

**BLUE RIDGE MOUNTAIN
ELECTRIC MEMBERSHIP CORPORATION**

BY-LAWS

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ARTICLE I

MEMBERSHIP

Section 1.01. Eligibility. Any natural person, firm, association, electric membership corporation, foreign electric cooperative, corporation, domestic or foreign, business or other trust, partnership, Federal agency, state or political subdivision thereof, or any body politic (each hereinafter referred to as “person”, “applicant”, “him”, or “his”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from Blue Ridge Mountain Electric Membership Corporation (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative; and no membership shall be transferable.

SECTION 1.02. Application for Membership; Renewal of Prior Application. Application for membership – wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative’s Article of Incorporation and Bylaws, and all policies, rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted, repealed or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”) – shall be executed in writing by the applicant on such form as is provided therefor by the Cooperative. With respect to any particular classification of service for which the Board of Directors (“Board”) shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03, together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction or executed supplemental contract that may be required by the Cooperative (hereinafter called “other payments, if any”), which fee and other payments, if any, shall be refunded in the event the application is denied. 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 a reasonable rate as from time to time established by the Board and in effect when such account first became overdue, compounded annually, together with other payments, if any, renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03. Membership Fee; Other Payment, If Any. The membership fee shall be as fixed from time to time by the Board. The membership fee, together with other payments, if any, shall entitle the member to one service connection. A service connection fee or deposit, in such amount as shall be prescribed by the Cooperative, together with other payments, if any, shall be paid by the member for each additional service connection requested by him.

SECTION 1.04. Joint Membership. A husband and wife, by jointly executing a membership application, may be accepted into joint membership, or, if one of them is already a member, may upon specifically so requesting in writing, automatically convert such membership into a joint membership. The words “member”, “applicant”, “person”, “his”, and “him”, as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; 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 both shall constitute the presence of one member and, except as provided in the last sentence of Section 3.03, a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote; PROVIDED, if both be present but in disagreement on a vote, each shall cast only one-half (1/2) vote;
- (c) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) each, but not both concurrently, shall be eligible to serve as an officer or director of the Cooperative, but only if both meet the qualifications required therefore; and
- (f) neither, will be permitted to have any additional service connections except through their one joint membership.

SECTION 1.05. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service; PROVIDED, the Cooperative may reject or deny an application and refuse to furnish service, or to continue service it has already begun furnishing, if, prior to connection of service, it determines, or thereafter it discovers, that the applicant is not willing or able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be, or should have been, denied for other good cause, including but not limited to the fact that furnishing service to the applicant would be or is in violation of one or more of the Cooperative's service rules and regulations; PROVIDED, any person so denied and/or refused shall, subject to the last sentence of Section 2.02, have the right to be heard on the matter by the Board upon timely filing a written request therefor.

SECTION 1.06. Purchase of Electrical Power and Energy; Power Production by Members; Application of Payments to All Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a 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, unless and except to the extent that the Board may in writing waive such requirement, and shall pay therefor at the time, and in accordance with the policies, rules, regulations, rate classifications and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. 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 service connection from the Cooperative, any payment for service to him by the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

SECTION 1.07. Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article VIII of these Bylaws.

SECTION 1.08. Wiring on 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 then current edition of the National Electric Safety Code as published by the National Fire Protection Association; of the Cooperative, if any; and of any applicable State, County or Municipal Codes having jurisdiction. If the foregoing specifications are variant, the more exacting standards shall prevail. 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 apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely for meter reading and for bill collecting and for 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 of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance could have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss of damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. 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 service extend beyond the point of delivery, which shall be that point at which power is conducted into a facility both owned and controlled by the member, except that the Cooperative shall have the right to install, operate and maintain a meter base beyond such point.

SECTION 1.09. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs.

(a) Member to Grant Easements to Cooperative if Required. Each member shall, upon request to do so by the Cooperative, execute and deliver to the Cooperative grants of easement of right-of-way over, on and under such lands owned or leased by or mortgaged to 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.

(b) Maintenance of Rights-of-Way. The Cooperative shall have the absolute right to maintain its rights-of-way over and on the lands of the members. Each member expressly recognizes the right of the Cooperative to maintain its rights-of-way and expressly agrees that the member, or members of the member's family, the member's agents or employees, tenants or other permissive occupant of member's property will not interfere in any manner with the maintenance by the Cooperative of its right-of-ways.

(c) Use of Right-of-Way. The member shall have the right to use the easement area for purposes that will not interfere with the Cooperative's full enjoyment of the right-of-way, such as interference caused by the erection, placement, or construction within the right-of-way of any building or other structure; any well, any reservoir; pond or lake or other obstruction; or the change of the ground elevation within the right-of-way.

