



COASTAL ELECTRIC MEMBERSHIP CORPORATION

BYLAWS

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As Amended By The Membership

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TABLE OF CONTENTS

ARTICLE I. MEMBERSHIP

Section 1.	Requirements for Membership	1
Section 2.	Application for Membership	1
Section 3.	Joint Membership	2
Section 4.	Death of One of the Parties to a Joint Membership	2
Section 5.	Membership Fee; Service Security Deposit; Service Connection Fee, Line Extension Fee; Contribution in Aid of Construction	3
Section 6.	Purchase of Electric Energy	3
Section 7.	Termination and Suspension of Membership	3
Section 8.	Condition of Membership	4

ARTICLE II. RIGHTS AND LIABILITIES OF MEMBERS

Section 1.	Property Interest of Members	5
Section 2.	Non-Liability for Debts of the Cooperative	5

ARTICLE III. MEETING OF MEMBERS

Section 1.	Annual Meeting	6
Section 2.	Special Meeting	6
Section 3.	Notice of Members Meetings	6
Section 4.	Quorum	7
Section 5.	Proxies	
Section 6.	Voting	7

Section 7.	Order of Business	8
Section 8.	Rules of Order	8
Section 9	Credentials and Election Committee	9

ARTICLE IV. BOARD MEMBERS

Section 1.	General Powers	10
Section 2.	Election and Tenure	10
Section 3.	Qualifications	10
Section 4.	Nominations	11
Section 5.	Removal of Board Members by Members	12
Section 6.	Vacancies	12
Section 7.	Compensation	12

ARTICLE V. MEETINGS OF BOARD

Section 1.	Regular Meetings	13
Section 2.	Special Meetings	13
Section 3.	Notice of Board Meetings	13
Section 4.	Quorum	13

ARTICLE VI. OFFICERS

Section 1.	Number	14
Section 2.	Election and Term of Office	14
Section 3.	Removal of Officers and Agents by the Board	14
Section 4.	President	14

Section 5.	Vice President	15
Section 6.	Secretary	15
Section 7.	Treasurer	16
Section 8.	Chief Executive Officer	16
Section 9.	Bonds of Officers	16
Section 10.	Compensation	16
Section 11.	Reports	17

ARTICLE VII. NON-PROFIT OPERATION

Section 1.	Interest or Dividends on Capital Prohibited	18
Section 2.	Patronage Capital in Connection with Furnishing Electric Energy	18

ARTICLE VIII. DISPOSITION OF PROPERTY

Section 1.	Disposition and Pledging of Property	21
Section 2.	Distribution of Surplus Assets on Dissolution	23

ARTICLE IX. SEAL 24

ARTICLE X. FINANCIAL TRANSACTIONS

Section 1.	Contracts	25
Section 2.	Checks, Drafts, etc.	25
Section 3.	Deposits	25
Section 4.	Change in Rates	25
Section 5.	Fiscal Year	25

ARTICLE XI. MISCELLANEOUS

Section 1.	Membership in Other Organizations	25
Section 2.	Waiver of Notice	25
Section 3.	Rules, Regulations, Rate Schedules and Contracts	25
Section 4.	Accounting System and Reports	25
Section 5.	Area Coverage	26
Section 6.	Indemnification	26
Section 7.	Subscription to Georgia Magazine	26

ARTICLE XII. AMENDMENTS 27

ARTICLE I
MEMBERSHIP

SECTION 1. Requirements for Membership.

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of COASTAL ELECTRIC MEMBERSHIP CORPORATION (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he/she or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation, the Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors (hereinafter referred to as Board); and
- (d) Paid the membership fee hereinafter specified.

No person may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

SECTION 2. Application for Membership.

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 Articles of Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations")--shall be made in writing on such form as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Article I, Section 5 (together with any service security deposit, service connection fee, line extension fee, or contribution in aid of construction that may be required by the Cooperative), which fee (and such service security deposit, service connection fee, line extension fee, or contribution in aid of construction, if any) shall be refunded in the event the application is by Board resolution denied.

SECTION 3. Joint Membership.

A married person who applies for a membership in the Cooperative, under Article I, Section 1, **shall** be deemed to have applied for a joint membership for him/her and his/her spouse. The term "member" as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership.

Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one (one) joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either, but not both, may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office.

Effective at the time of the adoption of this amendment to Article I, Section 3, the membership of any person who is married (or subsequently marries while still a member) shall automatically be converted to a joint membership with him/her and his/her spouse.

