

THE MIDDLE TENNESSEE ELECTRIC MEMBERSHIP CORPORATION

Amended August 16, 2008

The aim of The Middle Tennessee Electric Membership Corporation (hereinafter called the "Cooperative") is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

BYLAWS

ARTICLE I Members

SECTION 1. QUALIFICATIONS AND OBLIGATIONS. Any natural person, firm, association, corporation, cooperative, business trust, partnership and federal, state or local governments, or departments, agencies or any other political subdivision or body politic may become a member in the Cooperative by:

- (a) Paying membership fee hereinafter specified:
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) Agreeing to comply and be bound by the Rural Electric and Community Services Cooperative Act, by the Articles of Conversion of the Cooperative, and these Bylaws and any amendments thereto, and such rules and regulations as may vary from time to time be adopted by the Board of Directors;
- (d) Any former member of the Cooperative may apply for membership by agreeing to (a), (b), (c) above in addition to paying any outstanding account plus accrued interest thereon compounded annually at the rate the Cooperative pays on security deposits of members from the date such account first became overdue;

provided, however, that no natural person, firm, association, corporation, cooperative, business trust, partnership and federal, state or local governments, or departments, agencies or any other political subdivision or body politic shall become a member unless and until accepted for membership by the Board of Directors or the members. Hereinafter for those members who are other than natural persons or sole proprietorships, those non-natural persons may otherwise be referred to in these Bylaws as business entities/organizations which shall include but be not limited to non-natural persons, firms, associations, corporations, cooperatives, business trust, partnerships, and federal, state or local governments, or departments, agencies or any other political subdivision or a body politic. At each meeting of the members of the Cooperative, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b), and (c) of

this section. Such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the members' meeting to which his/her application will be submitted and such applicant may be present and heard at the meeting.

There shall be no joint memberships and any existing joint memberships are hereby abolished. A husband and wife who previously held joint membership shall be an individual member with the name of the spouse first appearing on the Cooperative membership account roll being the individual member in which said membership shall be held unless the former joint members notify the Cooperative otherwise in writing.

SECTION 2. ESTABLISHMENT OF MEMBERSHIP. Subject to the provisions of Section 1 regarding acceptance of membership by the Board of Directors or the members, membership shall be deemed established upon the member by telephonic or electronic means establishing service with the Cooperative for use by the member.

Any person, firm, corporation or body politic establishing service with the Cooperative via telephonic or electronic means shall be deemed a member of the Cooperative subject to the terms and conditions of membership unless said person, firm, corporation or body politic expressly notifies Cooperative in writing within sixty (60) days of service commencement that the establishment of service via telephonic and electronic means shall not constitute that person, firm, corporation or body politic's membership in the Cooperative.

The Cooperative shall maintain a membership roll of all members. The membership roll may consist of two (2) separate rolls, one for members who were formerly established pursuant to execution and signing of a membership card in written form and one for members established by telephonic or electronic means. The membership roll shall be in such form as the Board of Directors determine.

SECTION 3. MEMBERSHIP FEE. The membership fee shall be non-refundable and fixed from time to time by the Board of Directors. When the non-refundable membership fee is paid by the member said membership fee shall be sufficient payment for any other accounts, multiple or otherwise, held by the member. There shall be no other membership fee charged to the member based upon the number of accounts, meters, or locations of service held and utilized by the member.

SECTION 4. SERVICE TO NON-MEMBERS. The Cooperative shall render service to its members only, provided however, that service may be rendered to governmental agencies and political subdivisions, and to other persons not in excess of ten percent (10%) of the number of its members and provided further, that should the Cooperative acquire any electric facilities dedicated or devoted to the public use it may, for the purpose of continuing service and avoiding hardship and to an extent which together with all other persons served by the Cooperative on a non-member basis shall not exceed forty percent (40%) of the total number

of persons served by the Cooperative, continue to serve the persons served directly from such facilities at the time of such acquisition without requiring that such persons become members, and provided further, that such non-members shall have the right to become members upon non-discriminatory terms.

SECTION 5. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises referred to in the application of such members for membership, and shall pay therefore monthly rates as shall be approximately fixed by the Board of Directors, provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board of Directors from time to time, regardless of the amount of electric energy consumed. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable.