(d) Violation. Upon the failure of any member to comply with the terms and provisions of this Bylaw, service may be suspended in accordance with the Policy Bulletin of the Cooperative and Section 2.01 and 2.02 of these Bylaws.

(e) Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy, or to conduct load research.

SECTION 1.10. Execution of Petitions by Members. Any petition which, pursuant to other provisions of these bylaws, may be filed by the members with the Cooperative shall conform with the following requirements:

- A. They shall be manuscript-signed by the member;
- B. The signature shall be in precisely the same name as the member is billed by the Cooperative; and
- C. Beside each name or underneath it shall be the same name typed or printed, so as to ensure its legibility, and the address of the member as billed by the Cooperative.

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. Suspension; Reinstatement. Upon his 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 policies, rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's 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 Exclusion; Renewed Membership; Immediate Disconnection of Service and Exclusion. Upon the failure of a suspended member to be automatically reinstated to full membership as provided in Section 2.01, he may, without further notice but only after due hearing before the Board, if such is in writing requested by him, be expelled by resolution of the Board. After the expulsion of a member, he may not again become a member except upon new application therefor as provided in Sections 1.02 and 1.05. The Board, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with his membership obligations. Notwithstanding any other provision of these bylaws, the Cooperative may, forthwith and without prior notice or hearing (a) disconnect a member's electric service upon its determination that such is required because of the existence of an imminent hazard, in which event the Cooperative shall so inform the affected member, and shall reconnect such service, as soon as practicable after the hazard has been removed or corrected; or (b) disconnect a member's service and expel him from membership upon its determination that the electric meter has been bypassed or tampered with or that electric service is being utilized in the commission of a felonious crime.

SECTION 2.03. Termination by Withdrawal or Resignation. A member may withdraw from membership upon compliance with such uniform terms and conditions as the Board shall prescribe and either (a) ceasing to (or, with the approval of the Board, resigning his membership in favor of a new applicant who also shall) own, or lease as lessor or lessee, or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the board specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

SECTION 2.04. **Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners.** Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership; PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners; 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 or legal representative, as the case may be, shall be entitled to refund his membership fee (and to his service security deposit, if any, theretofore paid the Cooperative), less the amount due the Cooperative; but neither he nor his estate nor legal representatives, 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 a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. **Effect of Death, Legal Separation or Divorce upon a Joint Membership.** Upon the death of either of the spouses of a joint membership or their legal separation or divorce, such membership shall continue to be held solely by the survivor or by the separated or divorced one, whichever be the case, who, if such be the case, continues to own, lease as lessor or lessee or 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, the estate of the deceased spouse or of the other separated or divorced 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, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 3.01. **Annual Meeting.** For the purpose of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on the second Saturday of the month of September each year, at such place in one of the counties of Union, Towns and Fannin, Georgia, and Clay and Cherokee, North Carolina, and beginning at such hour, as the Board shall from year to year fix a different date of such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section. It shall be the responsibility of the Board to make adequate plans and preparations for, and to encourage member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. **Special Meetings.** A special meeting of the members may be called by the Board, the President, by any four (4) directors, or by petition signed by at least ten (10%) percent of the then-total members of the Cooperative, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held in one of the counties named in Section 3.01, on such date not sooner than forty (40) days after the call for such meeting is made, or a petition therefore is filed, and beginning at such hour as shall be designated by or those calling or petitioning for the same.

SECTION 3.03. **Notice of Member Meetings.** Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall, except as provided in Ga. Code Sections 46-3-382, 46-3-401 and 46-3-420, be delivered to each member not less than five (5) days nor more than ninety (90) days before the date of the meeting, by any reasonable means, by or at the direction of the President, the Secretary, (or, in the case of a special meeting, at the direction of him or those calling the meeting). Reasonable means of providing such notice shall include but not be limited to United States mail, personal delivery, the Cooperative's monthly insert in "Georgia magazine and/or Carolina Country", or member service billings. No proposal, the carrying of which as provided by law or by the Cooperative's Articles of Incorporation or bylaws requires the affirmative votes of at least two-thirds (2/3rds) of the members voting thereon, 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. 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 pre-paid and, whether mailed first-class or not, postmarked at least five (5) days before to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened or on some other lawful ground. Any member attending any meeting for the purpose of making such objection shall in writing stating the objection so notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. **Quorum.** Business may not be transacted at any meeting of the members unless, at the organization of the meeting, there are present in person, including votes cast by mail ballots *or electronically* at least one percentum (1%) of the total number of members except that, if a quorum is never established, a majority of those present may without further notice adjourn the meeting to another time and date not less than twenty-eight (28) days later and to any place within one of the counties named in 3.01; PROVIDED, the Secretary shall notify all members of the time, date and place of such adjourned meetings by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person. When a quorum is once present to organize a meeting, the members who remain present may continue to do business at the meeting, or at any adjournment thereof, notwithstanding the withdrawal of enough members to leave less than a quorum.

