

Bylaws

Revised August 2006



**Gibson Electric
Membership Corporation**

®

Your Touchstone Energy® Cooperative



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REVISED AND RESTATED BYLAWS OF GIBSON ELECTRIC MEMBERSHIP CORPORATION

ARTICLE I MEMBERSHIP

Section 1.01. ELIGIBILITY. Any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof or body politic shall be eligible to become a member of and to receive electric service at one (1) or more premises owned or directly occupied or used by the member from Gibson Electric Membership Corporation (Cooperative). No person shall hold more than one (1) membership in the Cooperative.

Section 1.02. APPLICATION FOR MEMBERSHIP. To become a member, any applicant for membership shall agree to purchase electric power and energy from the Cooperative, to comply with all the provisions of the Articles of Incorporation, these Bylaws, all rules, regulations and rate schedules established pursuant thereto, as all the same then exist or may hereinafter be adopted or amended, all of which obligations embraced by such agreement, being hereinafter referred to as "membership obligations." Said application shall be made orally or in writing and on such form as will be provided by Cooperative. With respect to any particular classification of service for which the Board of Trustees shall require it, such application shall be accompanied by a supplemental contract executed by the applicant on such form as is provided therefore by the Cooperative. The membership fee provided for in Section 1.03, any service security deposit, service connection fee or deposit, facilities extension deposit or contribution in aid of construction shall be billed to the applicant with the first or subsequent bill for service.

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 legal rate in effect when such account first became overdue, compounded annually (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 Cooperative) renew and reactivate any prior application newly made on the date of such payment.

Section 1.03. MEMBERSHIP FEE; SECURITY DEPOSITS; FACILITIES EXTENSION DEPOSITS; AND CONTRIBUTION IN AID OF CONSTRUCTION. The membership fee shall be from time to time fixed by action of the Board of Trustees. The membership fee (together with any service security deposit, 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 (1) service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Board of Trustees (together with a service security deposit, facilities extension deposit or contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional service connection requested.

Section 1.04. JOINT MEMBERSHIP. Any two (2) or more natural persons (including husband and wife), by all signing the membership application and any supplemental agreement as may be required by the Board of Trustees, may be accepted into joint membership, or if one of them is already a member by the other persons' signing the application, convert such membership into a joint membership. The words "member," "applicant," "person," "his" and "him," "she" and "her," as used in these Bylaws, shall include persons applying for or holding a joint membership, unless otherwise clearly distinguished herein; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly, to them.

Without limiting the generality of the foregoing:

- (a) The presence at a meeting of either or all shall constitute the presence of one (1) member and joint waiver of notice of the meeting;
- (b) The vote of either or both shall constitute, respectively, one (1) joint vote; PROVIDED, that if more than one (1) be present but in disagreement on such vote, each shall present a pro-rata fractional vote;
- (c) Notice to, or waiver or notice signed by, either or all shall constitute, respectively, a joint notice or waiver of notice;
- (d) Suspension or termination in any manner, or either, shall constitute, respectively, suspension or termination of the joint membership;
- (e) Anyone shall be eligible to serve as a Trustee of the Cooperative, provided that he or she meets the qualifications required therefore; and
- (f) Neither shall be permitted to have any additional service connection except through one (1) joint membership.

Section 1.05. ACCEPTANCE INTO MEMBERSHIP. Upon complying with the requirements set forth in Section 1.02, any applicant shall by Board resolution be accepted into membership in and become eligible to receive electric service from the Cooperative unless the Board of Trustees shall determine that such applicant is not willing or is not able to satisfy and/or abide by the Cooperative's terms and conditions of membership or that such applicant should be rejected for some other good cause. Any person whose application has been submitted to, but not approved by the Board of Trustees for sixty (60) days may, by filing written request therefore with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

Section 1.06. PURCHASE OF ELECTRIC POWER AND ENERGY; POWER PRODUCTION BY MEMBER; APPLICATION OF PAYMENTS TO ALL ACCOUNTS. The Cooperative shall use reasonably diligent efforts to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee continuous and uninterrupted supply thereof, and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, (except to the extent that the Board of Trustees may in writing waive such requirement) and shall pay for the same in

accordance with rules, regulations 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 Trustees and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities, shall be subject to appropriate regulations as may be fixed from time to time by the Cooperative.

Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one (1) service connection from the Cooperative, any payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro-rata basis to his outstanding accounts for such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

Section 1.07. WIRING OF PREMISES; RESPONSIBILITY THEREFORE; RESPONSIBILITY FOR METER TAMPERING OR BYPASSING AND FOR DAMAGE TO COOPERATIVE PROPERTIES; EXTENT OF COOPERATIVE RESPONSIBILITY; INDEMNIFICATION. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the Division of Fire Prevention, Department of Commerce and Insurance of the State of Tennessee; the National Electric Code; any applicable state code or local government ordinances; and of the Cooperative. 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 use thereon. Each member shall make available to the Cooperative a suitable site, as determined by 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 hostile dogs or any other hostile source for meter reading, bill collecting and inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service each member shall be the Cooperative's bailee for any of Cooperative's property or facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such property or facilities, and shall use his best efforts to prevent others from doing so.

Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative from time to time requires in order to protect the Cooperative's physical facilities in 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 of defective functioning of its metering equipment. The Cooperative shall,

however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from 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 for furnishing electric service extend beyond the point of delivery.

Section 1.08. EASEMENTS AND LOAD MANAGEMENT PROGRAMS. Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under any lands owned or leased by the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

Each member shall participate in any required program that may be established by the Cooperative to enhance load management more efficiently to utilize or conserve electric energy or to conduct load research.

ARTICLE II MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01. SUSPENSION; REINSTATEMENT. Upon any member's failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other noncompliance with membership obligations. His membership shall automatically be suspended and he shall not, during such suspension, be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

Section 2.02. TERMINATION BY EXPULSION; RENEWAL. Upon failure of a suspended member to be reinstated to membership as provided in section 2.01, any member may, without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Trustees at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that affect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, and the members may vote to approve or disapprove such expulsion. In the latter event, such membership shall be reinstated retroactively to the date of his expulsion. After any final effective expulsion of a member, he may not again become a member except upon new application approved by the Board of Trustees as provided in Section 1.05. The Board of Trustees, in acting upon the application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

Section 2.03. TERMINATION BY WITHDRAWAL OR RESIGNATION. A member may withdraw from membership under applicable conditions as may be from time to time prescribed by the Board of Trustees upon either (a) closing, ceasing to own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) abandoning totally and permanently the use of central station electric service on such premises.

Section 2.04. TERMINATION BY DEATH OR CESSATION OF EXISTENCE; CONTINUATION OF MEMBERSHIP IN REMAINING OR NEW PARTNER. Except as provided in Section 2.06, the death of an individual natural person member or the cessation of the legal existence of any other entity shall automatically terminate such membership.

PROVIDED, however, 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 to the membership in the same manner and to the same effect as though such partnership had never been held by different partners.

PROVIDED further, that neither a withdrawing partner nor his Estate shall be released from any debts then due the Cooperative.

Section 2.05. EFFECT OF TERMINATION. Upon the termination in any manner of a person's membership, he or his Estate, as the case may be, shall be entitled to a refund of his membership fee, along with his service security deposit, if any, theretofore paid the Cooperative, less any payments due the Cooperative; but neither he nor his Estate as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of the member, as provided in Sections 2.01 and 2.02, such suspension or expulsion shall not constitute a release of such person from his membership obligations as to entitle him to purchase from any other person or central station of electric power and energy for use at the premises to which such service has heretofore been furnished by the Cooperative pursuant to such membership unless the Board of Trustees shall expressly release such person from such obligations.

Section 2.06. EFFECT OF DEATH, LEGAL SEPARATION OR DIVORCE UPON A JOINT MEMBERSHIP. Upon the death of any person of a joint membership, such membership shall continue to be held solely by the survivors in the same manner and to the same effect as though such membership had never been joint.

PROVIDED, however, that the Estate of the deceased person shall not be released from any debts due the Cooperative.

Upon the separation or divorce of the holders of a joint husband and wife membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint.

PROVIDED, however, that the other spouse shall not be released from any debts due the Cooperative.

