

Meriwether Lewis Electric Cooperative By-Laws



MLEC

A Touchstone Energy[®]
Cooperative



HISTORY OF MLEC

The Rural Electrification Administration, established by President Franklin D. Roosevelt, was set up in 1935 to lend money for the purpose of providing electric service to rural areas. Friends and neighbors banded together to create a new kind of electric utility – cooperatives – where the voice of every person made a difference.

On June 3, 1939, in the Centerville Court House, a group of citizens formed Meriwether Lewis Electric Cooperative, adopted bylaws, and selected incorporators. On August 16, 1939, the Cooperative was incorporated. MLEC's first loan was for the purchase of Tennessee Electric Power Company properties in the four original cooperative counties (Hickman, Humphreys, Lewis and Perry.) Houston County was purchased in 1940 from Cumberland Electric Membership Corporation.

The name Meriwether Lewis was selected because the famous explorer, Meriwether Lewis, lies buried within the cooperative service area in Lewis County. After MLEC's incorporation, friends and neighbors met in schools and churches to learn more about the cooperative, pay their membership and forever change our rural landscape. Electric cooperatives brought electric power to the countryside when no one else would. Your Cooperative is a taxpaying, business-managed corporation, organized for the benefit of the members it serves.

Today, America's electric cooperatives continue to answer the call. MLEC and others continue to focus on member needs, providing much more than low-cost, safe, reliable power. We are committed to improving the quality of life in our communities for the member-owners who live there.

www.mlec.com

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Statement of Nondiscrimination

BY-LAWS
MERIWETHER LEWIS
ELECTRIC COOPERATIVE
CENTERVILLE, TENNESSEE

ARTICLE I
NAME & ENABLING LAW

Section 1. Name and Incorporation. The corporation is known by the name and style of Meriwether Lewis Electric Cooperative (hereinafter the "Cooperative") as provided in its Charter filed on April 13, 1939 with the Secretary of State of the State of Tennessee and of record in Corporate Record Book Volume Miscellaneous V, page 36.

Section 2. Enabling Law. The Cooperative was originally incorporated under the Electric Cooperative Act of 1939. That law was superseded by the Rural Electric and Community Services Cooperative Act of 1988 (hereinafter the "Act").

ARTICLE II
BUSINESS PURPOSE, TERRITORIAL
SERVICE AREA & DISTRICTS

Section 1. Purposes. The Cooperative is organized and exists for the purpose of providing electricity and other community utility services to the members as authorized by the Act.

Section 2. Territorial Service Area. The service area of the Cooperative consists of that geographical territory constituting the Counties of Houston, Humphreys, Perry, Hickman and Lewis in the State of Tennessee and such additional adjoining areas to which service shall be extended from time-to-time.

Section 3. Districts Established. The service area of the Cooperative is divided into five (5) major sections, to be known as Districts as follows:

- (a) District I: Hickman County
- (b) District II: Lewis County
- (c) District III: Perry County
- (d) District IV: Humphreys County
- (e) District V: Houston County

Any territory outside any one of such counties, but to which service is nevertheless rendered, shall be considered a part of the District, to which it is otherwise most contiguous.

ARTICLE III MEMBERSHIP

Section 1. Eligibility. Any natural person, any firm, association or corporation, another cooperative, business or personal trust, estate, partnership, a federal, state or local government or body politic, or a department, agency, or subdivision thereof, is eligible to become a member, but no member shall hold more than one membership at any time.

Section 2. Conditions of Membership and Applications. As a condition of membership a member agrees to purchase electric power and energy from the Cooperative and to be bound by and comply with the Articles of Incorporation, Bylaws, and all Rules, Regulations, Rate Classifications and Rate schedules established pursuant thereto, as the same may exist at the time of acceptance into membership or as adopted or amended from time to time. An application shall be made in writing on the form prescribed accompanied by such supplemental contract executed by the applicant and the prescribed membership fee, service and security fees or deposit, facilities extension deposit, or contribution in aid of construction as may be required.

Section 3. Membership Fees and Deposits. Contributions in Aid of Construction. A membership fee and service, security and facility extension fees or deposits and contributions in aid of construction may be established from time to time. Payment of such membership fees and applicable fees or deposits or contributions in aid of construction, or any combination thereof, shall entitle a member to one service connection. Applicable fees or deposits and contributions in aid of construction shall be paid by a member for each additional service connection requested.