SECTION 4. Death of one of the Parties to a Joint Membership.

Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Membership Fee; Service Security Deposit; Service Connection Fee; Line Extension Fee; Contribution in Aid of Construction.

The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, service connection fee, line extension fee, or contribution in aid of construction or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a line extension fee or a contribution in aid of construction, or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him.

SECTION 6. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his/her application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him /her to the Cooperative as and when the same shall become due and payable.

SECTION 7. Termination and Suspension of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may; by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Additionally, the Board may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, automatically expel any member who commits or threatens to commit any act of violence directed toward any employee or agent of the Cooperative, or otherwise threatens in any manner such employee or agent, while such agent or employee is acting on behalf of the Cooperative. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.

- (b) Upon the withdrawal, death, cessation or existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him/her, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.
- (d) Suspension; Reinstatement. Upon his/her failure, after the expiration of the initial time limit prescribed either in a specific notice to him/her or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his/her membership obligations, a person's membership shall automatically be suspended; and he/she 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/her 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 8. Condition of Membership.

As a condition of membership, each member upon being requested by the Cooperative shall execute and deliver to the Cooperative without charge, easements of right-of-way over, on and under such lands owned or leased by the member, and in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of electric service to him/her or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members.

Upon dissolution, after;

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members as provided in Article VIII, Section 2 herein.

SECTION 2. Non-Liability for Debts of the Cooperative.

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

MEETING OF MEMBERS

SECTION 1. Annual Meeting.

The Annual Meeting of the Members shall be held during the months of March, April, May or June of each year beginning with the year 1971 at any place within one (1) of the counties served by the Cooperative, as selected by the Board of Directors and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meeting.

Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three board members, by the President, or by ten (10%) per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board of Directors and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Members Meetings.

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days and not more than forty-five (45) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action, which may be taken by the members at any such meeting.

SECTION 4. Quorum.

As long as the total number of members does not exceed five hundred (500), ten (10%) per centum of the total number of members present shall constitute a quorum. In case the total number of the members shall exceed five hundred (500), fifty (50) members or two (2%) per centum of the members, present in person or represented by proxy, whichever shall be the larger, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person. Members participating in Early Voting as hereinafter authorized in "Section 6 Voting" either in person or represented by proxy shall be counted in determining a quorum.

SECTION 5. Proxies.

At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting or at the time of Early Voting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No member shall vote by proxy for more than three (3) members at any meeting of the members except where such person is exercising a proxy in connection with the borrowing of funds from the United States of America or a sale, mortgage, lease or other disposition or encumbrance of property to the United States of America or any agency or instrumentality thereof or in connection with an amendment of the Articles of Incorporation of the Cooperative. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy except if such proxy is voted in the Early Voting process. In case of a joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed except if such proxy is voted in the Early Voting process.

SECTION 6. Voting.

Each member who is not in a status of suspension, as provided for in Article I, Section 7(d), shall be entitled to only one (1) vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes or vote by mail. The Cooperative may in its discretion

allow Early Voting by members no more than three (3) business days before the date of the Annual Meeting of the Members or any Special Meeting of the Members at such location(s) selected by the Board of Directors and in accordance with such rules promulgated by said Board from time to time. Such location(s) selected and the rules promulgated under authority hereof shall be designated in the notice of the Annual Meeting or Special Meeting.

SECTION 7. 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:

- (a) Report on the number of members present in person or by proxy in order to determine the existence of a quorum;
- (b) 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;
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (d) Presentation and consideration of reports of officers, directors and committees;
- (e) Election of directors;
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves 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, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

SECTION 8. 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 of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules

of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's 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.

SECTION 9. Credentials and Election Committee.

The Board of Directions may, before or during any meeting of the members, appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of members not less than three (3) nor more than nine (9). Committee members shall not be officers or directors of the Cooperative or candidates for such positions. 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. It shall be the responsibility of the Committee:

1. For the counting of all ballots or votes cast and for ruling on the effect of any ballots or votes if regularly marked or cast and on 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 qualification of candidates and the regularity of the nomination and election of directors.
2. To approve the form of ballots for contested elections and approve the procedures for ensuring ballot security, conducting registration and voting by members. Any protest or objection concerning any ballot or vote must be in writing, signed by one or more members ("Protester(s)"), and filed with the Chairman or Secretary of this Committee or their designee(s) not later than 5:00 p.m., on the third (3rd) business day following the adjournment of the meeting in which the voting is conducted. The Committee shall, after the Chairman's notice to all affected candidates, be reconvened. The Committee shall hear such evidence as is presented by the Protester(s) and any affected candidate, all of whom may be heard in person, by counsel, or both. The Committee shall, within thirty (30) days after such hearing, render its decision. The Committee shall act by majority vote and may not act on any matter unless a majority of the Committee is present at a meeting. The Committee's decision 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 shall 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. In the exercise of its responsibility, the Committee shall be paid such per diem as the Board may determine. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.