Section 2.07. BOARD ACKNOWLEDGEMENT OF MEMBERSHIP TERMINATION; ACCEPTANCE OF MEMBERS RETROACTIVELY. Upon the termination of a person's membership for any reason, the Board of Trustees, as soon as practical 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 Trustees approves, membership retroactive to the date on which such person first began receiving such service, in which event the Cooperative, to the extent dedicated or devoted to the public use, it may for the purpose of continuing service and avoiding hardship and to an extent which 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 nonmembers shall have the right to become members on nondiscriminatory terms.

ARTICLE III MEETINGS

Section 3.01. ANNUAL MEETING. Not less than ninety (90) days before the date selected, the Board of Trustees shall select a date, time and place (the place being within the service area of the Cooperative) for the annual meeting of members for the purpose of passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 3.02. SPECIAL MEETINGS. Special meetings of the members may be called by the Board of Trustees, by any three (3) Trustees, by the Chairman of the Board, or upon a written request signed by at least ten percent (10%) of all the members and 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 within the Cooperative's service territory, which may be specified in the notice of the special meeting.

Section 3.03. NOTICE OF MEMBERS' MEETINGS. Written or printed notice of the place, date and hour of annual or district meeting and, in the case of a special meeting or of an annual meeting requiring special notice in which business is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than five (5) days nor more than sixty (60) days prior to the date of the meeting, either personally or by mail, by the Secretary (and in the case of a special meeting, at the direction of him or those calling the meeting). Any such notice delivered by mail may be included with members' service billing, as an integral part of the Cooperative's monthly newspaper or as an integral part of any newsletter or periodical furnished to all the members of the Cooperative. No matter which requires by law the affirmative vote 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.

If mailed, 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. In making such computation the day of the mailing shall not be counted, but the date of the meeting shall be counted.

The incidental and nonintended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at such meeting.

The attendance in person 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 (1) 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 an objection shall notify the Secretary of his objection prior to the meeting.

Section 3.04. QUORUM. Subject to any mandatory amendment to Tennessee Code Annotated s 65-25-114 (h), at least two percent (2%) of the Cooperative's members or one hundred (100) members, whichever is less, shall constitute a quorum for the transaction of business at all meetings of the members. In the case of a joint membership, Section 1.04 shall apply. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

At district meetings at least two percent (2%) of the members in that district, or ten (10) members, whichever is less, shall constitute a quorum.

If a majority of those present so direct, the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03.

At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the minutes of the meetings, or incorporate therein by reference, a list of all members who were registered as being present.

Section 3.05. VOTING. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled (except as provided in Section 1.04) to only one (1) vote upon each matter submitted to a vote at any meeting of the members. Voting by members in person other than members who are natural persons shall be allowed upon the presentation to the Credentials and Election Committee prior to or upon registration at each meeting, of satisfactory evidence entitling the person presenting the same to vote.

At all meetings of the members, all questions shall be decided by a majority of the members voting thereon unless, by law, the Cooperative's Articles of Incorporation or these Bylaws require otherwise. Members may not accumulate their votes or vote by mail.

Section 3.06. PROXY VOTING. No proxy may be voted at a district or annual meeting.

Section 3.07. CREDENTIALS AND ELECTION COMMITTEE. At least ten (10) days before any district meeting of the members, the Board of Trustees shall appoint a Credentials and Election Committee. The committee shall consist of three (3) or five

(5) members of the Cooperative each of which shall reside in and receive primary service in the district, who are not existing Cooperative employees, agents, officers, Trustees or known candidates for Trustee, and who are not close relatives (as defined in Section 4.12) or members of the same household of such persons. The committee shall elect its own Chairman and Secretary.

It shall be the responsibility of the committee:

- (a) To establish or approve the manner of conducting member registration;
- (b) To establish or approve any ballot or other manner of voting;
- (c) To pass upon all questions that may arise with respect to the registration of members;
- (d) To supervise the count of all ballots or other votes cast in any election;
- (e) To rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast;
- (f) To rule upon all other questions that may arise relating to member voting and the election of Trustees (included but not limited to the validity of petitions or nominations or the qualifications of candidates and the regularity of the nomination and election of Trustees);
- (g) To pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election.