Section 4. Joint Spousal Membership. A husband and wife by specific request in writing may hold a joint membership or, if already members, may convert their membership into a joint membership. Such joint membership shall constitute but one membership, with one vote. While such membership is outstanding neither spouse shall thereafter be permitted to obtain additional service connections except through such joint membership.

Section 5. Acceptance into Membership. Upon complying with the requirements of membership an applicant shall become a member on the date of acceptance by the Board of Directors.

Section 6. Purchase of Electric Power and Energy. The Cooperative shall use reasonable diligence to furnish the members with adequate and dependable electric service, but without guarantee of a continuous or uninterrupted supply thereof. For so long as the premises of a member are owned, directly occupied or used by the member, all central station electric power and energy purchased for use on such premises shall be from the Cooperative, except to the extent that the Board of Directors may waive such requirement. A member shall pay for the same at the time and in accordance with the Rules, Regulations, Rate Classification and Rate Schedules (including any minimum amount that may be charged without regard to the amount of electric power and energy actually used) as established by the Board of Directors and in accordance with the provisions of any supplemental contract entered into by the member with the Cooperative. A member shall also pay all other amounts owed to the Cooperative when due and payable. If a member has more than one service connection any payment for services shall be deemed to be allocated and credited on a pro-rata basis to all outstanding accounts for all such service connections notwithstanding that actual accounting procedures do not reflect such allocation and proration.

Section 7. Conditions of Service. Responsibility and Indemnification. The premises of a member receiving electric service shall be wired in accordance with specifications of applicable state and local government codes and ordinances and the Rules and Regulations of the Cooperative. The more exacting standards in any case shall prevail. A member shall indemnify the Cooperative and its employees, agents and contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of the member's premises or the wiring or any apparatus thereon. A member shall make available to the Cooperative a suitable site, as determined by the Cooperative, for the furnishing and metering of electric service and shall at all reasonable times permit the authorized employees, agents and contractors of the Cooperative to have safe access thereto for meter

reading, bill collecting, inspection, maintenance, replacement, relocation, repair or disconnection of Cooperative facilities. A member shall not interfere with, impair the operations of or cause damage to the Cooperative facilities and shall use best efforts to prevent others from so doing. A member shall provide protective devices, apparatuses or meter bases as the Cooperative shall require and shall prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired or damaged by a member or by any other person when the reasonable care and surveillance by the member should have prevented it, the member shall indemnify the Cooperative and its employees, agents and contractors against death, injury, loss or damage resulting therefrom, including, but not limited to, the cost of repairing, replacing or relocating any such facilities and the loss, if any, of revenues resulting from the failure or defective functioning of metering equipment. In no event shall the responsibility of Cooperative extend beyond the point of delivery of electric energy to a member.

Section 8. Easements. A member, by applying for and obtaining membership in the Cooperative, agrees to and grants to the Cooperative as a condition of membership an easement of right of way over, on and under all lands owned, leased or mortgaged by the member 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. A member shall execute and deliver to the Cooperative such specific written grants of easement as may be required by the Cooperative.

Section 9. Energy Management Programs. A member shall participate in and comply with related Rules and Regulations as may be established by the Cooperative in programs to enhance load management so as to more efficiently utilize or conserve electric energy or to conduct load research.

ARTICLE IV MEMBERSHIP SUSPENSION & TERMINATION

Section 1. Suspension and Reinstatement. Upon failure to pay any amounts due the Cooperative

or any other noncompliance with membership obligations, 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 members. Payment of all amounts due the Cooperative, including any additional charges required for reinstatement, and cessation of any other noncompliance with a member's obligations within a final time limit provided in any notice shall automatically reinstate a member to good standing.

Section 2. Expulsion. Failure of a suspended member to be automatically reinstated to membership shall, without further notice, permit the Board of Directors to expel such member. A member shall be entitled to a hearing on such expulsion in the manner prescribed by the Board of Directors, but only if requested in writing prior to the action of expulsion. An expelled member may not again become a member except upon submission of a new application which is duly approved.

Section 3. Withdrawal or Resignation. A member may withdraw from membership upon such conditions as the Board of Directors shall prescribe or upon ceasing to own or directly occupy or use all premises being furnished electric service to the member or upon totally and permanently abandoning the use of central station electric service on all premises of the member.