ARTICLES IV

BOARD MEMBERS

SECTION 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of nine (9) members which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure.

In order to equitably distribute the representation on the Board of Directors three (3) members of the Board of Directors shall be elected at the annual meeting each year, one (1) each from the counties of Bryan, McIntosh and Liberty to serve for a term of three (3) years, so that there always shall be a perpetual Board of experienced members to conduct the affairs of the Cooperative. Members from the area in Long County served by the Cooperative shall be eligible to serve in the position of Director created for McIntosh County.

SECTION 3. Qualifications.

No person shall be eligible to become or remain a board member of the Cooperative who:

- (a) is not a bona fide member who is in good standing with the Cooperative. The individual must maintain an active presence in at least one of the communities served by the Cooperative and maintain a residence in the territory served or to be served by the Cooperative; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy.
- (c) is an employee of the Cooperative or who was employed by the Cooperative within a period of three (3) years immediately preceding the date on which such employee would take office if elected; provided, however, that any member of the Board of Directors shall be eligible to be employed by the Cooperative on an interim basis not to exceed a period of twenty-four (24) consecutive months.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, such board member shall resign, and if such board member fails to resign, the Board of Directors shall remove such board member from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 4. Nominations.

- (a) Nominations by the Nominating Committee.

It shall be the duty of the Board of Directors to appoint, not less than one hundred twenty (120) days nor more than one hundred sixty-five (165) days before the date of a meeting of the members at which board members are to be elected, a committee on nominations consisting of not less than six (6) nor more than nine (9) members who shall be selected from different sections so as to insure equitable representation. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principle office of the Cooperative at least one hundred (100) days before the meeting a list of nominations for board members which shall include at least one (1) candidate for each board position to be filled by the election.

- (b) Nominations by Petition.

Other nominations for such election of board members may be made by written petition signed by not less than thirty (30) members which shall be submitted to the Secretary of the Cooperative or his nominee not less than ninety (90) days prior to such meeting.

- (c) Notice of Nominees.

The Secretary shall be responsible for posting at the headquarters of the Cooperative the nominees for the election made by the nominating committee and by petition, and if feasible, shall include same in the notice to the members for the meeting at which the election is to be held.

- (d) Nominations from the Floor.

Additional nominations for the election of board members cannot be made from the floor at such meeting of the members; except that in the event of death or for any other reason there is no candidate nominated by the nominating committee to run for a board position, then in such event additional nominations from the floor may be made. However, no member may nominate more than one (1) such candidate.

- (e) Failure of Compliance.

Failure to comply with any of the provisions of this section as to the election of

directors, except bad faith or intentional failure to comply, shall not affect the validity of the election of any director nor shall it invalidate the actions of all or any of the directors.

SECTION 5. Removal of Board Member by Members.

Any member may bring charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten (10%) per centum of the members or three-hundred (300), whichever is the lesser may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Vacancies.

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of board members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion on the term.

SECTION 7. Compensation.

Board members shall not receive any salary for their services as such, except that members of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board of Directors. If authorized by the Board of Directors, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board of Directors in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the Board of Directors as an emergency measure.

ARTICLE V

MEETINGS OF BOARD

SECTION 1. Regular Meetings.

A regular meeting of the Board shall be held, without notice, after the adjournment of the Annual Meeting of the Members, at such time and place as designated by the Board. A regular meeting of the Board shall also be held monthly at such time and place within one (1) of the counties served by the Cooperative as designated by the Board.

SECTION 2. Special Meetings.

Special meetings of the Board may be called by the President or by any three (3) board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Board Meetings.

Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each board member, either personally or by mail, by or at the direction of the Secretary, by the President or the board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Cooperative with postage thereon prepaid, at least five (5) days before the date set for the meeting.

SECTION 4. Quorum.

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent board members of the time and place at such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

ARTICLE VI

OFFICERS

SECTION 1. Number.