In the exercise of the committee's responsibility, the Cooperative will make its legal counsel available for advice.

In the event a protest or objection is filed concerning the election, such protest or objection must be filed during or within three (3) business days following the adjournment of the meeting in which the voting is conducted.

Should any such protest or objection be filed, the committee shall thereupon be reconvened, upon notice from its Chairman or Secretary, not less than seven (7) days after such protest or objection is filed. The committee shall hear such evidence as is presented by the protesters or objectors who may be heard in person, by counsel, or both, and any opposing evidence.

The committee, by vote of a majority of those present and voting, shall, within a reasonable time but no later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof or to set it aside. The committee's decision on all matters covered by this Section shall be final.

The committee may not act on any matter unless a majority of the committee is present.

Section 3.08. ORDER OF BUSINESS. The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- (1) Report of the number of members present for the purpose of determining the existence of a quorum;
- (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, and acting upon, reports of officers, trustees and committees;
- (5) The announcement of the result of the election of Trustees at district meetings, whose office shall commence immediately following the meeting;
- (6) Unfinished business;
- (7) New business;
- (8) Adjournments.

Notwithstanding the foregoing, the Board of Trustees or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of an action upon any item of business, the transaction of which is necessary or desirable in advance of any other item of business.

PROVIDED, however, that 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.

Section 3.09. DISTRICT MEETINGS. Meetings of members in each Trustee district shall be held in each year in which the term of the Trustee from that district expires. The election of a successor Trustee shall be the only business conducted in such meeting.

The conduct of the election shall be by the Chairman of the District Credentials and Election Commission.

If there is only one (1) nominee for the election of Trustee in any district, no district meeting shall be held.

ARTICLE IV TRUSTEES

Section 4.01. GENERAL POWERS AND NUMBER. The business affairs of the Cooperative shall be managed by a Board of eleven (11) Trustees.

Section 4.02. QUALIFICATIONS. No person shall be eligible to become or remain a Trustee of the Cooperative who is not a member of the Cooperative and receiving service at his/her primary residential abode in the district for which the Trustee is seeking to represent or represents. No person shall be eligible to become or remain a Trustee of or to hold any other position of trust in the Cooperative who:

- (a) Is not 18 years of age;

- (b) Does not have the capacity to enter into legally binding contracts;
- (c) Is engaged in any business, or in any way employed by, affiliated with, or having a material financial interest in any individual or entity, other than an entity in which the Cooperative owns an interest, that:
 - (1) Regularly, directly and substantially competes with the Cooperative or any entity that the Cooperative controls or in which the Cooperative owns a majority interest (“Cooperative Subsidiary”); or
 - (2) Regularly sells goods and services to the Cooperative or a Cooperative Subsidiary; or
 - (3) Has an economic interest adverse to or which may adversely affect the operation of the Cooperative; or
 - (4) Possesses any conflict of interest with the Cooperative or a Cooperative Subsidiary;
- (d) Is in a business selling electric energy or any other substantial amount of supplies, products or services to the Cooperative or its subsidiaries;
- (e) Is in a business engaged in the construction and maintenance, including right-of-way maintenance, of distribution lines of the Cooperative;
- (f) Is or has been an employee of the Cooperative or its subsidiaries within five (5) years of the date of the annual meeting at which the Trustee takes office;
- (g) Is a close relative of an employee or incumbent Trustee of the Cooperative as defined in Section 4.12;
- (h) While a Trustee, and during the five (5) years immediately prior to becoming a Trustee,
 - (1) Is, or has been, convicted of a felony; or
 - (2) Pleads, or has pled, guilty to a felony;
- (i) Has not been, for at least one (1) year prior to his nomination, or ceases after his election to be, a member in good standing of the Cooperative;
- (j) Has not, within four (4) years of becoming a Trustee, received the National Rural Electric Cooperative Association Credentialed Cooperative Director designation (effective for Trustees elected August 5, 2006 and thereafter); and
- (k) Does not comply with any other reasonable qualifications and policies determined by the Board.

Upon establishment of the fact that a nominee for Trustee lacks eligibility under this Section or as may be provided elsewhere by these Bylaws, it shall be the duty of

the Chairman of the Board presiding at the meeting at which such nominee shall otherwise be voted upon to disqualify such nominee.