Section 4. Death or Cessation of Existence. The death of a member who is a natural person or the cessation of legal existence of any member not a natural person shall automatically terminate membership.

Section 5. Effect of Termination. Upon termination of membership by withdrawal, resignation, death or cessation of existence, a member or legal representative shall be entitled to refund of the membership fee and security deposit, if any, previously paid the Cooperative, less any amount due the Cooperative. Suspension or expulsion from membership shall not constitute a release of the obligation of the suspended or expelled member to purchase all central station electric power and energy for use at the premises

of that member and the Cooperative shall forthwith discontinue service.

Section 6. Death, Legal Separation or Divorce of Joint Members. The death of either spouse to a joint membership shall not terminate the membership, but it shall continue to be held by the survivor, but the estate of the deceased spouse shall not be thereby released from any debts then due and owing to the Cooperative. A legal separation or divorce of the spouses to a joint membership shall not terminate the membership, but it shall continue to be held solely by the one thereof who, continues to directly occupy or use the premises served by such membership unless more than one premises are served and in which event a new membership shall be required. But in no event shall either spouse be released from any debts then due the Cooperative.

Section 7. Retroactive Membership Admittance. Upon discovery that electric service is being furnished to any person other than a member, such service shall cease unless, the recipient applies for and the Board of Directors in its discretion approves a membership of such person retroactive to the date on which such person first began receiving such service. To the extent practical membership records shall be corrected accordingly.

ARTICLE V MEETINGS OF MEMBERS

Section 1. Annual Meeting. An annual meeting of the members shall be held during the month of October in each year on such date and at such place and time in one of the counties of the territorial service area of the Cooperative on a rotating basis as the Board of Directors shall determine. Failure to hold an annual meeting at a designated time and place shall not, however, work a forfeiture or dissolution.

Section 2. Special Meetings. A special meeting of the members may be called by not less than six (6) Directors or by a petition signed by not less than ten percent (10%) of the members. Such a meeting shall be held on such date and at such place and time in one of the counties of the territorial service area of the Cooperative as shall be designated by the Board of Directors.

Section 3. Notice of Member Meetings. Written or printed notice of the place, date and hour of a meeting of the members and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, then also the purpose of the meeting, shall be given to the membership by the Secretary in any reasonable manner to disseminate such information and which may be by notice incorporated with member service billings or as an integral part of a monthly newsletter or magazine. No proposal which requires the affirmative votes of at least a majority of all of the members of the Cooperative shall be acted upon at any meeting of the members unless notice of such proposal shall have been contained in the notice of the meeting. Notice shall be deemed to be delivered when deposited in, the United States mail addressed to a member at the address as it appears in the records of the Cooperative. Notice shall be given, as follows:

- (a) By not less than ninety (90) days nor more than one hundred twenty (120) days prior to the date, of a meeting of the members at which a dissolution or a sale or lease of all or any substantial portion of the assets and the properties devoted to furnishing electric service is to be considered.
- (b) By not less than forty-five (45) days nor more than ninety (90) days prior to the date of a meeting of the members at which a merger or consolidation is scheduled to be considered.
- (c) By not less than five (5) days nor more than forty-five (45) days prior to the date of any other meeting.

An incidental and non-intended failure of any member to receive notice shall not invalidate any action which may be taken at any meeting. The attendance in person of a member at any meeting shall constitute a waiver of notice of such meeting unless such attendance shall be for the expressed purpose of objecting to the transaction of any business on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary of the objection prior to or at the beginning of the meeting.

Section 4. Quorum. Except as hereinafter provided, a quorum for the transaction of business at meetings of the members shall be one hundred

(100) members. Except as hereinafter provided, once a quorum is established the meeting may proceed to transact all business that may lawfully come before it so long as at least fifty-one (51) members remain present. In the case of a meeting of the members at which a dissolution of the Cooperative or a sale or lease of all or any substantial portion of the assets used in furnishing electric service is scheduled to be considered, the quorum, requirement shall be and shall remain, throughout the meeting of ten percent (10%) of all members. If less than a quorum is present to enable a meeting to begin transacting business, or if a quorum ceases to exist, a majority of those present may adjourn the meeting from time to time without further notice.