SECTION 3.05. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote and no more upon each matter submitted to a vote at any meeting of the members, including votes cast by mail ballots and electronic transmission. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon in person, including votes cast by mail ballots and electronic transmission, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes or vote by proxy. Prior to any duly called meeting of the members, there shall be printed and mailed to all members, not less than fourteen (14) days prior to the meeting, notice for the election of directors and any other matter shown on the agenda of the meeting. The notice will include instructions on voting procedures to be used if the member knows in advance they will not be attending the meeting. All ballots cast other than those cast in person at the meeting shall be in the office of the EMC on or before the close of business the day before the member meeting.

SECTION 3.06. Credentials and Election Committee. The Board shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee. The Committee shall consist of an odd number of members not less than five (5) or more than fifteen (15) who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives (as hereinafter defined) or members of the same household of such a person. In appointing the Committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary, the latter of whom may be a member of the Cooperative's staff, prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. Insofar as is practicable, such elections shall be held and conducted in the same manner as are State and County elections. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any 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. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than ten (10) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not 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 may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. Without limiting the foregoing duties and prerogatives of the Committee, on request of the person presiding at the meeting of the members or on the request of any member entitled to vote thereat, such Committee shall make a report in writing of any challenge, question, count, or matter determined by the Committee and execute a certificate of any fact found by them. Any such report or certificate

made by them shall be prima-facie evidence of the facts stated and of the vote as certified by them. Any Committee member related within the third degree by affinity or consanguinity computed according to the civil law to any candidate for director shall refrain from participating in any deliberation or vote of the Committee concerning such candidate.

SECTION 3.07. **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 on the number of members present in person in order to determine the existence of a quorum;
- (2) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (4) Presentation and consideration of reports of officers, directors, and committees;
- (5) Election of directors;
- (6) Unfinished business;
- (7) New business; and
- (8) Adjournment.

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

ARTICLE IV

DIRECTORS

SECTION 4.01. General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors, which shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Certificate of Incorporation or Bylaws conferred upon or reserved to the members. The Board shall not appoint or elect any committee to exercise the authority of the Board. However, the Board may appoint or elect from its own membership one or more committees, each consisting of at least two directors, for the purpose of serving in an advisory or recommendatory capacity to the Board.

SECTION 4.02. **Qualifications.** No person shall be eligible to become or remain a director of the Cooperative who:

- (a) within five years preceding his nomination was, or during his service on the Board becomes, finally adjudged to be guilty of a felony;
- (b) within 5 years preceding his nomination was a full-time employee of the Cooperative;
- (c) becomes, or at any time during the five (5) years preceding his nomination shall have been, employed by (or be a close relative of a person who becomes, or at any time within such preceding five (5) years shall have been, employed by) a labor union which represents, or has represented, or has endeavored to represent any employees of the Cooperative; or
- (d) is, and if elected and seated as a director will continue to be, a close relative of an incumbent director or of an employee of the Cooperative;
- (e) has not continuously been, for at least one (1) year prior to his nomination, or who ceases after his election to be, a member in good standing of the Cooperative, receiving service therefrom at his primary residential abode in the Directorate District from which he is elected, (except as provided in the first proviso in this Section, in which instance the entity which qualifies a person's eligibility to be elected a director must be and remain a member in good standing); PROVIDED, notwithstanding that he may not receive service from the Cooperative at his primary residential abode, a natural person who is the chief operating executive of any member which is not a natural person, such as a corporation, church or other non-natural person entity, or his designee, shall be so eligible from the Directorate District in which such entity is located if he or such designee (A) is in substantially permanent occupancy, director or use of such entity's premises and (B) is a permanent and year-round resident within the outer boundaries of, or in close proximity to, an area served by the Cooperative; PROVIDED, no more than two (2) such persons may serve on the Board at the same time.

No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least eighteen (18) years old or is in any way employed by or substantially financially interested in an enterprise competing with

the Cooperative or any Cooperative-affiliated business or a business selling electric energy or supplies to the Cooperative, or who is or becomes the full-time employee or agent of, or who is or becomes the full-time employer or principal of, another director, and (1) no such person shall be eligible to run for director if another such-related person is already an incumbent director and is not up for reelection at that time, and (2) if two directors become so related during their incumbency, and unless the two of them agree otherwise in writing delivered to the Board, the one whose term will first expire shall lose eligibility under this provision or, if they have coincident terms, the one losing eligibility shall be determined by drawing of lots; PROVIDED, this provision shall apply to a person even though the legal entity constituting the employee, agent, employer or principal is a non-natural person, such as a partnership or corporation, if the person has a substantial financial interest or holds a substantial position therein, and this provision shall also apply where two persons are principal co-owners and are actively engaged in the affairs of the same business enterprise.