SECTION 6. CONTRIBUTION TO CAPITAL. All amounts received and receivable from the furnishing of electric energy to members and non-members in excess of operating cost and expenses properly chargeable against the furnishing of electric energy are, at the moment of receipt by the Cooperative, received with the understanding that such amounts are furnished by the members and non-members as capital. Capital contributed by members and non-members shall be used only for capital purposes including, without limitation, new electric system construction, the retirement of electric system indebtedness at or prior to maturity and working capital adequate for all purposes including facilitation of general rate reductions. The Cooperative shall maintain such books and records as will enable it at any time to compute, upon reasonable notice, the amount of capital contributed during any given period by each of its members and non-members.

SECTION 7. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no members shall be individually liable or responsible for any debts or liabilities of the Cooperative.

SECTION 8. MEMBERSHIP SUSPENSION AND TERMINATION.

- (a) Suspension for Non-Payment; Reinstatement. Upon failure to pay any amounts due the Cooperative, a member shall automatically be suspended from membership and shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. The Cooperative is authorized to terminate electric service to the suspended member. Payment of all amounts due the Cooperative, including any additional charges required for

reinstatement of electric service shall automatically reinstate the suspended membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meeting of its members.

- (b) Suspension for Non-Compliance; Reinstatement. Upon any member's non-compliance with membership obligations, a member may be suspended from membership for non-compliance with membership obligations and shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Suspension for non-compliance with membership obligations shall occur only upon the action of the Board of Directors wherein the Board of Directors shall consider the non-compliance and determine whether a member should be suspended for non-compliance with membership obligations. The Board of Directors may suspend any member upon majority vote of the Board of Directors. If a member is suspended for non-compliance with membership obligations, written notice of the suspension shall be given to the member and the Cooperative is authorized to terminate electric service to the suspended member. In the event the member comes into compliance with the membership obligations after suspension, the member may be reinstated by action of the President upon payment of all amounts due the Cooperative, including any additional charges required for reinstatement of electric service and membership and/or cessation of any other non-compliance with membership obligations, in which event the members shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meeting of its members. Membership obligations as referred to herein and hereafter shall include but be not limited to provisions of the Rural Electric and Community Services Cooperative Act, or the Articles of Conversion of the Cooperative or the By-laws or any rules and regulations adopted from time to time by the Board of Directors.
- (c) Termination by Expulsion; Renewed Membership. Upon failure of a suspended member to be reinstated to membership, as provided in Section 8 (a) or 8 (b), within forty-five (45) days after the commencement of the suspension, the suspended member may, without further notice, 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, the expelled member may not again become a member except upon a new application therefore duly approved as provided in the by-laws; but the Board of Directors, acting upon such facts and circumstances as the Board may reasonably determine in such cases, may establish such additional terms and conditions for renewed membership as the Board determines to be reasonably necessary to secure the applicant's compliance with all membership obligations.

SECTION 9. TRANSFER, TERMINATION AND WITHDRAWAL OF MEMBERSHIPS.

- (a) Upon the death, cessation of existence, or expulsion of an individual human member, the membership of such member shall thereupon terminate except as hereafter provided. Such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative, and, provided, however, that when in the judgment of the Board of Directors, the financial condition of the Cooperative justifies it, the Board may authorize the repurchase of the membership of any deceased member, such membership to be held by the Cooperative as a treasury membership which may be disposed of by the Board of Directors upon non-discriminatory terms. The cessation of the legal existence of any individual human or other type of member shall automatically terminate such membership, provided, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly occupy or use the premises being furnished electric service pursuant to such membership in same manner and to the same effect as though such membership had never been held by different partners, and that upon the death of an individual member whose spouse or surviving child or grandchild desires to continue membership, such membership shall continue to be held by such surviving spouse and/or child or grandchild 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 the deceased member; provided, that neither a withdrawing partner nor an individual member descendant's estate shall be released from any debts then due the Cooperative. The successor member shall be entered upon the membership roll of the Cooperative upon notification to the Cooperative.
- (b) Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

SECTION 10. CHANGE IN PREMISES TO BE SERVED. Any member who moves from one location to another shall be entitled to receive service at his/her new location if (a) the member notifies the Cooperative of his/her 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 of Directors, and (c) such member pays a reasonable connection charge, the amount of which shall be determined by the Board.

SECTION 11. REMOVAL FROM SERVICE AREA OF COOPERATIVE:

- (a) When in the judgment of the Board of Directors the financial condition of the Cooperative justifies it, the Board may authorize the repurchase of memberships from members who have disposed of premises served by the Cooperative or removed from its service area.