Section 5. Voting. A member not under suspension shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural people shall be allowed upon the presentation prior to or upon registration at the meeting of satisfactory evidence entitling the person presenting such credentials to cast the vote. Any questions of the authority of such representative shall be referred to the General Counsel of the Cooperative for resolution and whose decision may be appealed to the Board of Directors whose decision shall be final. However, no member may cast more than one ballot upon any question and may not cast his, or her ballot as an individual natural member and also cast a ballot as a representative of any other member. At all meetings of the members all questions shall be decided by a majority of the members voting thereon, except as is otherwise provided by law by the Charter of Incorporation or by these Bylaws. Members may not cumulate their votes or vote by proxy or by mail.

Section 6. Order of Business. The order of business at the annual meeting of the members and, insofar as practical, at all other meetings of members, shall be essentially as follows:

- (a) Report on the number of members present in person to determine the existence of a quorum.
- (b) Reading of the notice of the meeting and proof of the due giving thereof, or waivers of notice, as the case may be.
- (c) Action on unapproved minutes of any previous meeting.

- (d) Presentation and consideration of reports of officers, directors and committees.
 - (e) Unfinished business.
 - (f) New business.
 - (g) Adjournment.
- No business, other than adjournment of the meeting to another time and place, may be transacted until and unless there is a quorum established and maintained.

ARTICLE VI DIRECTORS

Section 1. General. The business affairs of the Cooperative shall be managed under the direction of the Board of Directors. They shall be known collectively as the “Board of Directors” and individually as a “Director.” They shall exercise all of the powers of the Cooperative except such as are by law, by the Articles of Incorporation or these Bylaws reserved to the members.

Section 2. Qualifications. A Director shall have the following qualifications:

- (a) Be a natural person at least eighteen (18) years of age and a member in good standing receiving residential electric service from the Cooperative.
- (b) Not be an employee nor a spouse of an employee of the Cooperative nor a child, grandchild, parent, grandparent, brother, sister, aunt, uncle, niece or nephew of an employee of the Cooperative related by blood, adoption or marriage. This prohibition shall not apply to a Director in office on January 1, 2005.
- (c) Not be a former employee nor the spouse of a former employee of the Cooperative unless at least two (2) years shall have elapsed since termination of such employment.
- (d) Be continuously a resident of the District from which elected.
- (e) Be a high school graduate or hold a GED certificate.
- (f) Never have been convicted of a felony.
- (g) Prior to re-election has received certification of completion of the Credentialed Cooperative Director Curriculum offered by the National Rural Electric Cooperative Association or such similar cooperative director education and training program approved from time to time by the Board of Directors.

Section 3. Number Term. Directors are apportioned to and elected from five (5) Districts of the territorial service area of the Cooperative as follows:

- (a) District I – Three (3) Directors
- (b) District II – Two (2) Directors
- (c) District III – Two (2) Directors
- (d) District IV – Four (4) Directors
- (e) District V – Two (2) Directors

Section 4. District Meetings.

- (a) As the terms of Directors in the Districts shall be expiring, the Board of Directors shall call on dates in October of each year prior to the annual membership meeting separate election meetings of the members of each District at a suitable place in each District for the purpose of electing Directors to represent the members of each District. The District election meeting may be held on the same day and at the same place immediately preceding the annual meeting when the annual meeting is held in the District for which an election is to be held. The notice of such meetings shall be given along with and in accordance with the same procedures relative to notice of the annual meeting of members. The notice shall state the vacancies in directorships which are to be considered at the meetings. A District election meeting shall not be held in a District if a vacancy shall not be occurring in that District.
- (b) The meeting shall be open for discussion of any matters pertaining to the business of the Cooperative, regardless of whether or not such matters were set forth in the notice, and recommendations with respect thereto may be submitted to the Board of Directors.
- (c) The District election meeting shall be called to order by the senior Director present who represents the District or by any other person who represents the District or by any other person designated by the Board of Directors. The members residing in the District then present shall proceed to elect a Chairman who shall in turn appoint a Secretary to act for the duration of the meeting.
- (d) Two percent (2%) of the members residing within the District or one hundred (100) such members whichever is less, shall be required for a quorum.
- (e) Minutes of the proceedings of the District

meetings shall be kept and be reduced to writing to reflect any recommendations made, business discussed, and the persons nominated and elected at the meetings and the number of votes received by each. The originals of such minutes shall be signed by the Secretary and the Chairman and shall be delivered to the Secretary of the Cooperative.