Notwithstanding the restrictive provisions of this Section that are based upon close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected a director if, during his incumbency, he becomes a close relative of another incumbent director or of a Cooperative employee because of a marriage or an adoption to which he was not a party.

Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the board to disqualify him. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board to withhold such position from such person or to cause him to be removed therefrom, as the case may be. Also, the office of a director shall automatically become vacant if he misses as many as three (3) regular meetings of the Board during any twelve (12) consecutive such meetings, unless the remaining directors unanimously resolve that (1) there was good cause for such absences and (2) such cause will not likely result in such absences during the next ensuing twelve (12) consecutive regular Board meetings. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board unless such action is taken with respect to a matter in which one or more of the

directors have a personal interest in conflict with that of the Cooperative.

SECTION 4.03. **Election.** At each annual meeting of the members, directors shall be elected by secret written ballot, including those cast by mail, by the members; PROVIDED, when the nominee(s) does not exceed the number of directors to be elected from a particular Directorate District, such need not be voted upon and shall automatically at the meeting be duly declared to be elected. Votes may be cast by paper ballots or by ballots cast on voting machines for recording and computing the vote, such machines to be of the type and nature used in casting ballots in statewide general elections conducted in either the State of Georgia or the State of North Carolina. In the election of directors where only two candidates from a particular Directorate District are opposed, the one receiving a majority of the votes cast shall be elected; and where three or more are opposed, the one receiving the highest number of votes shall be elected. Drawing by lot shall resolve, if necessary, any tie votes.

SECTION 4.04. **Tenure.** Except as provided in the proviso of Section 4.06, directors shall be so nominated and elected that one director from or with respect to Towns County, Georgia, Fannin County, Georgia and Union County, Georgia, shall be elected for three-year terms at an annual member meeting; one director from or with respect to Clay County, North Carolina; Cherokee County, North Carolina and Union County, Georgia shall be elected for three-year terms at the next succeeding annual member meeting; and one director from or with respect to Clay County, North Carolina; Towns County, Georgia and Union County, Georgia, shall be elected for three-year terms at the next succeeding annual member meeting, and so forth; PROVIDED, that the terms of no two directors from the same Directorate District shall coincide. Upon their election, directors shall, subject to the provisions of these By-laws with respect to the removal of directors, serve until the annual meeting of the members of the year in which their term expires or until their successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these By-laws, such election may be held at an adjournment of such meeting or at a subsequently-held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.05. **Directorate Districts.** The territory served by the Cooperative shall be divided into five Directorate Districts, each District consisting of one of the counties which the Cooperative serves. Except as provided in Section 4.02, the membership of the Board shall be apportioned as follows: One (1) member shall be a resident of Cherokee County, North Carolina; two (2) members shall be residents of Clay County, North Carolina; and one (1) member shall be a resident of Fannin County, Georgia; two (2) members shall be residents of Towns County, Georgia; and three (3) members shall be residents of Union County, Georgia.

SECTION 4.06. **Nominations.** It shall be the duty of the Board to appoint a Committee on Nominations, consisting of not less than five (5) nor more than fifteen (15) members of the Cooperative who are not existing Cooperative employees, agents, officers, directors or known candidates for director, who are not close relatives (as hereinafter defined) or members of the same household of such a person, and who are so selected as to give equitable representation on the Committee to the geographic area served by the Cooperative. The Committee shall be appointed at the May meeting of the Board. The Committee shall meet and prepare a list of nominations for directors to be elected, listing separately the nominee(s) for each Directorate District from or with respect to which a director must, pursuant to this Article, be elected at the meeting. A majority of the Committee must be present to act and the affirmative votes of a majority of the Committee members voting shall be required to elect a person as a nominee. The Committee shall post the list at the principal office of the Cooperative and give a true copy of the list of nominees to the Manager of the Cooperative, or such person as he may designate, on or before the last Friday of June. The Committee may include as many nominees for any director to be elected from or with respect to any Directorate District as it deems desirable. Any one quarter of one percentum ($\frac{1}{4}$) or more members of the Cooperative, acting together, may make additional nominations in writing over their signatures, listing their nominee(s) in like manner. Such nominations shall be filed with the manager of the Cooperative or such person as he may designate, on or before the third Monday of July. The Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least five (5) days prior to the date of the meeting a statement of the names and address of all nominees for each Directorate District from or with respect to which one or more directors must be elected, showing clearly those nominated by the Committee and those nominated by petition, if any. Except as provided in Section 4.08, there shall be no nominations from the floor, except that if one or more persons nominated from a particular Directorate District by the Nominating Committee or by petition are or become ineligible, incapable or unwilling to be a director and such fact does not occur or become known until after the deadline for nominating by petition has passed, persons may be nominated from the floor for director from such District; PROVIDED, if because of such a fact there is no nominee whatever by either the Nominating Committee or by petition, the Board shall by appointment fill any vacancy thereby resulting, the person so appointed shall serve for the first year of the term, and such vacancy shall be filled for the remainder of the term by the members, as provided otherwise in these bylaws, at the next succeeding annual member meeting. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

SECTION 4.07. **Voting For Directors; Validity of Board Action.** In the election of directors, each member shall be entitled to cast the number of votes, including mail ballots, (but not cumulatively) which corresponds to the total number of directors to be elected, but no member may vote for more nominees than the number of directors that are to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board after the election of directors.