Upon establishment of the fact that a person considered for or already elected a Trustee or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Trustees to withhold such position from such person or to cause him to be removed therefrom, as the cause may be.

PROVIDED, however, nothing contained in the 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 Trustees.

Section 4.03. TRUSTEE DISTRICTS. The territory served by the Cooperative shall be divided by the Board of Trustees into eleven (11) Trustee districts. Each Trustee district shall be represented by one (1) Trustee who must be a resident of, domiciled in and receiving service at his principal place of residence within the district which he represents. The Board of Trustees at any regular or special meeting held not less than thirty (30) days prior to the meeting of the Nominating Committee, may, by resolution, alter the geographical boundaries of the districts with the aim of arranging equitable districting. Upon the submission of a petition signed by fifty (50) or more members of the Cooperative, the Board of Trustees shall be required to consider and take action upon rearrangement of geographical boundaries.

Failure of the Board of Trustees to make such redistricting shall not invalidate or in any way affect or impair the validity of the corporation action.

For the purpose of electing Trustees for staggered terms, Trustee Districts 1, 2, 3 and 4 shall constitute districts of the "first class" (election in 1996 and every third year thereafter); Trustee Districts 5, 6 and 7 shall constitute districts of the "second class" (election in 1994 and every third year thereafter), and Trustee Districts 8, 9, 10 and 11 shall constitute districts of the "third class" (election in 1995 and every third year thereafter).

Section 4.04. ELECTION AND TENURE. Beginning with the year 2003, it shall be the duty of the Board of Trustees to select a date, time and place for a district meeting of members in each Trustee district in which a Trustee's term expires. A Trustee whose term expires will be elected by secret written ballot by the members in such district present by a plurality of votes cast. Drawing by lots shall resolve any tie votes.

The term of elected Trustees is three (3) years and the terms shall expire at the annual meeting of the members of the year in which their term expires or when their successors shall have been elected and qualified. If, for any reason, an election for Trustees cannot be held at the annual meeting of the members, such election shall be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members.

All Trustees presently serving shall continue in office until their terms expire. Election for Trustees from Trustee Districts of the "first," "second" and "third" classes shall be held at the annual meetings in the years 2005, 2006 and 2007, respectively.

Section 4.05. NOMINATIONS. It shall be the duty of the Board of Trustees to appoint, not less than ninety (90) days before the date of a district meeting of the members at which Trustees are to be elected, a committee on nominations consisting of not less than three (3) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. No officer or member of the Board of Trustees shall be appointed member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least forty (40) days before the meeting a list of nominations for Trustee, but any fifty (50) or more members may make other nominations in writing over their signatures not less than thirty (30) 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 Trustees to be elected and showing separately the nominations made by the committee on nominations and the nominations made by petition, if any. 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 election of Trustees.

Section 4.06. REMOVAL OF TRUSTEES BY MEMBERS. Any member may bring one (1) or more charges, for cause, against any one (1) or more Trustees and request the removal of such Trustee or Trustees by filing with the Secretary, in writing, the charge or charges, together with a petition signed by not less than ten percent (10%) of the total membership of the Cooperative, which petition shall call for a special member meeting thereof and specifies the place, time and date thereof, not less than forty (40) nor more than ninety (90) days after filing of the petition or the petition shall request that the matter be acted upon at the next annual members meeting if such members meeting will be held no sooner than forty (40) nor more than ninety (90) days after the filing of the petition. Each page of the petition shall state the name and address of each member filing such charge, a verbatim statement of such charge or charges, and the name or names of the Trustee or Trustees against whom such charge or charges is or are made. The petition shall be signed by each member in the same name as is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such verbatim charge or charges against the Trustee or Trustees against whom the charge or charges have been made and of the member or members filing the charge shall be contained in the notice of the meeting, or separate notice to the members, not less than five (5) days prior to the member meeting at which the matter will be acted upon. Such Trustee or Trustees shall be informed in writing of the charges after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the action is to be considered and each charged Trustee shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect to the charge or charges; the person or persons bringing the charge or charges shall have the same opportunity, but must be heard first. The question of removal of such Trustee or Trustees shall, separately for each if more than one (1) has been charged, be considered and voted upon at such meeting by secret ballot. Any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations and nominations shall be made from the floor.