- (b) In the case the Cooperative disposes of facilities which are necessary for the service of any members thereof, such members shall be notified of such disposition at least two (2) months in advance and shall be entitled to have their respective memberships repurchased by the Cooperative.
- (c) Repurchased memberships shall be held by the Cooperative as treasury memberships and the Board of Directors may dispose of such treasury memberships upon non-discriminatory terms.

SECTION 12. SECURITY DEPOSITS. When the membership fee (or such meter deposit as may be required with respect to service to non-members) does not in the judgment of the Board of Directors constitute sufficient security for the payment of bills for electric energy, the Board of Directors may require such customer to post a deposit with the Cooperative in an amount deemed sufficient to secure such payment.

SECTION 13. WIRING. Each member shall cause all premises receiving electric service pursuant to his/her membership to become and remain wired in accordance with the specifications of the State of Tennessee Department of Insurance Division of Fire Prevention, the National Electric Code of the National Board of Fire Underwriters, Rural Utilities Service and all local regulations for the installing of electric wire, apparatus and appliances. Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon.

Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto, safely and without interference from any hostile source, for meter reading and bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As a 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/her best efforts to prevent others from doing so. Each member shall also provide such protective devices to his/her 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 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. In no

event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

SECTION 14. EASEMENT AND LOAD MANAGEMENT PROGRAMS. Each member shall, as a condition of continued membership, without charge to the Cooperative and upon being requested to do so by the Cooperative, grant to the Cooperative as a continuing condition of membership easements or rights-of-way over, on, and under all lands owned, leased or mortgaged by the member and on such reasonable terms and conditions as the Cooperative shall require for furnishing of electric service to the member or to any other members and for the construction, operation, maintenance and relocation of electric facilities. Each member shall execute and deliver to the Cooperative such specific written grants of easements or rights-of-way as may be required by the Cooperative. The Board of Directors may require from applicants for membership the return of any payments previously made to such applicants for easements or rights-of-way. Each member shall participate in any required program that may be established by the Cooperative to enhance load management to more efficiently utilize or conserve electric energy or to conduct load research.

SECTION 15. REMOVAL OF DIRECTORS AND OFFICERS. Any member may bring charges against an officer or Director by filing them in writing with the Secretary, together with a petition signed by ten percent (10%) of the members, requesting the removal of the officers or Directors in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The Director or officer against whom such charges have been brought shall be informed in writing of the charges prior to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence, and the person or persons bringing the charges against him/her shall have the same opportunity.

ARTICLE II Meetings of Members

SECTION 1. ANNUAL MEETING. The Annual Meeting of the members shall be held each year, beginning with the year 1955, at such time and place in the service area of the Cooperative, in the State of Tennessee, as shall be designated by the Board of Directors, and shall be put in the notice of the meeting. The Annual Meeting shall be held for the purpose of electing Directors, passing upon reports covering the previous fiscal year, electing the Nominating Committee for the coming year, and transacting such other business as may come before the meeting. If the election of Directors shall not be held on the day designated therein for any Annual Meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by the Board of Directors, by any three (3) Directors, by the Chairman, or upon a written request signed by at least ten percent (10%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place in the service area of the Cooperative, in the State of Tennessee, which shall be specified in the Notice of the Special Meeting.

SECTION 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) days nor more than twenty-five (25) days before the date of the meeting either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the record of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members, shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. QUORUM. A quorum shall consist of the presence in person of two percent (2%) of all members of the Cooperative or one hundred (100) members, whichever is the lesser, for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 5. VOTING. Each member entitled to a vote shall be an active member of the Cooperative, who is actually presently receiving electrical service from the Cooperative and who has not otherwise been suspended from membership. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote of the members, regardless of the number of memberships held by him/her. All elections shall be decided by a vote of a plurality of the members voting therein in person, by proxy, or by other approved voting method set forth herein and drawing by lot shall resolve, where necessary, any tie votes; provided, when there is only one nominee for Director for each sub-district for which an election is to be held so that there is no election contest, then the election of the unopposed Director shall be decided upon a voice vote of the membership and the other means of voting in person, by proxy or by voting machine beginning on Monday prior to the annual meeting date shall be dispensed with in respect of said uncontested election. All other questions shall be decided by a vote of a majority of the members voting thereon in person, by proxy, or by other approved voting methods set forth herein, except as otherwise provided by law, the Articles of Conversion of the Cooperative, or these By-laws. With regard to any contested election wherein there is more than one nominee for the position to be elected, in addition to voting at a meeting of the members at which a quorum is present or voting by proxy, a member may vote by voting machine beginning on Monday prior to the Annual Meeting date; the Cooperative shall provide one (1) or more voting machines(s) at the main district office and such other MTEMC offices as the Board may determine in each district at which