SECTION 4.08. **Removal of Directors by Members.** Any member may bring one or more charges for cause against any one or more directors and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing, together with a petition signed by not less than ten (10%) percent of the members of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more directors are recalled, to elect their successor(s), and which specifies the place, time and date thereof, not sooner than thirty-five (35) days after the date of the filing of such petition, or requests that the matter be acted upon at the subsequent annual member meeting, if such meeting will be held not sooner than thirty-five (35) days after the date of the filing of such petition; PROVIDED, a charge that a director has in a lawful manner opposed or resisted any effort to sell, lease- sell, transfer, exchange, convey or otherwise dispose of all or a substantial portion of the Cooperative's properties and assets or to dissolve the Cooperative shall not constitute a "charge for cause" on the basis of which a director may be removed from office under this section. Each page of the petition shall, in the forefront thereof, set forth verbatim a statement of the charge(s) and of the name(s) of the director(s) against whom the charge(s) is (are) being made. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting, or separately noticed to the members, not less than seven (7) days prior to the member meeting at which the matter will be acted upon; PROVIDED, the notice need set forth (selected at random but in alphabetical order) only twenty (20) of the names of the members filing one or more charges, if more than twenty (20) members file the same charge(s) against the same director(s). Such director(s) shall be informed in writing of the charge(s) after the petition has been validated and at least twenty (20) days prior to the meeting at which the charge(s) are to be considered, shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present other evidence in respect of the charge(s), and shall be heard last; and the person(s) bringing the charge(s) shall have the same opportunity, and shall be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting without compliance with the foregoing provisions with respect to nominations; but no director may be removed except upon the affirmative vote of two-thirds (2/3rds) of the votes cast upon the question; PROVIDED, the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented to the meeting. A newly elected director shall be from the same Directorate District as was the director whose office he succeeds and shall serve out the unexpired portion of the removed director's term.

SECTION 4.09. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board shall be filled by the Board. A director thus elected shall serve out the unexpired term of the director whose office was vacated and until a successor is elected and qualified; PROVIDED, that such a director shall be from or with respect to the same Directorate District as was the director whose office was vacated.

SECTION 4.10. **Compensation; Expenses.** (a) Directors shall not receive a salary for their services as such. However, subject to subsection (b) below and as determined by policy adopted by the Board, directors may receive a fee, which may include insurance benefits, for each day during which they attend meetings or otherwise perform duties on behalf of the Cooperative. Fees for otherwise performing their duties need not be the same as for attending meetings of the Board.

(b) For attending meetings and otherwise performing duties pursuant to authorization thereof by the Board, directors shall be advanced or reimbursed their related expenses actually and reasonably incurred and expended by them, in accordance with the same policy established by the Board for advancement or reimbursement of expenses for Cooperative employees, except that the policy may be different as it relates to uses of personal automobile.

(c) No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, except that (1) a director who is also an officer of the Cooperative, or a director, officer or committee member of or a delegate to an organization of which the Cooperative is a member or stockholder, and who as such performs substantial additional duties on behalf of the Cooperative, may be paid such compensation therefor, on a per diem basis, as is authorized by the remaining directors, and (2) a director or close relative of a director may be paid such compensation as is authorized by the Board upon its certification of such as a temporary emergency measure.

SECTION 4.11. Policies, Rules, Regulations, Rate Schedules and Contracts. The Board shall have power to make, adopt, amend, abolish and promulgate such policies, rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business affairs of the Cooperative.

SECTION 4.12. **Accounting System and Reports.** The Board shall cause to be maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A summary of such audit reports shall be submitted to the members at or prior to the 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 4.13. Subscription to Cooperative's Newsletter; Subscription to "Rural Georgia" and "Carolina Country". For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to "Rural Georgia" and "Carolina Country", the annual subscription price per member for which shall not be less than eighty cents (\$.80) nor more than twelve dollars (\$12.00), and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

SECTION 4.14. **"Close Relative" Defined.** As used in these bylaws, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother or sister of the principal.