A newly elected Trustee shall be from the same Trustee District as was the Trustee whose office he succeeds and shall serve until the next annual members meeting.

Section 4.07. VACANCIES. Subject to the provisions of Section 4.06, with respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring in the Board of Trustees shall be filled by the Board of Trustees from among qualified members in the Trustee District from which the vacancy occurred. A Trustee thus elected shall serve until the next annual members' meeting or until his successor is elected and qualified.

Section 4.08. COMPENSATION; EXPENSES. For their attendance at meetings of the Board of Trustees, Trustees shall, on a per diem basis, receive such fee, which may include insurance benefits, as is fixed by resolution by the Board of Trustees. Trustees may receive, on a per diem basis, the same or a different fixed fee for their duly authorized attendance at other type meetings or other performance of other Trustee duties. Trustees shall receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in performing their duties. No Trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Trustees upon their certification of such as an emergency measure; PROVIDED, that a Trustee 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 services by the Board of Trustees.

Section 4.09. RULES, REGULATIONS, RATE SCHEDULES AND CONTRACTS. The Board of Trustees shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 4.10. ACCOUNTING SYSTEM AND REPORTS. The Board of Trustees 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 full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

Section 4.11. SUBSCRIPTION TO COOPERATIVE'S NEWSLETTER; SUBSCRIPTION TO STATEWIDE PUBLICATION. For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Trustees shall be empowered, on behalf of and for

circulation to the members periodically, to subscribe to the statewide publication, “The Tennessee Magazine,” or its successor, and the annual subscription price to the Cooperative 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.

Section 4.12. “CLOSE RELATIVE” DEFINED. As used in these Bylaws, “close relative” means a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

ARTICLE V MEETINGS OF TRUSTEES

Section 5.01. REGULAR MEETINGS. A regular meeting of the Board of Trustees shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as selected by the Board in advance of the annual member meeting.

Regular meetings of the Board of Trustees shall also be held monthly at such date, time and place in the area served by the Cooperative as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted at such meeting shall require special notice. Any Trustee absent from any meeting of the Board of Trustees which is recessed or adjourned to a later date, time and place shall be entitled to receive written notice of such recessed or adjourned meeting at least three (3) days prior to such meeting. The Board may, however, establish a policy providing that the Chairman of the Board may change the date, time and place of regular monthly meeting for good cause and not less than three (3) days’ notice thereof to all Trustees.

Section 5.02. SPECIAL MEETINGS. Special meetings of the Board of Trustees may be called by Board resolution, by the Chairman of the Board, or by any three (3) Trustees. The Board, the Chairman of the Board, or the Trustees calling the meeting shall fix the date, time and place thereof, which shall be held within the area served by the Cooperative, except, however, all Trustees may consent to any such meeting being held at some other place in Tennessee or elsewhere. Upon the calling of such meeting, it shall be the duty of the Secretary to cause notice of such meeting to be given, as provided in Section 5.03.

Special meetings may also be held by telephone conference call, without regard to the actual location of the Trustees at the time of such telephone conference meeting, if all Trustees consent thereto.

Section 5.03. NOTICE. Notice of the time, place and purpose of any special meeting of the Board of Trustees shall be given at least three (3) days previous thereto, by written notice, delivered personally or mailed, to each Trustee at his last known address. If mailed, 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 Trustee at any hearing shall constitute a waiver of notice of such meeting, except

in case a Trustee 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 5.04. QUORUM. The presence in person of a majority of the Trustees in office shall be required for the transaction of business. A Trustee who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of an action upon that matter, be counted in determining the number of Trustees in office or present.

If less than a quorum be present at any meeting, a majority of the Trustees present may adjourn the meeting from time to time but shall cause the absent Trustees to be duly and timely notified of the date, time and place of such adjourned meeting.