Section 5. Tenure. Directors shall serve four (4) year terms. Directors shall be elected annually in each District as terms expire. A Director shall serve until his or her successor is elected. Directors shall be elected in the various Districts from and after January 1, 2005 as the current terms of the incumbents thereof expire and shall be according to the following schedule and thereafter in each District every four (4) years for the position then expiring:

District I:

Position A current term expiring 2005.

Position B current term expiring 2006.

Position C current term expiring 2007.

District II:

Position A current term expiring 2005.

Position B current term expiring 2006.

District III:

Position A current term expiring 2006.

Position B current term expiring 2007.

District IV:

Position A current term expiring 2005.

Position B current term expiring 2006.

Position C current term expiring 2007.

Position D current term expiring 2007,
extended to 2008.

District V:

Position A current term expiring 2005.

Position B current term expiring 2007.

Section 6. Nominations. A qualified member seeking election as a Director shall no later than close of business on July 15, or on the next business day thereafter if such date falls on a Saturday, Sunday or holiday during which the offices of the Cooperative are closed, in the year in which any term of a Director is expiring, file a written declaration of his or her candidacy with the Secretary of the Cooperative. Such declaration shall be on such form as the Board of Directors prescribes. The Board of Directors shall be the sole judge of the qualifications of a candidate. Only

those qualified applicants so filing shall appear on the ballot. No nominations may be made from the floor. If all applicants die or become disqualified prior to the election, the Board of Directors shall appoint a qualified person for the term for the position that was otherwise to be filled.

Section 7. Voting.

- (a) In the election of Directors each member not under suspension residing or situated in the District shall be entitled to vote. Voting by members other than members who are natural persons shall be allowed upon presentation prior to or upon registration at the meeting of satisfactory evidence entitling the person presenting such credentials to cast the vote. Any question of the authority of such representative shall be referred to the General Counsel for resolution and whose decision may be appealed to the Board of Directors whose decision shall be final. However, no member shall be entitled to cast more than one ballot and may not cast his or her ballot as an individual natural member and also cast more than one ballot as a representative of a non-natural member. No member shall be entitled to vote in more than one District election in any year or vote in a district outside of such members principal residence or situs. A candidate receiving the highest number of votes shall be elected. In the case of tie the Board of Directors shall break the tie by their majority vote.
- (b) Voting shall be by paper ballot or by such other mechanical or electrical voting procedure as the Board of Directors shall prescribe. The names of all candidates shall be printed on the ballot. No write-in votes shall be counted. Members must be present and registered to be eligible to vote. Proxy voting shall not be allowed. Ballots shall be cast and collected prior to the convening of the meeting after which no ballot may be cast. A balloting committee shall be appointed by the chairman of the meeting who shall canvas the ballots and report the result to the chairman of the meeting who shall immediately announce the result.
- (c) If only one (1) person declares candidacy for election as a Director for a position to be filled then no balloting shall be required at the District meeting following. The Secretary shall report the fact to the chairman of that District meeting who shall declare such candidate duly elected.

Section 8. Removal of Directors. Any member may bring charges against any Director alleging acts of omissions adversely affecting the business and affairs of the Cooperative and amounting to actionable negligence, misfeasance, nonfeasance, fraud or criminal conduct. A complaining member may request the removal of a Director by filing with the Secretary charges in writing together with a petition signed by not less than ten percent (10%) of the membership of the Cooperative calling for a special membership meeting thereon. The question of the removal of a Director shall be considered and voted upon at such special meeting. The question of the removal of a Director shall not be voted upon unless some evidence in, support of the charge, against the Director shall be presented during the meeting. No Director shall be removed from office for the reason such Director declined to support or opposed (a) a proposal to sell or lease all or a substantial portion of the assets and the properties of the Cooperative, (b) a proposal to dissolve the Cooperative, (c) action to notify the members of a proposal received for a sale, lease or dissolution, or (d) action or any other effort to call a meeting of the members to consider and act upon a proposal for sale, lease or dissolution.

Section 9. Vacancies. A vacancy occurring on the Board of Directors shall be filled by the remaining Directors from the same District as was represented by the Director whose office was vacated. Such person elected shall serve out the unexpired term of the Director whose office was vacated and until a successor is elected.