ARTICLE V

MEETINGS OF DIRECTORS

SECTION 5.01. Regular Meetings. A regular meeting of the Board shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the Board shall also be held monthly at such date, time and place in Towns County, Georgia, or in any other county in which the Cooperative operates, as the Board may provide by resolution. Except when business to be transacted thereat shall require special notice, such regular monthly meetings may be held without notice other than such resolution fixing the date, time and place thereof; PROVIDED, that any director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER that, if a policy therefor is established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon at least five (5) days notice thereof to all directors.

SECTION 5.02. **Special Meetings.** Special meetings of the Board may be called by Board resolution, by the President, or by any four (4) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The Board, the President or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in which the Cooperative operates, unless all directors consent to its being held in some other place in Georgia or elsewhere. Special meetings, upon proper notice as otherwise provided herein may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

SECTION 5.03. **Attendance at Board Meetings by Telephone or Other Telecommunications Device.** If no other director objects, a director may attend and participate in a Board meeting by being continuously connected thereto by telephone or other telecommunications device in such a manner that he may speak to and be heard by such meeting and all other directors there present may speak to and be heard by him, and he may hear all others at the meeting speaking to the meeting.

SECTION 5.04. **Notice of Directors Meetings.** Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon his default in his duty, by him or those calling it in the case of a special meeting or by any other director in the case of a regular meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at his address as it appears on the Cooperative's records, with first class postage thereon prepaid, and postmarked at least five (5) days before the meeting date. The attendance of a director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the grounds that the meeting shall not have been lawfully called or convened or on some other lawful ground.

SECTION 5.05. **Quorum.** The presence in person of a majority of the directors in office shall be required for the transaction of business, and, the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken; PROVIDED, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present; AND FURTHER PROVIDED that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE VI

OFFICERS; MISCELLANEOUS

SECTION 6.01. Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other officers as may from time to time be determined by the Board. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. **Election and Term of Office.** The four officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board at the first meeting of the Board held after each annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of directors by the members and to the removal of officers by the Board. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board may from time to time deem advisable. When necessary, tie votes for any of the officers named in Section 6.01 shall be resolved by drawing of lots.

SECTION 6.03. Removal. Any officer, agent or employee elected or appointed by the Board may be removed by the Board whenever in its judgement the best interests of the Cooperative will thereby be served.

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

SECTION 6.05. **President.** The President shall --

(a) be the principal executive officer of the Board and shall preside at all meetings of the Board, and, unless determined otherwise by the Board, at all meetings of the members.

(b) sign, with the Secretary, certificates of membership the issuance and execution of which shall have been authorized by resolution of the Board, and may sign any deeds, mortgages, deeds to secure debt, deeds of trust, notes, bonds, contracts or other instruments authorized by resolution of the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board and 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, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

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

SECTION 6.07. **Secretary.** The Secretary shall --

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all 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 or is required by law;
- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- (e) sign, with the President, certificates of membership the issuance and execution of which shall have been authorized by resolution of the Board;
- (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 Cooperative's Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendment thereto to any member requesting the same; and
- (h) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 6.08. Treasurer. The Treasurer shall --

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities.

Notwithstanding the duties, responsibilities and authorities of the Secretary and the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of such officer's duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10. **General Manager; Executive Vice President.** The Board shall appoint a general manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. Such officer shall perform such duties as the Board may from time to time require and shall have such authority as the Board may from time to time vest in him; and the board shall set forth and maintain, and shall from time to time review and as appropriate revise, a written description of such duties and authorities.

SECTION 6.11. Bonds. The Board 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 give bond in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12. **Compensation; Indemnification.** The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined as provided in Section 4.10 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. The Cooperative shall indemnify and hold harmless its past and present directors and officers, including the General Manager--and may but shall not be obligated to so indemnify and hold harmless one or more of its past and present agents and other employees--against liability and related costs, including reasonable attorneys' fees, because of any act or omission in connection with their relationship to the Cooperative in such capacities, to the maximum extent allowable by law, including, and supplementary and subject to, but not limited to, Georgia Code S 46-3-306; and 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 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.

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

ARTICLE VIII

NON-PROFIT OPERATION

SECTION 8.01. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons.

SECTION 8.02. Disposition of Revenues. Revenues of the Cooperative for any fiscal year shall be applied in the following manner:

- (a) Toward the payment of all current operating expenses including salaries, wages, costs of materials and supplies, power at wholesale, taxes, insurance, and any other current operating expense;
- (b) Toward the payment, at maturity, of interest on all bonds, notes or other principal indebtedness issued by, or the payment of which shall have been assumed by, the Cooperative, and for the amortization charges on all such bonds, notes, or other principal indebtedness and/or sinking fund payments thereon;
- (c) Toward the establishment and maintenance of reasonable reserves for replacement of plant, machinery and equipment, new construction and for such other contingencies as may be deemed necessary by the Board of Trustees, and to provide a reasonable amount of cash reserve for working capital;
- (d) Toward the payment of, or the establishment and maintenance of, a reserve in an amount sufficient to pay and discharge all bonds, notes or other principal indebtedness, including interest thereon to the date of actual payment.