Section 5.05. MANNER OF ACTING. The affirmative votes of a majority of the Trustees present at the meeting and voting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE VI OFFICERS; MISCELLANEOUS

Section 6.01. NUMBER AND TITLE. The officers of the Cooperative shall be Chairman, Vice Chairman, Secretary-Treasurer and Assistant Secretary-Treasurer and such other officers as may from time to time be determined by the Board of Trustees. The Board may, however, elect separate persons for the office of Secretary and Treasurer and Assistant Secretary and Assistant Treasurer.

Section 6.02. ELECTION AND TERM OF OFFICE. The officers named in Section 6.01 shall be elected by secret written ballot without nomination by and from the Board of Trustees annually at the first meeting of the Board held after the annual meeting of the members. If the election of officers cannot be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the succeeding annual meeting of the members or until his successor shall have been duly elected and qualified, subject to the provisions of these Bylaws with respect to the removal of Trustees and to the removal of officers by the Board of Trustees.

Section 6.03. REMOVAL. Any officer, agent or employee elected or appointed by the Board of Trustees may be removed from the Board whenever, in its judgement and best interest of the Cooperative, will thereby be served.

Section 6.04. VACANCIES. A vacancy in any office elected or appointed by the Board of Trustees shall be filled by the Board for the unexpired portion of the term.

Section 6.05. CHAIRMAN OF THE BOARD. The Chairman of the Board:

- (a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Trustees;
- (b) shall sign, with the Secretary, certificates of membership, the issue of which

shall have been authorized by resolution of the Board of Trustees, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

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

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

Section 6.07. SECRETARY-TREASURER. The Secretary-Treasurer shall:

- (a) keep the minutes of the members meeting of the Board of Trustees in one (1) or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with those 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 certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) sign with the Chairman of the Board certificates of membership, the issue of which shall have been authorized by resolution of the Board of Trustees;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) 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 inspections of any member, and at the expense of the Cooperative forward a copy of the Bylaws and of all amendments thereto to each member upon the express application and request of the member therefor;
- (h) in general perform all duties incident to the office of Secretary and such other duties as from time to time as may be assigned to him by the Board of Trustees;
- (i) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (j) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the

provisions of these Bylaws; and

- (k) 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 Trustees.

Should the Board of Trustees elect separate persons for the office of Secretary and Treasurer, the Secretary shall have all the duties outlined in Subsections (a) through (h) of Section 6.07 and the Treasurer shall have the responsibilities contained in Subsections (i) through (k) thereof.

Section 6.08. ASSISTANT SECRETARY-TREASURER. In the absence of the Secretary-Treasurer, or in the event of his inability or refusal to act, the Assistant Secretary-Treasurer shall perform the duties of the Secretary-Treasurer, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary-Treasurer; and shall perform such other duties as from time to time may be assigned to him by the Board of Trustees.

Should the Board of Trustees elect separate persons for the office of Assistant Secretary and Assistant Treasurer, the Assistant Secretary shall have all the duties outlined in Subsections (a) through (h) of Section 6.07 and the Assistant Treasurer shall have the responsibilities contained in Subsections (i) through (k) thereof.

Section 6.09. DELEGATION OF SECRETARY-TREASURER'S RESPONSIBILITIES. Notwithstanding the duties, responsibilities and authorities of the Secretary-Treasurer, or Secretary and Treasurer, hereinbefore provided in Sections 6.07 and 6.08, the Board of Trustees by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and in the regular or routine administration of, one (1) or more of each such officer's such duties to one (1) or more agents, other officers or employees of the Cooperative who are not Trustees. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

Section 6.10. PRESIDENT AND CHIEF EXECUTIVE OFFICER. The Board of Trustees may appoint a President and Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. Such officer shall perform such duties as the Board of Trustees may from time to time require and shall have such authority as the Board of Trustees may from time to time vest in him.

Section 6.11. BONDS. The Board of Trustees shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

Section 6.12. COMPENSATION; INDEMNIFICATION. The compensation, if any, of any officer, agent or employee who is also a Trustee or close relative of a Trustee shall be determined as provided in Section 4.12 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 Trustees. The Cooperative shall indemnify Trustees, officers, including the President and Chief Executive Officer, 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 judgements 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 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.