Section 10. Compensation and Expense. Directors shall not receive any salary for their services, but they shall receive on a per diem basis a fixed fee for attending meetings and for otherwise performing their duties or attending to the business of the Cooperative. Directors shall also receive advancement or reimbursement of any travel and expense actually, necessarily and reasonably incurred in performing their duties and shall be eligible to participate in Cooperative-funded employee insurance programs. No Director shall receive compensation for serving the Cooperative in any other capacity.

Section 11. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors may

make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconstant with law, the Articles of Incorporation or these Bylaws as may be deemed advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 12. Accounting System and Reports.

The Board of Directors shall maintain a complete accounting system of financial operations and after the close of each fiscal year shall cause to be made a full complete and independent audit of the accounts, books and records, reflecting the financial operations and financial condition of the Cooperative. A summary of such audit shall be submitted to the Members at or prior to the succeeding annual meeting.

Section 13. Subscription to Statewide

Publication. For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Directors may subscribe to a statewide publication of the Tennessee Electric Cooperative Association, or a successor to such publication, the annual subscription for which shall be deducted from any funds accruing in favor of the members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

ARTICLE VII

MEETING OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held monthly at such date, time and place within the territorial service area of the Cooperative as they shall provide. Such regular monthly meetings may be held without notice other than the action fixing the day, time and place thereof. The Chairman may change the day, time or place of a regular monthly meeting for good cause and upon at least five (5) days notice thereof to all Directors.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or by not less than five (5) Directors. The Chairman or the Directors calling the meeting shall fix the date, time and place for the meeting

which shall be held in the territorial service area of the Cooperative unless all Directors consent to its being held in some other place. Special meetings may also be held via telephone conference call, without regard to the actual location of the Directors at the time of such telephone conference meetings, if all the Directors consent thereto.

Section 3. Notice of Special Meetings. Written or oral notice of the day, time and place of a special meeting or of a telephone conference of the Directors and the purposes of the meeting or the conference shall be delivered to each Director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary. If mailed, such notice shall be deemed to be delivered when addressed to a Director at the address of such Director as appears in the records of the Cooperative with first class postage thereon prepaid and postmarked at least five (5) days prior to the meeting date. The attendance of a Director at any such meeting shall constitute a waiver of notice of such meeting unless such attendance shall be for the expressed purpose of objecting to the transaction of any business or of one or more items of business on the ground that the meeting shall not have been lawfully called or convened.

Section 4. Quorum. The presence in person of a majority of the Directors shall be required for the transaction of business and the affirmative votes of a majority of the Directors present and voting shall be required for any action to be taken. If less than a quorum is present at a meeting, a majority of the Directors present may adjourn the meeting from time-to-time, but shall cause the absent Directors to be duly and timely notified of the day, time and place of such adjourned meeting.

Section 5. Action by Consent. In lieu of a special meeting, the Directors may take action by written consent signed by them and entered into their minutes. Such action shall require at least the affirmative approval of not less than a majority of all the Directors.

ARTICLE VIII

OFFICERS, AGENTS & EMPLOYEES

Section 1. Number and Title. The officers of the Cooperative shall be a Chairman of the Board, a Vice Chairman of the Board, a President and Chief

Executive Officer, one or more Vice-Presidents, a Secretary, a Treasurer, a General Counsel and such other officers as may from time to time be determined by the Board of Directors. The Chairman and Vice-Chairman of the Board shall be members of the Board of Directors. Any office except that of President and Secretary may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected by the Board of Directors at their first meeting held after the annual meeting of the members. If the election of officers shall not be held at such meeting, it shall be held as soon thereafter as convenient. An officer shall hold office until the meeting of the Board of Directors first held after the next succeeding annual meeting of the members and until a successor shall be elected unless sooner removed by the Board of Directors.

Section 3. Removal. Any officer, agent, or employee elected or appointed by the Board of Directors may be removed by them whenever in their judgment the best interests of the Cooperative will thereby be served.

Section 4. Vacancies. A vacancy in any office elected or appointment by the Board of Directors shall be filled by them for the unexpired portion of the term.

Section 5. Chairman of the Board and Vice Chairman of the Board. The Chairman of the Board of Directors, and if absent or otherwise unable to act the Vice Chairman, shall preside at all meetings of the Board of Directors, and unless otherwise determined by the Board of Directors or otherwise provided in the By-Laws, at annual and special meetings of the members.