voting machine(s) an eligible member may vote during the normal business hours of the district office beginning on the Monday before the Annual Meeting and ending on the Friday before the Annual Meeting; said votes cast at the voting machine shall be tabulated and included with those cast by members voting therein in person or by proxy. Voting by business entities/organizations 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. The person presenting the same to vote on behalf of the business entities/organizations must be an officer of the business entities/organizations in order to cast a vote on behalf of the business entities/organizations. With regard to election of Directors, all eligible members regardless of the location of their residency shall be entitled to vote in all elections for all Directors.”

SECTION 6. PROXIES. At all meetings of members, a person may vote by proxy by one of the following methods:

- (a) A member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary or the Secretary’s designee by noontime the day before the meeting and shall thereafter be validated by the Secretary or the Secretary’s designee prior to being voted. No proxy shall be voted at any meeting of the members, except by a member, (unless otherwise provided hereafter), and unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting.
- (b) A non-member spouse (either husband or wife) shall be entitled to and may vote a proxy for a member spouse (either husband or wife). Such proxy voting by spouse shall not be required to be executed in writing or filed with the Secretary or Secretary’s designee before or at the time of meeting, but is automatically granted to the non-member spouse unless the member spouse notifies the Cooperative in writing prior to the meeting that the non-member spouse shall not be entitled to proxy vote for the member spouse. The non-member spouse (either husband or wife) upon voting proxy for the member spouse shall in addition be entitled to vote as proxy for no more than one (1) other member at any meeting of the members. Once the non-member spouse has proxy voted for the member spouse, the member spouse shall not be eligible to vote or to proxy vote for another member at the meeting.

Except as otherwise provided in (b) above, no person shall vote as proxy for more than one (1) member at any meeting of the members. No proxy shall be valid after sixty (60) days from the date of execution if execution of a proxy is required. Except in the case of proxy voting by a non-member spouse, the presence of a member at a meeting of the members may revoke a proxy theretofore executed by him/her, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he/she had not executed a proxy. Also, the presence of a member at a meeting of the members shall not automatically revoke a proxy theretofore given by the member; the first

vote cast, whether the proxy vote or not, by the member shall be deemed the vote of the member at the meeting and no further or other vote shall be permitted by said member. Except as otherwise provided by the proxy voting herein, no member shall be allowed or permitted to transfer or assign their vote to any other member or non-member, natural or otherwise.

SECTION 7. ORDER OF BUSINESS. The order of business at the Annual Meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon
4. Presentation and consideration of, acting upon, reports of officers, Directors, and committees
5. Election of Directors
6. Unfinished business
7. New business
8. Adjournment

ARTICLE III Directors

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of eleven (11) Directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Conversion of the Cooperative or by these Bylaws conferred upon or reserved to the members.

Said eleven (11) Directors shall be elected so as to give equitable representation on the Board of Directors to the geographical area served by the Cooperative. Until these Bylaws shall be changed, such representation shall be as follows:

District No. 1 (Williamson, Maury, Marshall, Hickman, Dickson, Cheatham, Davidson counties area) three (3) Directors; District No. 2 (Rutherford County area) three (3) Directors; District No. 3 (Cannon County area) one (1) Director; District No. 4 (Wilson, Smith, DeKalb, Trousdale counties area) four (4) Directors.

SECTION 2. QUALIFICATIONS AND TENURE. The Directors shall be divided into three (3) classes providing for staggered three (3) year terms with one (1) class of three (3) Directors and two (2) classes of four (4) Directors. At the annual meeting of the members, the Directors for the appropriate class shall be elected by ballot by and from the members. All Directors shall serve for terms of three (3) years each, or until the nearest Annual Membership Meeting to the expiration of their three-year term, or until their successors shall have been elected and have been qualified subject to the provisions of these by-laws with respect to the removal of Directors.

No member shall be eligible to become or remain a Director in the Cooperative who is in any way employed by, or financially interested in, a competing enterprise or business selling electric energy, supplies or services to the Cooperative.