SECTION 8.03. Excess Revenues. All surplus revenues, subject to the contractual obligations of the Cooperative, may be distributed by the Cooperative, or credited as hereinafter provided to its patrons, as provided by law, or the Bylaws of the Cooperative.

SECTION 8.04. Use of Contributed Capital. The primary purpose of this Cooperative shall be to extend to and provide its patrons with electrical current and energy at the lowest feasible rate or charge; therefore, all amounts received and receivable from the furnishing of electric energy to patrons, members and non-members alike, in excess of operating costs and expenses properly chargeable against the furnishing of electric energy are, at the moment of receipt by the Cooperative, received with the understanding that such amounts are furnished by the patrons as capital. Capital contributed by the patrons shall be used only for capital purposes including, without limitation, new electric system construction, the retirement of electric system indebtedness at or prior to maturity and working capital adequate for all purposes including facilitation of general rate reductions. The Cooperative shall maintain such books and records as will enable it at any time to compute, upon reasonable notice, the amount of capital contributed during any given period by each of its patrons.

SECTION 8.05. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should 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 against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order or priority as the Board shall determine.

ARTICLE IX

WAIVER OF NOTICE

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

ARTICLE X

DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 10.01. Disposition and Pledging of Property.

(a) The Board, without requirement of the members' vote or consent, is empowered to authorize any sale, lease, lease-sale, exchange, transfer conveyance, or other disposition of less than substantially all of the Cooperative's properties and assets and to authorize the execution and delivery of mortgages, deeds to secure debt, deeds of trusts or any other security instruments covering all or any part of the Cooperative's property and assets, all as provided for in Georgia Code Section 46030499(a) and (b).

(b) Other than as may be covered by Section 10.02, the sale, lease, lease-sale, exchange, conveyance transfer or other disposition of all or substantially all of the Cooperative's properties and assets ("transaction") may be authorized and effectuated solely pursuant to the provisions of Georgia Code Section 46030401. Not in conflict with, or in lieu of, but rather as supplementary to, such provisions, such a transaction may not be authorized except in conformity and compliance with the following:

- (1) If the Board looks with favor upon any proposal for any such transaction, it shall first appoint three persons each of whom is independent of the Cooperative and of the other two and is expert in electric utility property evaluations, and commission them, separately, to study, appraise and evaluate such assets and properties, including their going concern value and the values associated with the right of the members to participate in the ownership and control of the Cooperative. Such appraisers shall be instructed to, and shall, take into account any other factors they may deem relevant in determining, the present market value of such assets and properties. Within not more than sixty (60) days after their appointment and commission, each appraiser shall render his highest determination of such present value. The Board shall not recommend and submit any proposal that within one (1) year theretofore or thereafter it shall have received for such a transaction--or, within one (1) year thereafter, make any offer of such a transaction--for a consideration that is less than the highest such determination rendered by the appraisers; nor shall it, following the expiration of one (1) year thereafter, make such a recommendation or offer without, again, first complying with the foregoing appraisal requirements.
- (2) If, after receiving such appraisals, the Board resolves to pursue the matter further, it shall, within sixty (60) days after adoption of such resolution, transmit the appraisals, together with any underlying data and information that may have accompanied them, to every other electric membership

corporation corporately sited and operating in Georgia and invite it to submit competing or alternative proposals, including proposals to merge or consolidate with the Cooperative. Such appraisals shall also be accompanied by any proposal for such a transaction received by the Cooperative within one (1) year prior to the receipt of the last appraisal or received subsequent thereto but prior to the adoption of such resolution; PROVIDED, only the most recent proposal from an entity that has made two or more proposals need to be transmitted. Such other electric membership corporations shall be given at least sixty (60) days within which to submit competing or alternative proposals, and they shall be notified in such transmittal of the actual final date for such submissions.

- (3) If, after such date, the board so resolves, it shall recommend and submit to the members (A) a proposal for such a transaction or (B) a proposal to merge or consolidate the Cooperative with one or more other electric membership corporations. The Board may recommend and submit two or more such proposals in the alternative, in which case it shall specify its preference as to which shall be approved by the members--that is, first choice, second choice, etc. -- and the order in which such alternatives will be considered and acted upon at the meeting. The Board shall accompany its recommended proposal(s) with verbatim copies of all competing or alternative proposals it has received, together with all of the appraisals and any underlying data and information that may have accompanied such appraisals. The Board shall submit such recommendation and information to the members and shall at the same time call and give notice of a special meeting of the members thereon or, if it so determines, notify the members that the matter will be considered and acted upon at the ensuing annual member meeting, in either case stating in detail each of any such proposals. The special or annual meeting shall be held not sooner than ninety (90) days after the giving of such notice thereof.
- (4) Any two hundred (200) or more members of the Cooperative may, over their respective signatures and within not less than forty-five (45) days prior to the date of such member meeting, petition the Cooperative to mail to all of the Cooperative's members any statement of opposition to the Board's recommendation and/or of their own recommendation that a competing or alternative proposal, which may be or include a proposition to merge or consolidate the Cooperative with one or more other electric membership corporations, be submitted to and acted upon by the members at such meeting, in which event the Board shall cause a printed copy of the petition, including the printing of the names of the member signatories thereof, together with a printed copy of the statement, to be transmitted to all of the Cooperative's members via the United States mail not less than twenty-five (25) days prior to such member meeting, with the cost of such printing and mailing to be borne by the Cooperative. When so mailed, such petition and statement shall constitute sufficient notice of any such