Section 6. President. The President shall be the principal executive officer of the Cooperative. The President shall sign certificates of membership, 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 to some other officer or agent of the Cooperative or shall by law be required to be otherwise signed or

executed. The President, in general, shall perform all duties appropriate to the office of president of a corporation and perform such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Vice Presidents. In the absence, inability or refusal of the President to act, a Vice President designated by the President or the Board of Directors shall perform the duties of President. When so acting, such Vice President shall have the powers and be subject to all restrictions upon the President. Vice President shall perform such other duties as may be from time to time assigned by the President or the Board of Directors.

Section 8. Secretary. The Secretary shall:

- (a) keep or cause to be kept minutes of meetings of the members and of the Board of Directors shall see that all notices are duly given in accordance with these Bylaws or as required by law;
- (b) be custodian of the corporate records and seal of the Cooperative;
- (c) keep or cause to be kept a register of the name and post office address of each member, sign certificates or memberships and have general charge of the books of the Cooperative in which a record of the members is kept;
- (d) keep on file at all times a complete copy of the Articles of Incorporation and these By-Laws together with all amendments thereto; and
- (e) in general perform all the duties incident to the office of a secretary of a corporation and perform such other duties as may from time to time be assigned by the Board of Directors.

Section 9. Treasurer. The Treasurer shall:

- (a) have charge, custody and oversight of all funds and securities of the Cooperative, including receiving and giving receipts for monies due and payable from any source whatsoever, depositing or investing all such monies in the name of the Cooperative in banks, financial institutions or securities as shall be selected by the Board of Directors; and
- (b) in general perform all the duties incident to the office of a treasurer of a corporation and perform such other duties as may from time to time be assigned by the Board of Directors.

Section 10. General Manager. The Board of Directors may appoint a General Manager who shall be the chief administrative and operating officer of the Cooperative and perform such other duties and have such other authority as the Board of Directors may from time to time require and authorize.

Section 11. General Counsel. The Board of Directors shall appoint a General Counsel for the Cooperative who shall be an attorney duly licensed to practice law in the State of Tennessee and who shall be the chief legal officer of the Cooperative. The General Counsel shall advise the Board of Directors on all legal matters affecting the affairs of the Cooperative and shall assist management of the Cooperative in performing their duties. The General Counsel shall report to the Board of Directors on all matters which affect the Cooperative and shall perform such other duties and have such other authority as the Board of Directors may from time to time require and authorize.

Section 12. Delegation of Officer

Responsibilities. Notwithstanding the duties, responsibilities and authorities of any officer, the Board of Directors may, except as otherwise limited by law, delegate, wholly or in part, such responsibility, authority and the regular and routine administration of the duties of any officer to one or more agents or other officers or employees of the Cooperative. To the extent so delegated, an officer shall be released from such duties, responsibilities and authorities so delegated.

Section 13. Bonds. The Board of Directors may require any 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 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. The costs of all such bonds shall be borne by the Cooperative.

Section 14. Indemnification. The Cooperative shall indemnify present and former directors, officers, agents and employees against liability and

costs of defending against liability incurred while in performance of the business or attending to the affairs of the Cooperative.

Section 15. Reports. The President of the Cooperative, and such other officers as the Board of Directors shall determine, shall submit at each annual meeting of the members a report 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 IX

CONTRACTS, CHECKS & DEPOSITS

Section 1. Contracts. Except as otherwise provided by law or by these By-Laws, the Board of Directors may authorize any officer, agent or employee to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative. 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 or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by the Board of Directors.

Section 3. Deposits. Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

ARTICLE X

NON-PROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited. The Cooperative shall be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or be payable by the Cooperative on any capital furnished by its patrons.

Section 2. Disposition of Revenues. Distribution of Excess. With respect to the furnishing of electric service the revenues therefrom for an fiscal year in excess of the amount thereof necessary (a) to defray expenses, including the operation and

maintenance of facilities during such fiscal year, (b) to pay interest and principal obligations coming due in such fiscal year, (c) to finance or provide a reserve to finance the construction or acquisition of additional facilities, (d) to provide a reasonable reserve for working capital, (e) to provide a reserve for the payment of indebtedness maturing more than one year after the date of incurrence of such indebtedness in an amount not less than the total of the interest and principal payments required to be made during the next following fiscal year, (f) to comply with any covenant or obligation pursuant to any contract entered into, (g) to provide a fund for education in cooperation and for the dissemination of information concerning the effective use and conservation of electric power and energy, and (h) to provide for any other services made available by the Cooperative including publication of or subscription to a newsletter and a statewide publication, shall be distributed or credited by the Cooperative to patrons as patronage refunds prorated in accordance with the patronage to the Cooperative by the respective patron during such fiscal year, or by way of general reduction of rates or other charges, or by any combination of such methods.

