an immediate or remote successor), in reference to a deceased natural person member or other member whose legal existence has ceased, to the ownership or direct occupation or use of premises to which electric service has been furnished by the Cooperative, by paying for service from the Cooperative, agrees by so paying to pay for any service received from the Cooperative and signifies that he is otherwise willing and able to abide by the Cooperative's terms and conditions for rendering service, and thereby automatically becomes a member pending formal written application<sup>7</sup> pursuant to Section 1.02(A), subject to all provisions of these Bylaws as if the member had joined by formal written application and automatic acceptance into membership.

<sup>1</sup> Referred to as "person" or "applicant".

<sup>2</sup> References to the masculine in these bylaws include the feminine and neuter.

<sup>3</sup> Referred to as the "Cooperative".

<sup>4</sup> A member can be assigned more than one membership number for accounting and control purposes.

<sup>5</sup> Referred to as the "Charter".

<sup>6</sup> The obligations embraced by such agreement in the application are referred to as "membership obligations".

<sup>7</sup> Notwithstanding lack of reflection thereof on the Cooperative's accounting or membership records.

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**(2) Payment by more than one person.** Payment of the same or different bills for service for the same premises by more than one person shall be deemed a joint venture for the obtaining and paying for service.

**(3) Statement on bill.** The Board of Directors shall provide by resolution for an appropriate statement of the above effect of one or more than one nonmember's paying a bill under the circumstances described, and such statement shall be printed on or sent with a bill as a condition to payment of such bill having such effect. Such effect of a nonmember's paying a bill arises upon the payment of part or all of one bill and continues through suspension (and would arise after reinstatement) or termination of membership. Such statements printed on or sent with bills may be periodic.

**Section 1.03. Membership Fee; Service Security, Connection and Facilities Extension Deposits; Contribution in Aid of Construction.** A membership fee shall be as fixed from time to time by the Board of Directors. The membership fee may be a set amount charged per service connections from time to time added. A membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him.

**Section 1.04. Joint Membership.** A husband and wife, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, they may by specifically so requesting in writing convert such membership into a joint membership.<sup>8</sup> All provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

- (1) The presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (2) The vote of either or both shall constitute, respectively, one joint vote. **Provided**, if both be present but not in agreement on such vote, each shall cast only one-half (1/2) vote;
- (3) Notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (4) Suspension or termination in any manner of either shall constitute suspension or termination of the joint membership;
- (5) If a husband and wife hold a joint membership, either but not both at the same time, may serve as a Director of the Cooperative, but only if both meet the eligibility requirements to be nominated and elected as a Director. **Provided**, no person shall be disqualified for nomination and election as a Director because his spouse is less than eighteen (18) years of age; and
- (6) Neither will be permitted to have any additional service connections except through their one joint membership unless such already existed under an individual membership prior to creation of the joint membership, notwithstanding Section 1.01.

**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 Board of Directors may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause.

**Section 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts.**

**A. Purchase of power.** The Cooperative shall use reasonable diligence to furnish each member with adequate and dependable electric service to premises to which electric service has been furnished by the Cooperative pursuant to his membership. The Cooperative, however, cannot and therefore does not guarantee a continuous and uninterrupted supply of electric service. Each member, for so long as premises, to which electric service has been furnished by the Cooperative pursuant to his membership, are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement.

<sup>8</sup> In these Bylaws, the words "member," "applicant," "person," and singular pronouns referring to a member, applicant, or person shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text.

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- B. Production of power by members.** 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.
  - C. Payment for service.** Each member shall pay for electric service at the times, and in accordance with the rules, regulations, rate classifications, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors 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. When the member has more than one service connection from the Cooperative, any payment by him for electric service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and prorating. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable.

**Section 1.07. Excess Payments to be Credited as Member-Furnished Capital.** All amounts paid for electric service in excess of the cost thereof shall be treated as member-furnished capital as provided in Article 9 of these Bylaws.