Notwithstanding the foregoing, in order to provide for equitable representation for all members, for the sole purpose of electing and serving as Directors, the present districts will be divided in sub-districts as defined below.

District 1(A) – Williamson County Civil Districts 1, 2, 3, 4, 5, 6, 7, 8, and 10, plus any members in Hickman, Dickson, Cheatham, and Davidson counties.

District 1 (B) – Williamson County Civil District 9.

District 1 (C) – Williamson County Civil Districts 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and 23, plus any members in Maury and Marshall counties.

District 2 (A) – Rutherford County Civil Districts 3 and 6.

District 2 (B) – Rutherford County Civil Districts 4, 7, 8, 10, 11, 12, 13, 14, 20, and 25.

District 2 (C) – Rutherford County Civil Districts 1, 2, 5, 9, 15, 16, 17, 18, 19, 21, 22, 23, and 24.

District 3 – All Cannon County civil districts.

District 4 (A) – Wilson County Civil Districts 1, 2, and 25.

District 4 (B) – Wilson County Civil Districts 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, and 24.

District 4 (C) – Wilson County Civil Districts 4, 5, 6, 7, 8, 9, 12, and DeKalb, Smith, and Trousdale counties coverage areas.

District 4 (D) – Wilson County Civil Districts 3 and 10 and the City of Lebanon.

Said sub-district boundaries are more particularly described according to the sub-district maps maintained on file with the President at the Cooperative headquarters office.

Effective with the 2002 annual meeting date, no member shall be eligible to become or remain a Director of the Cooperative which shall result in a sub-district having more than one (1) Director who is a bonafide resident of the sub-district.

Notwithstanding the foregoing sentence, however, with respect to District 4 (B) and 4 (C), if a vacancy should occur in the existing Directors for either District 4 (B) or 4 (C) or if existing Directors for 4 (B) or 4 (C), serving as of July 1, 2001, should fail to be nominated for re-election from either District 4 (B) or 4 (C), then upon the happening of said event Districts 4 (B) and 4 (C) shall be automatically consolidated into a single District and, thereafter, Wilson County shall be composed of three (3) Districts composed of District 4 (A) set forth above, the consolidation of Districts 4 (B) and 4 (C) which shall thereafter be designated District 4 (B) and District 4 (D) which shall thereafter be redesignated District 4 (C).

Nothing in this section contained 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. No members, presently or formerly employed by the Cooperative, shall be eligible to become or remain a Director, member of the Nominating Committee, or serve in any other capacity, either appointed or elected, or involving any Cooperative election for five (5) years after the termination of his/her employment from the Cooperative.

SECTION 3. NOMINATIONS. Beginning with the Annual Meeting in 2000 and annually thereafter, the members shall elect from the membership a Nominating Committee to serve until the next Annual Meeting. Said Nominating Committee shall be elected from the membership in accordance with the voting procedures set forth in Article II, Sections 5 and 6 of the Bylaws.

Member(s) shall be nominated for election to the Nominating Committee upon the submission of a petition signed by a minimum of five (5) members and provided said petition is submitted to the principal office of the Cooperative not less than sixty (60) days prior to the Annual Meeting. Any member so nominated shall stand for election from their respective District. The members from each District shall elect a member or members from their District to the Nominating Committee provided that the number elected to the Nominating Committee from each district shall not exceed the number of Directors serving that district. The duty of this Nominating Committee shall be to choose from the membership one (1) or more candidate(s) for each existing Board member's vacancy, including those vacancies to be created by the expiration of a term of office by a Director at the time of the Annual Meeting. No officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) 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 committee on nominations and the nominations made by petitions, if any. The members may, at any meeting at which a Director or Directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations.

Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any elections of Directors.

SECTION 4. VACANCIES. Subject to the provisions of these Bylaws, with respect to the removal of Directors or any Directors' refusal or inability to serve, vacancies occurring on the Board of Directors shall be filled by a majority vote of the Nominating Committee serving for the year and the Directors so elected shall serve until the next Annual Meeting of the members. At the next annual or special meeting of the members immediately following a vacancy, the members then shall elect a Director to fill out the unexpired term of the Director or Directors which shall be vacant at the time of such meeting. In the event any vacancies occur on the Nominating Committee for any reason whatsoever, such vacancies shall be filled by a majority vote of the Nominating Committee within thirty (30) days after the occurrence of said vacancy or vacancies.