Section 3. Use of Contributed Capital. All amounts received and receivable from the furnishing of electric energy to patrons, members and nonmembers alike, in excess of operating costs and expenses properly chargeable thereto, are at the amount of receipt by the Cooperative received with the understanding that they are furnished by the patrons as capital. Capital contributed by the patrons shall be used only for capital purposes, including without limitation, new electric system construction, retirement of electric system indebtedness at or prior to maturity, working capital adequate for all purposes, and facilitation of general rate reductions.

Section 4. Ascertainment of Contributed Capital. The Cooperative shall maintain such books and records as will enable it at any time, upon reasonable notice, to compute the amount of capital contributed during any given accounting period by each patron.

Section 5. Contract. Patrons of the Cooperative, by dealing with the Cooperative, acknowledge that

the provisions of this Article of these By-Laws shall constitute a contract between the Cooperative and nonmember patrons. Both the Cooperative and such patron are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-Laws shall be called to the attention of such patrons by being posted in a conspicuous place in the Cooperative offices.

Section 6. Patronage Refunds in Connection with Furnishing Other Services or Goods. In the event that the Cooperative shall engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable thereto shall, insofar as permitted by law, be prorated annually on a patronage basis and, subject to their prior use for any proper purposes, be returned to those patrons from whom such amounts were obtained pursuant to such method, at such time, on such basis and in such order of priority as the Board of Directors shall determine.

ARTICLE XI WAIVER OF NOTICE

Section 1. Waiver of Notice. Any member or Director may waive, in writing, any notice of meetings required to be given by these By-Laws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE XII DISPOSITION OF PROPERTY

Section 1. Disposition and Pledging of Property. The Cooperative may sell, lease, lease-sell, dispose, pledge, mortgage, or encumber all or a substantial portion of any part of its assets and properties as provided by law.

Section 2. Distribution of Surplus Assets on Voluntary Dissolution. Upon a voluntary dissolution any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged, or adequate provision therefore has been made, shall be distributed as provided by law.

ARTICLE XIII FISCAL YEAR

Section 1. Fiscal Year. The fiscal Year shall begin on the first day of July of each year and end on the last day of June following.

ARTICLE XIV RULES OF ORDER

Section 1. Rules of Order. Parliamentary Procedure at all meetings of the members or of the Board of Directors or of any committee which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of order, except to the extent that a Procedure is otherwise required by law, by the Articles of Incorporation or by these By-Laws.

Section 2. Parliamentarian. Whenever required, the General Counsel of the Cooperative shall be parliamentarian of any meeting.

ARTICLE XV SEAL

Section 1. Corporate Seal. The corporate seal of the Cooperative shall be in such form as the Board of Directors shall from time to time establish.

Section 2. Use of Seal. Notwithstanding that a seal is provided for and established by the Board of Directors, there shall be no requirement that the same be used to validate any instrument otherwise properly authorized, executed and delivered on behalf of the Cooperative.

ARTICLE XVI AMENDMENTS

Section 1. Power to Amend. These By-Laws may be changed or amended by the members or by the Board of Directors.

Section 2. Procedure to Amend.

(a) The Board of Directors may change or amend the provisions of these By-Laws; provided, however, that any such change or amendment shall be reported to the next annual meeting of the members and shall then be subject to disapproval by the members. Notice thereof shall be included in the notice of the meeting.

(b) Any member may propose an amendment or change to these By-Laws by filing such proposal with the Board of Directors together with a petition signed by not less than ten percent (10%) of the members requesting that the same be considered at a subsequent annual or special meeting of the members. Such proposed amendment or change shall be filed with the Board of Directors in sufficient time that notice of the proposal may be included in the regular notice given to the members of the next annual or special membership meeting. No such proposal to amend or change these By-Laws shall be considered at any annual or special meeting of the members unless notice thereof shall have been given in the regular notice given to the members relative to such meeting.

STATEMENT OF NONDISCRIMINATION

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

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- (1) Mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, DC 20250-9410
- (2) Fax: (202) 690-7742; or
- (3) Email: program.intake@usda.gov

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