**Section 1.08. Wiring of Premises; Responsibility for Wiring of Premises; Responsibility for Meter Tampering, Bypassing and Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.**

- A. Wiring of premises.** 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, the National Electric Code, any applicable local governmental ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail.
- B. Responsibility of member. Indemnification by member.** Each member shall be responsible for such premises and all wiring and apparatuses connected to or used on the premises. Each member 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 of the premises. Each member (and applicant prior to acceptance on date of connection for electric service) shall make available without charge to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have safe access thereto for meter reading and bill collecting and for inspection, installation, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times.
- C. Responsibility for meter tampering, bypassing and damage to Cooperative property.** indemnification by members. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation, or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment.
- D. Responsibility of Cooperative.** The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative extend beyond the point of delivery.

**Section 1.09. Members to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs.** Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right of way over, on and under such lands owned or leased by the member, and without charge in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. The Board of Directors may require from applicants for membership the return of any payments previously made to such applicants for easements. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be

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established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy, or to conduct load research.

## **Article 2 - Suspension and Termination of Membership.**

### **Section 2.01. Suspension; Reinstatement.**

- A. Suspension.** Upon his failure, after the expiration of the initial time limit<sup>9</sup> prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due to the Cooperative or to cease any other noncompliance with his membership obligations, a person's membership shall automatically be suspended. During such suspension, he shall not be entitled to receive electric or other service from the Cooperative or to cast a vote at any meeting of the members.
- B. Reinstatement.** Payment of all amounts due to the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

**Section 2.02. Termination by Expulsion; Renewed Membership.** Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may, without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. After expulsion of a member, he may not again become a member except upon new application duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all of his obligations of membership.

**Section 2.03. Termination by Withdrawal or Resignation.** A member may withdraw from membership

- A.** Upon such generally applicable conditions as the Board of Directors shall prescribe, and
- B.** Upon either:
  - (1) Ceasing to (or, with the approval of the Board of Directors resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership; or
  - (2) Except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

**Section 2.04. Termination by Death or Cessation of Existence; Unincorporated Entities and Partnerships; Divorce of Non-Joint Member.**

- A. Natural person members.** The death of a natural person member shall automatically terminate his membership.
- B. Members other than natural person members generally.** The cessation of the legal existence of any other type of member shall automatically terminate such membership.
- C. Unincorporated entities.** Notwithstanding Section 2.04(B), changes in the number or identity of the persons belonging to an unincorporated entity or changes of incumbents in office of an unincorporated entity shall not be cessation. Such membership shall continue to be held by the unincorporated entity so long as it continues to own or directly occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by an entity with a different number or identity of persons belonging to it or different incumbents in office.
- D. Partnerships.** Notwithstanding Section 2.04(B), 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 occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners. Upon the dissolution for any reason of a partnership, such membership shall continue to be held by such former partners as continue to own or directly occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though the former partners were in a joint venture for the obtaining of electric service, if more than one, or a natural person membership if only one former partner.

<sup>9</sup> This initial time limit, as applied to regular electric bills, shall be the time from when the gross amount must be paid until the Cooperative may first disconnect electric service according to the notice or a subsequent late notice.

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A withdrawing partner or the estate of a deceased partner shall not be released from any debts due to the Cooperative at withdrawal or death. A former partner shall not be released from any debts due to the Cooperative at the time of dissolution.

- E. Divorce of non-joint member.** The membership of a natural person member who is not in a joint membership shall terminate if he ceases to own or directly occupy or use the premises being furnished electric service pursuant to such membership as the result of or pursuant to a judgment of divorce or annulment. The time of termination shall be when the time to appeal the judgment expires, if no appeal is taken, or if appeal is taken, when the judgment, to the extent it affects the ownership or direct occupation or use of the premises, is finally disposed of by or pursuant to the orders of the appellate courts.

**Section 2.05. Effect of Termination.** Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security deposit, if any, previously paid to the Cooperative), less any amounts due to the Cooperative. Provided, neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due to the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has previously been furnished by the Cooperative pursuant to such membership.