SECTION 5. COMPENSATION. Directors, as such, shall not receive any salary for their services, but by resolution of the Board of Directors may participate in the Cooperative group insurance program and may receive a fixed sum and expenses of attendance, if any, for each meeting of the Board of Directors, or attending any other meeting while on Cooperative business, approved by the Board of Directors.

SECTION 6. RULES AND REGULATIONS. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Conversion of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 7. ACCOUNTING SYSTEM AND REPORTS. The accounts of the Cooperative shall be established and maintained in such form, subject to any contractual obligations of the Cooperative, as the Board of Directors may prescribe. All accounts of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors. The Board of Directors shall also, within thirty (30) days after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following Annual Meeting.

SECTION 8. CHANGE IN RATES. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America, and to each holder of long term indebtedness of the Cooperative, not less than thirty (30) days prior to the date upon which any proposed change in rates charged by

the Cooperative for electric energy becomes effective, and subject, however, to the then existing contractual obligations of the Cooperative as expressed in mortgages or deeds of trust; such proposed change shall not become effective until approved by the holder or holders of not less than seventy-five percent (75%) in principal amount of such long term secured indebtedness.

SECTION 9. INDEMNIFICATION. The Cooperative shall indemnify any Director of the Cooperative against liability incurred in connection with any proceeding in which the Director may be involved as a party, or otherwise, by reason of the fact that such person is or was serving in the capacity as a Cooperative Director, except where such indemnification is expressly prohibited by applicable law, or where the conduct of the Director has been determined to constitute willful, wanton or gross negligence within the meaning of Section 48-1-852, Tennessee Code Annotated, as amended from time to time.

The Cooperative shall likewise indemnify the President, and agents and employees of the Cooperative against liability to the extent that their acts or omissions constituting grounds for alleged liability were performed in their official capacity, except where such indemnification is expressly prohibited by applicable law, or where the alleged acts or omissions have been determined to constitute willful, wanton or gross negligence.

Liability is defined as including, without limitations, damages, judgments, amounts paid in settlements, costs, expenses, disbursements and attorneys' fees. The Cooperative may purchase insurance to cover indemnification as provided in this Article.

ARTICLE IV Meetings of Directors

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after, and at the same place as, the Annual Meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in the service area of the Cooperative as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in the service area of the Cooperative), for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. NOTICE. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least three (3) days prior thereto, by either written notice or electronic means including e-mail, delivered personally or mailed, to each Director at his/her known address. If by regular mail, such notice shall be deemed to be delivered when deposited in the United

States mail so addressed, with postage thereon prepaid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 5. MANNER OF ACTING. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V Officers

SECTION 1. NUMBER. The officers of the Cooperative shall be a Chairman, Vice-Chairman, Secretary, Treasurer, and such other offices as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected, by ballot annually by and from the Board of Directors, at the first meeting of the Board of Directors held after each Annual Meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual Meeting of the members, or until his/her successor shall have been duly elected and shall have qualified, subject to the provision of these Bylaws with respect to the removal of officers.

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

SECTION 4. VACANCIES. Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. THE CHAIRMAN. The Chairman:

- (a) Shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;
- (b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed,

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

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

SECTION 6. VICE-CHAIRMAN. In the absence of the Chairman, or in the event of his/her 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/her by the Board of Directors.

SECTION 7. SECRETARY. The Secretary shall:

- (a) Keep the minutes of the members and the Board of Directors in one (1) 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 by-laws;
- (d) Keep a register of the post office address of each member, which shall be furnished to the Secretary by such member;
- (e) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) Keep on file at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member;
- (g) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board of Directors.

SECTION 8. 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 moneys due and payable to the Cooperative from any source whatsoever, and deposit all such money in the name of

the Cooperative in such bank or banks 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 to him/her by the Board of Directors.

SECTION 9. PRESIDENT. The Board of Directors may appoint a President who may be, but shall not be required to be, a member of the Cooperative. The President shall have general oversight, care and management of the property and business of the Cooperative, and shall perform such additional duties and have such additional authority as the Board of Directors may from time to time require of or vest in him/her; provided, however, that the President shall always be subject to the direction and management of the Board of Directors through action taken at regular or special meetings of such Board.