competing or alternative proposal for the same to be considered and acted upon at such meeting. The meeting shall first consider and act upon the recommendation(s) of the Board. If two or more alternative such recommendations have been made by the Board, they shall be considered and acted upon in the order specified by the Board. If the members fail to approve any Board-recommended proposal, they shall then consider and act upon the competing, alternative proposal(s) which have, by petition, been submitted by the members, in the order in which they were received, if two or more such proposals have been submitted, or members may take such action on such proposal(s) as may be legally availing to them.

- (5) No offer of such a transaction, whether made to or by the Board, shall be valid or, if made and accepted, enforceable unless the total consideration to be paid or otherwise furnished therefor, to the extent that the same is in excess of the amounts necessary to discharge or to provide for the discharge of all of the Cooperative's debts, obligations and liabilities, shall be distributed to or, if such be the case, allocated and assigned to the patrons or former patrons of the Cooperative in the manner provided for in the Articles of Incorporation, Bylaws or applicable law.
- (6) Neither subsection (a) nor (b) of this Section 10.01 shall apply to a Board-recommended legal merger or consolidation of the Cooperative with one or more other electric membership corporations, or to a sale, exchange or transfer if such is in the nature of a forced sale for the reason that the purchaser possesses and otherwise would exercise a legal right to acquire, damage, relocate, remove or destroy such property and assets by condemnation or otherwise without the Cooperative's consent. Subsection (b) shall not apply to a Board-recommended transaction if the substantive, although not technically legal, effect thereof is to merge or consolidate the Cooperative with one or more other electric membership corporations.

SECTION 10.02. Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board and not inconsistently with the provisions of the third paragraph of Section 8.02 of these Bylaws, be distributed without priority among all persons who are or who have been members of the Cooperative for any period during its existence, on the basis that their respective patronage during such periods bears to the total receipts of the Cooperative since its inception; PROVIDED, HOWEVER, that, if in the judgment 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 or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE XI

FISCAL YEAR

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

ARTICLE XII

RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board, of any committee provided for in these Bylaws and of any other committee of the members or Board which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws. This Article shall be subordinate to any other provision of these Bylaws pertaining to the votes required for action by members, directors or committees.

ARTICLE XIII

SEAL

The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words “Blue Ridge Mountain Electric Membership Corporation”.

ARTICLE XIV

AMENDMENTS

SECTION 14.01. Power to Amend. Subject to the provisions of Georgia Code S 46-3-325, these Bylaws may be changed (altered, amended or repealed) by the affirmative vote of not less than a majority of the total directors in office, or by a majority of the votes cast by the members represented, at any regular or special Board or member meeting, as the case may be; PROVIDED, the Board shall not be empowered to change any bylaw provision directly affecting the election of directors; PROVIDED FURTHER, subject to the foregoing proviso, either the Board or the members may change any bylaw if, as established by law, such bylaw is illegal or has become a legal nullity.

SECTION 14.02. Procedure for Amending. A bylaw may be changed only if (1) a copy or an accurate summary explanation of the proposed change is contained in or with the notice of the member or Board meeting at which it is to be acted upon; and (2) if to be acted upon by the members, it is sponsored by the board or at least fifty (50) members who over their signatures file with the cooperative, at least forty-five (45) days prior to the date of the member meeting at which such change will be acted upon, a petition proposing such change and setting forth with particularity the wording thereof and the time that the change is to become effective; PROVIDED, if the Cooperative is presented with a written request by one or more but less than fifty (50) members that a bylaw change be noticed to and acted upon by the members, and if the request sets forth with particularity the wording of the proposed change and the time that it is to become effective, the Board may, but shall not be obligated to, waive the foregoing petition requirement and cause such proposed change to be noticed and acted upon; PROVIDED FURTHER, the Board shall not cause any proposed bylaw change to be noticed or acted upon, or permit any amendment to a proposed bylaw change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity. A change so noticed may not be amended from the floor of a member meeting at which it is being considered.