**Section 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership.**

- A. Death.** 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. However, the estate of the deceased spouse shall not be released from any debts due to the Cooperative.
- B. Separation or divorce.** Upon the legal separation, divorce, or annulment of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to own or directly occupy or use premises covered by such membership in the same manner and to the same effect as though such membership had never been joint. If multiple premises are involved (and the division of one premise shall be treated as multiple premises), each spouse shall be a member in respect to his and her respective premises as divided. The other spouse in respect to any premises shall not be released from any debts due to the Cooperative at the time of separation, divorce, or annulment.

**Section 2.07. Board Acknowledgment of Membership Termination; Acceptance of Members Retroactively.** Upon the termination of a person's membership for any reason, the Board of Directors, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for (and the Board of Directors approves) membership, or becomes a member pending formal written application (no Board resolution required) 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 accounting records accordingly.

**Article 3-Meetings of Members**

**Section 3.01. Annual Meeting.** Revised 12-15-06. The annual meeting of members shall be held on a date and at such time of day and place as the Board of Directors shall from year to year determine. Failure to hold the annual meeting at the designated date, time and place shall not work a forfeiture or dissolution of the Cooperative.

**Section 3.02. Special Meetings.** A special meeting of the members may be called by resolution of 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 filed with the Secretary. It shall be the duty of the Secretary to give notice of the special meeting in the manner provided in Section 3.03. The special meeting shall be held at such place in Montgomery or Robertson Counties, Tennessee, on a date and at a time of day, not sooner than forty (40) days after the call for the meeting is made or a petition for it is filed. The place, date and time of the special meeting shall be designated by the resolution or petition.

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### Section 3.03. Notice of Member Meetings.

- A. Notice when vote of majority of all members not required.** Written or printed notice of the date, time, and place of the meeting, and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member, by mail, by the Secretary or his designee. Any such notice may be included with member service billings or as an integral part of the Cooperative's monthly newsletter, by insertion in THE TENNESSEE MAGAZINE, or in any other reasonable manner, within the time provided in (B)(3).
- B. Notice when vote of majority of all members required.** No matter, the carrying of which, as provided by law, requires the affirmative votes of at least a majority of all the Cooperative's members, shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid first class and postmarked not later than the minimally required days prior to the meeting date that notice must be given, as follows:
- (1) Except as otherwise provided in these Bylaws, not less than ninety (90) days prior to the date of a meeting of the members at which the Cooperative's dissolution or the sale or lease-sale of all or any substantial portion of its assets and properties devoted to and used or useful in furnishing electric service is scheduled to be considered and acted upon; or
  - (2) Except as otherwise provided in these Bylaws, not less than forty-five (45) days prior to the date of a meeting of the members of the Cooperative at which a merger or consolidation with one or more other cooperatives is scheduled to be considered and acted upon; or
  - (3) If subdivision (1) or (2) foregoing is not applicable, not less than five (5) nor more than one hundred (100) days prior to the date of the meeting.
- C. Waiver and objection regarding notice.** 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; Loss of Quorum-Adjournment; Record of Quorum.

- A. Quorum.** A quorum for the transaction of business at meetings of the members shall, except as provided in the next following sentence, be the lesser of two percent (2%) of all members or one hundred (100) members; and, once such a quorum is established, the meeting may proceed to transact all business that may lawfully come before it so long as at least the lesser of one percent (1%) of all members or fifty-one (51) members remain present. In the case of a meeting of the members at which the dissolution of the Cooperative or the sale or lease-sale of all or any substantial portion of its assets and property devoted to and used or useful in furnishing electric service is scheduled to be considered and acted upon pursuant thereto, the quorum requirement shall be and shall remain throughout the meeting ten percent (10%) of all members.
- B. Loss of quorum-adjournment.** 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.
- C. Record of quorum.** 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 (or whose spouses were present in their absence).

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**Section 3.05. Members Eligible to Vote.** Only those members who have been members of record of the corporation pursuant to Article 1 of these Bylaws for not less than sixty (60) days prior to the annual meeting shall be entitled to vote at any meeting of the members.