SECTION 10. BONDS OF OFFICERS. The Board of Directors shall require the Treasurer, or any other officer of the Cooperative charged with the responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 11. COMPENSATION INDEMNIFICATION. The compensation, if any, of any officer, agent or employee who is also a Director, shall be determined by the members; and the powers, duties, and compensation of any other officers, agents and employees shall be fixed by the Board of Directors. The Cooperative shall indemnify Directors, officers, including the President, agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

SECTION 12. 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 13. NEPOTISM. No close relative of a Director shall be a paid employee of the Cooperative.

ARTICLE VI Contracts, Checks and Deposits

SECTION 1. CONTRACTS. Except otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents, to enter

into any contract, or execute and deliver any instrument, in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative, and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. DEPOSITS. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

ARTICLE VII Revenues and Receipts

Revenues of the Cooperative for any fiscal year in excess of the amount thereof necessary for:

- (a) Payment of all current operating expenses including salaries, wages, cost of materials and supplies, power at wholesale, taxes and insurance;
- (b) Payment at maturity, of interest on all bonds, notes or other principal indebtedness issued by, or the payment of which shall have been assumed by, the Cooperative, and for amortization charges on all such bonds, notes or other principal indebtedness and or sinking fund payments thereon;
- (c) The establishment and maintenance of reasonable reserves for replacements, new construction, and for contingencies, and to provide a reasonable amount of cash working capital; and
- (d) Payment of, or the establishment and maintenance of, a reserve in amount sufficient for the payment of all bonds, notes or other principal indebtedness, including interest thereon to the date of the actual payment;
- (e) Payment of an amount not to exceed the actual cost to the Cooperative per year per member for subscription to the Tennessee Magazine, the publication of the Tennessee Electric Cooperative Association, to be paid from the amount accruing to each individual member;

shall, subject to contractual obligations of the Cooperative, be distributed by the Cooperative to its members as either (1) patronage refunds prorated in accordance with the patronage of the Cooperative by the respective members paid for during such fiscal year, or (2) by way of general rate reductions, or (3) by combination of such methods.

ARTICLE VIII
Disposition of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of, or encumber all or any substantial portion of its property unless, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of the members thereof, by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting, provided, however, that notwithstanding anything herein contained, or any other provisions of law, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America, or any instrumentality or agency thereof, or a national financial institution, organized on a Cooperative plan for the purpose of financing its members programs, projects and undertakings, in which the Cooperative holds membership.

ARTICLE IX
Waiver of Notice

Any member or Director may waive, in writing, any notice of meetings required to be given by these Bylaws.

ARTICLE X
Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of July of each year and end on the thirtieth day of June of the following year.

ARTICLE XI
Membership in Other Organizations

This Cooperative may become a member of the National Rural Electric Cooperative Association, the Tennessee Electric Cooperative Association, a member or stockholder of Central Service Association, a member of the Chamber of Commerce of the towns and counties in the area served by the Cooperative, a member of the Middle Tennessee Industrial Development Association, a member of the Tennessee Valley Public Power Association, and a member of National Rural Utilities Cooperative Finance Corporation, a member of Middle Tennessee Electric Customers Care, Inc., and any other corporation, association or financial institution which may assist in or promote the general

welfare, credit or financial needs of the Cooperative organized pursuant to the provisions of the Electric Cooperative Law of Tennessee.

The Cooperative shall not become a member of any other organization without an affirmative vote of the members at a meeting called as provided in these Bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business.

ARTICLE XII Seal

The Corporate seal of the Cooperative shall be in the form of a circle, and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal."

ARTICLE XIII Amendments

These Bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal and provided that in the event the amendment is to be acted upon at the regular meeting, the proposed amendment shall be submitted to the President in writing on or before June 15 for the year of the Annual Meeting at which the amendment is to be considered.

ARTICLE XIV Dissolution

In the event of dissolution of the Cooperative, its affairs shall be liquidated in the manner provided by law. The Directors in charge of such liquidation shall use the proceeds derived from liquidation to satisfy and discharge all outstanding liabilities and obligations of the Cooperative. To the extent permitted by law, any remaining proceeds of liquidation shall be disposed of as follows:

- (a) The aggregate amount of capital contributed by members of the Cooperative during the period of its existence shall be determined and such remaining proceeds up to such aggregate amount shall be returned to such members in proportion to the respective amounts of capital contributed by them.
- (b) The remaining liquidation proceeds, if any, shall be distributed ratably among the members holding memberships as of the time it ceases to conduct its business of supplying electric power and energy.