ARTICLE VII CONTRACTS, CHECKS AND DEPOSITS

Section 7.01. CONTRACTS. Except as otherwise provided by law or these Bylaws, the Board of Trustees may authorize any Cooperative officer, agent or employee to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 7.02. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

Section 7.03. DEPOSITS; INVESTMENTS. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Trustees may select.

ARTICLE VIII MEMBERSHIP CERTIFICATES

Section 8.01. CERTIFICATE OF MEMBERSHIP. Membership in the Cooperative may, if the Board of Trustees 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 Trustees not contrary to or inconsistent with, the Cooperative's Articles of Incorporation or these Bylaws. Such certificate shall be signed by the Chairman of the Board and by the Secretary and the seal of the Cooperative affixed thereto. However, the seal and the signatures of the Chairman of the Board and Secretary may be imprinted thereon by facsimile.

Section 8.02. ISSUE OF MEMBERSHIP CERTIFICATES. No membership certificate shall be issued for less than the membership fee, nor until such membership fee, any required service security deposit, facilities extension deposit, service connection fees, or contributions in aid of constructions 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 Trustees may prescribe.

ARTICLE IX NONPROFIT OPERATION

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 members. No interest or dividends shall be paid by the Cooperative on any capital furnished by its members.

ARTICLE X WAIVER OF NOTICE

Section 10.01. WAIVER OF NOTICE. Any member or Trustee may waive, in writing, any notice of meetings required to be given by these Bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE XI DISPOSITION OF PROPERTY AND DISSOLUTION

Section 11.01. 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 such sale, 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 (2/3) of all of 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 Trustees 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 Trustees shall determine, to secure

any indebtedness of the Cooperative to the United States of America or any instrumentality, or agency thereof or to any corporation or financing institution authorized to assist in the credit and financial needs of cooperatives organized pursuant to the provisions of the Electric Cooperative Law of Tennessee appearing in Chapter 25 of this Title.

Section 11.02. DISSOLUTION. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged, shall be distributed as provided in Tennessee Code Annotated Section 65-25-125 (b) (5). PROVIDED, however, that if in the judgement of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate or provide for the donation of such surplus to one (1) or more nonprofit charitable or educational organizations that are exempt from federal income taxation.

ARTICLE XII
FISCAL YEAR

Section 12.01. FISCAL YEAR. The Cooperative's fiscal year shall begin on the first day of July of each year and end on the last day of June of the following year.

ARTICLE XIII
RULES OF ORDER

Section 13.01. RULES OF ORDER. Parliamentary procedure at all meetings of the members, of the Board of Trustees, of any committee provided for in these Bylaws or any other committee of the members or Board of Trustees which may from time to time be established, shall be governed by the most recent edition of Roberts' Rules of Order, except to the extent such procedures otherwise determined by law or by the Cooperative's Articles of Incorporation or by these Bylaws.

ARTICLE XIV
MEMBERSHIP IN OTHER ORGANIZATIONS

Section 14.01. MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative may become a member in one (1) or more other cooperatives or corporations or to own stock therein; such membership or stock ownership shall include, but not be limited to, membership in national, state or regional organizations or associations of cooperatives having purposes and objectives for bettering and perpetuating activities for promoting the general welfare of all similar cooperatives and to pay the per diem and expenses of delegates or representatives of the cooperative who attend meetings of the same; and further including membership in any corporation or cooperative association which requires membership therein as a condition precedent to extending credit to meet the financial needs of the cooperative.

ARTICLE XV

SEAL

Section 15.01. SEAL. The seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon around the circumference, the name of the Cooperative and in the center the words, "Seal, Trenton, Tennessee."

ARTICLE XVI

AMENDMENTS

Section 16.01. METHOD OF AMENDMENT. These Bylaws may be altered, amended or repealed by the affirmative vote of not less than a majority of the votes cast by the members voting thereon at any regular or special member meeting, but only if the notice of such meeting shall have contained a copy of the proposed alterations, amendment or repeal, or an accurate summary explanation thereof; PROVIDED, the Board of Trustees may amend these Bylaws to conform with the minimum requirements for a quorum, as provided in T.C.A. Section 65-25-114 (h), subject to the same notice requirements as set forth foregoing for member action on Bylaws.



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