**Section 3.06. Voting.** 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 Charter or these Bylaws. Drawing by lot shall resolve, where necessary, any tie votes. 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. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. When a membership is issued in the name of one spouse, the other unnamed but identified spouse shall have the right to cast the vote of the member on any matter submitted to a vote at any meeting of members when the spouse named in the membership is not present at such meeting. Identification of the unnamed spouse shall be by personal acquaintance or satisfactory evidence. A member may not cumulate votes.

**Section 3.07. Credentials Committee.** Revised 07-24-98

- A. Appointment and Composition.** The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials Committee consisting of five (5) members. In the event the Board of Directors authorizes early voting in the district offices of the Cooperative, the Board of Directors shall, at least ten (10) days before any date for early voting in the district offices, appoint a Credentials Committee consisting often (10) members. All persons appointed to the Credentials Committee shall not be Cooperative employees, agents, officers, Directors, or known candidates for Director, and are not close relatives or members of the same household of any of the foregoing. The Board of Directors may appoint a replacement committee member for any committee member absent at the beginning of the meeting of the members.
- B. Procedure and duties.** The Committee shall elect its own chairman and secretary. It shall be the responsibility of the Committee to pass upon all questions that may arise with respect to the registration and qualification of members, to count all votes, and to rule upon the effect of any irregularly or indecisively marked or cast votes. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. The Committee's decision on all matters covered by this Section shall be final and reduced to writing as soon as practicable.

**Section 3.08. Order of Business.** Revised 07-25-97, 08-29-97, 03-26-98. The order of business at the annual meeting or a special meeting of the members shall be as follows:

- (1) Report on the number of members present in order to determine the existence of a quorum;
- (2) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (3) Election of Directors;
- (4) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (5) Presentation and consideration of reports of officers, Directors and committees;
- (6) Unfinished business;
- (7) New business;
- (8) Adjournment.

Notwithstanding the foregoing, the Board of Directors may from time to time establish a different order of business for the purpose of assuring the earlier consideration of an action upon any matter of business the transaction of which is necessary or desirable in advance of any other item of business. No business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established. Balloting for Director elections - may occur during the registration process or prior thereto as the Board of Directors may determine provided same is set forth in the notice of the annual meeting.

## **Article 4-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 ten (10) Directors. The Board of Directors shall exercise all of the powers of the

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Cooperative except such as are by law or by the Charter of the Cooperative or these Bylaws conferred upon or reserved to the members.

**Section 4.02. Qualifications.** Revised 4-30-04.

- A.** No person shall be eligible to become or remain a Director who:
- (1) Is not a member;
  - (2) Is an employee or former employee of the Cooperative;
  - (3) Is less than eighteen (18) years of age;
  - (4) Is a close relative of a Director;
  - (5) Is a close relative of an employee of the Cooperative;
  - (6) Does not receive service from the Cooperative at his primary residential abode;
  - (7) Is in any way employed by or financially interested in a competing enterprise or a business selling electricity, supplies; or services to the Cooperative;
  - (8) Is the incumbent of or candidate for election to a public office in connection with which a salary is paid in excess of Three Thousand (\$3,000.00) Dollars per annum; and further
  - (9) Not more than two (2) Directors (excepting the additional tenth Director provided for at the end of this paragraph) shall be elected from any one county, and not more than one (1) Director shall be elected within the radius of one (1) mile from the center of any incorporated city or town or unincorporated village. Not more than one (1) Director shall be elected from that part of Stewart County generally referred to as north of the Cumberland River, nor more than one (1) Director from that part of the county generally referred to as south of the Cumberland River; not more than one (1) Director shall be elected from that part of Montgomery County generally referred to as north of the Cumberland River, nor more than one (1) Director from that part of the county generally referred to as south of the Cumberland River; not more than one (1) Director shall be elected from that part of Robertson County generally referred to as north of the present main line of the CSX Railroad, nor more than one (1) Director from that part of the county generally referred to as south of the present main line of the CSX Railroad; not more than one (1) Director shall be elected from that part of Sumner County generally referred to as north of the Highland Rim Ridge, nor more than one (1) Director from that part of the county generally referred to as south of the Highland Rim Ridge; not more than one (1) Director shall be elected from the same civil district in Cheatham County. An additional Director shall be elected from anywhere in a county in Tennessee served by the Cooperative; and
  - (10) Any Director who misses three (3) consecutive meetings or a total of five (5) meetings within any period of twelve (12) months shall be ineligible to remain 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.
- B.** The Board of Directors shall as necessary review or determine the geographical areas from which Directors qualify as set forth in Section 4.02(8) with an equitable regard for the members served therein, other communities of interest, and boundaries that are readily ascertainable.
- C.** Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent Director shall lose eligibility to remain a Director or to be re-elected as a Director if, during his incumbency as a Director, he becomes a close relative of another incumbent Director or of a Cooperative employee because of a marriage to which he was not a party.
- D.** 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 Nominating Committee to disqualify such nominee.
- E.** 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.
- F.** Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

**Section 4.03. Election.** Revised 4-30-04. At each annual meeting of the members (including early voting), Directors shall be elected by the members by means of secret written ballot or by voting machine. Provided, secret written balloting may be dispensed with in respect to election of an unopposed nominee from any specific geographical area

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referred to in Section 4.02(8) or for the additional tenth Director. Each member shall be entitled to cast the number of votes (but not cumulatively), which corresponds to the total number of Directors to be elected. Drawing by lot shall resolve, where necessary, any tie votes. 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 4.04. Tenure.** Revised 4-30-04, 5-28-04. Directors shall be elected for a term of three (3) years. Upon election, a Director shall serve such term unless and until disqualified (if disqualified while in office, the position shall be vacant as of the time of disqualification) or until a successor is elected and qualified. Directors are divided into three (3) groups whose elections are staggered over a cycle of three (3) years, with each group being elected in a different year. These groups are identified by the geographical area served by the Director, to wit:

1. South Stewart, North Robertson, North Sumner
2. South Robertson, South Montgomery, Cheatham
3. North Stewart, North Montgomery, South Sumner, At-Large

**Section 4.05. Nominations.** It shall be the duty of the Board of Directors to appoint, not less than sixty (60) days nor more than one hundred (100) days before the date of a meeting of the members at which Directors are to be elected, a Nominating Committee consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the Committee to the geographical areas served by the Cooperative. No officer or Director of the Cooperative shall be appointed to the Committee. The Committee shall meet as soon as possible after appointment to consider nominations. The Committee shall cause to be prepared and posted at the principal office of the Cooperative at least sixty (60) days before the meeting a list of nominations for Director, but any fifteen (15) or more members may make other nominations in writing over their signatures not less than sixty (60) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail with the notice of the meeting a statement of the number of Directors to be elected and showing separately the nominations made by the Nominating Committee and the nominations made by petition, if any. Notwithstanding anything contained in this Section, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of Directors.

**Section 4.06. Vacancies.** A vacancy occurring on the Board of Directors shall be filled by the Board of Directors. A Director thus elected shall serve out the unexpired term of the Director whose office was vacated, or until a successor is elected and qualified.

**Section 4.07. Compensation; Expenses.** Directors shall, as determined by resolution of the Board of Directors, receive on a per diem basis a fixed fee, which may include insurance benefits for attending meetings of the Board of Directors and, when approved by the Board of Directors, for otherwise performing their duties. The fee or fees fixed for otherwise performing their duties need not be the same as the fee fixed for attending meetings of the Board of Directors. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred, in performing their duties. No close relative of a Director shall be employed by the Cooperative and no Director shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or the service of such Director is temporary and shall be specifically authorized by a vote of the Board of Directors or the members upon a determination that such was an emergency measure. **Provided,** a Director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the unanimous vote of the remaining Directors.

**Section 4.08. Policies, Rules, Regulations, Rate Schedules and Contracts.** Revised 4-30-04. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such policies, 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 Charter or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

**Section 4.09. Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition 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

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members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

**Section 4.10. Subscription to Cooperative's Newsletter; Subscription to State-wide Publication.**

- A. Newsletters.** For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Directors shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to any Cooperative newsletter. The annual subscription price shall be for a reasonable amount approved by the Board of Directors, and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.
- B. Publications.** The Board of Directors shall also be empowered, on behalf of and for circulation to the members periodically, to subscribe to the state-wide or national publication, which amount or amounts shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative. The Board of Directors may change the annual subscription price or define a range therefor to ensure that any second class mail permit is not revoked or for any other valid reason.

**Section 4.11. "Close Relative" Defined.** As used in these Bylaws, "close relative" means a person who, by blood or in law, including step, half, and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.

**Section 4.12. Amendments to Bylaws.** These Bylaws may be changed (adopted, amended or repealed) by the Board of Directors.

**Article 5 - Meetings of Directors**

**Section 5.01. Regular Meetings.** A regular meeting of the Board of Directors shall be held monthly at such date, time and place in one of the counties in Tennessee within which the Cooperative serves as the Board of Directors shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the day, time and place thereof, except when business to be transacted thereat shall require special notice. Provided, any Director absent from any meeting of the Board of Directors 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 of Directors. If a policy therefor is established by the Board of Directors, the President may change the day, time or place of a regular monthly meeting for good cause and upon at least three (3) days notice thereof to all Directors.

**Section 5.02. Special Meetings.** Special meetings of the Board of Directors may be called by Board resolution, by the President, or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The Board, the President, or the Directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in Montgomery or Robertson Counties, Tennessee 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, if all the Directors consent thereto.

**Section 5.03. Notice of Meetings of Directors.** 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 three (3) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this 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 three (3) days prior to the meeting date. The attendance of a Director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

**Section 5.04. Quorum.** The presence in person of a majority of the Directors in office shall be required for the transaction of business 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 in office or present. Provided further, if less

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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 6 - Officers and Miscellaneous**

**Section 6.01. Number and Title.** The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, Assistant Secretary, and Assistant Treasurer, and such other officers as may from time to time be established by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person. The offices of Assistant Secretary and Assistant 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 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 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 shall have qualified, subject 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.

**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 thereby be served.

**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. President.** The President shall:

- (1) 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;
- (2) 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
- (3) In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

**Section 6.06. Vice President.** In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 6.07. Secretary.** The Secretary shall:

- (1) Keep, or cause to be kept, the minutes of meetings of the members and of the Board of Directors in one or more books provided for that purpose;
- (2) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (3) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all 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;
- (4) Keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- (5) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (6) Keep on file at all times a complete copy of the Cooperative's Charter and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and
- (7) In general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

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- (8) In the absence of the Secretary, or in the event of his inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary; and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 6.08. Treasurer.** The Treasurer shall:

- (1) Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (2) Receive and give receipts for 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
- (3) In general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.
- (4) In the absence of the Treasurer, or in the event of his inability or refusal to act, the Assistant Treasurer shall perform the duties of the Treasurer, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer; and shall perform such other duties as from time to time may be assigned to him 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 the Treasurer (or the Assistant Secretary and Assistant Treasurer) as above 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 such duties to one or more agents, other officers or employees of the Cooperative who are not Directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

**Section 6.10. General Manager; Executive Vice President.** The Board of Directors may appoint a General Manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. Such officer shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in him.

**Section 6.11. Bonds.** The Board of Directors shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as 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 close relative of a Director shall be determined as provided in Section 4.07 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 General Manager or, if so titled, the Executive Vice President), agents and employees against liability and costs of defending against liability, and shall purchase insurance in reasonable face amounts to cover such indemnification to the fullest extent such insurance is available, to the fullest extent permissible by law, including Tennessee Code Annotated §§ 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 President, subject to Board approval, shall appoint members, and specify the functions of any committees which are deemed necessary to assist the Board in the performance of its duties and responsibilities. In addition to other committees, the President may appoint an Executive Committee, selected from the Board of Directors, which shall have the power and authority to act on behalf of the Board on emergency matters or 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 a committee action were modified or rejected.

## **Article 7 - Contracts, Checks and Deposits**

**Section 7.01. Contracts.** Except as otherwise provided by law, the Cooperative's Charter, or these Bylaws, the Board of Directors may authorize any Cooperative officer, agent or employee to enter into any contract or execute

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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 of the Board of Directors.

**Section 7.03. Deposits and 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 8 - Membership Certificates**

**Section 8.01. Certificate of Membership.** Membership in the Cooperative may, if the Board so resolves, be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Cooperative's Charter or these Bylaws. Such certificate, if authorized to be issued by the Board, shall be signed by the authorized employee or agent issuing same.

**Section 8.02. Issue of Membership Certificates.** No membership certificate shall be issued for less than the membership fee fixed by the Board of Directors nor until such membership fee, any required service security deposits, facilities extension deposits, service connection fees, or contributions in aid of construction have been fully paid.

**Section 8.03. Lost Certificate.** In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

## **Article 9 - Nonprofit Operations**

**Section 9.01. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**Section 9.02. Disposition of Revenues; Distribution of Excess.** With respect to the Cooperative's furnishing of electric service, the revenues therefrom for any fiscal year, in excess of the amount thereof necessary:

- (1) To defray expenses of the Cooperative, including the operation and maintenance of its facilities during such fiscal year;
- (2) To pay interest and principal obligations of the Cooperative coming due in such fiscal year;
- (3) To finance, or to provide a reserve to finance, the construction or acquisition by the Cooperative of additional facilities to the extent determined by the Board;
- (4) To provide a reasonable reserve for working capital;
- (5) To provide a reserve for the payment of indebtedness of the Cooperative maturing more than one year after the date of the incurring of such indebtedness in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year;
- (6) To comply with any covenant or obligation of the Cooperative pursuant to any contract it has entered into; and
- (7) To provide a fund for education in cooperation and for the dissemination of information concerning the effective use and conservation of electric power and energy and concerning any other services made available by the Cooperative, including, if the Board so authorizes, publication of or subscription to a Cooperative newsletter and/or a state-wide or regional publication.

Shall be distributed or credited by the Cooperative to patrons:

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

**Section 9.03. Use of Contributed Capital.** Revised 4-30-04. The Cooperative is to furnish its patrons with such primary and secondary goods and services as set forth in the Charter and Articles of Amendment to the Charter of the Cooperative 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 and other goods and services from the

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primary and secondary purposes of the Cooperative to patrons, members and nonmembers alike, in excess of operating costs and expenses properly chargeable thereto are at the moment of receipt by the Cooperative received with the understanding that they are furnished by the patrons as capital. Capital contributed by the patrons shall be used only for capital purposes for the Cooperative's primary and secondary 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 primary and secondary purposes, and for facilitation of general rate reductions.

**Section 9.04. Ascertainment of Contributed Capital.** The Cooperative shall maintain such books and records as will enable it at any time, upon reasonable notice, to compute the amount of capital contributed during any given accounting period by each of its patrons.

**Section 9.05. Contract.** The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the provisions of this Article of the Bylaws shall constitute and be a contract between the Cooperative and non-member patrons, and both the Cooperative and such patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of such patrons by being posted in a conspicuous place in the Cooperative's offices.

**Section 9.06. Patronage Refunds in Connection with Furnishing Other Services or Goods.** Revised 4-30-04. In the event that the Cooperative should engage in the business of furnishing services or goods in accordance with its secondary purposes as set forth in the Charter and Articles of Amendment to the Charter of the Cooperative, 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 10 - 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 11 - Disposition and Pledging of Property; Distribution of Surplus Assets and Dissolution**

**Section 11.01. Disposition and Pledging of Property.** The Cooperative may authorize the sale, lease, lease-sale, disposition, pledging, mortgaging or encumbering of all, a substantial portion or any part of its assets and properties as provided by law, including Tennessee Code Annotated §§ 65-25-113 and 65-25-114, as the same may from time to time be amended.

**Section 11.02. Distribution of Surplus Assets on Voluntary Dissolution.** Upon the Cooperative's voluntary dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged, or adequate provision therefor has been made, shall be distributed as provided for in Tennessee Code Annotated § 65-25-120(b)(2), as the same may from time to time be amended.

#### **Article 12 - Fiscal Year**

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

#### **Article 13 - Rules of Order**

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Charter 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 14 – Seal**

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