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

SECTION 2. Election and Term of Office.

The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held after the Annual Meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding Annual Meeting of the Members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board.

Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten (10%) per centum of the members or three hundred (300), whichever is the lesser, may request the removal of such officer. The officer against who such charges have been brought shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President.

The President shall:

- (a) be the principal executive officer of the Board and shall preside at all meetings of the Board of Directors, and,

unless determined otherwise by the Board of Directors, at all meetings of the members.

- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these 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 of Directors from time to time.

SECTION 5. 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. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 6. Secretary.

The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) the safe keeping of the corporate books and records and seals of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) keeping a register for the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative furnishing a copy of the Bylaws and of the amendments thereto to any member upon request; and

- (f) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 7. Treasurer.

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) the general performance of 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 8. Chief Executive Officer.

The Board may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed.

SECTION 9. Bonds of Officers.

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded 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 be bonded in such amount and with such surety as it shall determine.

SECTION 10. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a board member and close relatives of a board member.

SECTION 11. Reports.

The officers of the Cooperative shall submit at each Annual Meeting of the Members reports covering the business of the Cooperative at the close of such fiscal year.

ARTICLE VII

NON-PROFIT OPERATION

SECTION 1. 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. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy.

In the furnishing of electric energy the Cooperatives operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members; PROVIDED, insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period insofar as is practicable, as determined by the Board, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons accounts may be retired in full or in part. The Board shall determine the method of allocation, basis, priority and order of retirement, if any, for all amounts furnished as patronage capital. The Board shall also have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portion or portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portion or portions of capital credited to their accounts and (d) preclude a general retirement of such portion or portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the Cooperative, unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under these provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon; provided, however, the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct there from any amount owing by such patron to the Cooperative, together with interest thereon at a reasonable rate as from time to time established by the Board and in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed separate instruments containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperatives office.

ARTICLE VIII

DISPOSITION OF PROPERTY

SECTION 1. Disposition and Pledging of Property.

- (a) The Cooperative's Board, without requirement of the members' vote or consent, is empowered to authorize any sale, lease, lease-sale, exchange, conveyance, transfer or disposition of merchandise or property no longer useful for the operation of the Cooperative or less than substantially all of the Cooperative's properties and assets and to authorize the execution and delivery of mortgages, 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 subsections (a) and (b) of Georgia Code Section 46-3-400.
- (b) Other than as may be covered by Section 2, 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 46-3-401. 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 (3) appraisers 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 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 may, in its sole discretion, transmit the appraisals, together with any underlying data and information that may have accompanied them, to any 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 be so transmitted. Such other electric membership corporations will 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 selected 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 fifty (50) 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 in the order of priority specified in a petition. The members may take such action on such proposal(s) as may be legally available to them.

- (c) 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 therefore, 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.
- (d) Neither subsection (a) or (b) of this Section 1 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 2. 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 Article VII, Section 2 of these Bylaws, be distributed without priority but on a patronage basis among all persons who are or who have been members of the Cooperative for any period during its existence; PROVIDED, however, 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 IX

SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal (99 Georgia)".

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. Contracts.

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

SECTION 2. Checks, Drafts, etc.

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

SECTION 3. Deposits.

All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

SECTION 4. Change in Rates.

Written notice shall be given to the Administrator of the Rural Utilities Service not less than ninety days prior to the date upon which any proposed change in rates charged by the Cooperative for electric energy becomes effective.

SECTION 5. Fiscal Year.

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Membership in Other Organizations.

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of the Rural Utilities Service, of any other corporation.

SECTION 2. Waiver of Notice.

Any member or board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Rules, Regulations, Rate Schedules and Contracts.

The Board of Directors shall have power to make, adopt, amend, abolish or 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 inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports.

The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service. The Board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

SECTION 5. Area Coverage.

The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Indemnification.

The Cooperative shall indemnify directors, officers, including the General Manager (and/or if so titled, the Chief Executive Officer), employees and agents and may purchase insurance to cover such indemnification as provided in GA. Code Section 46-3-306.

SECTION 7. Subscription to “Georgia Magazine”.

The Board of Directors shall be empowered and authorized, on behalf of and for circulation to the members periodically, to subscribe to “Georgia Magazine,” at the annual subscription price of \$6 per member for which shall be paid by the Cooperative, and this amount 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.

ARTICLE XII

AMENDMENTS

The Bylaws may be altered or amended by the affirmative vote of not less than two-thirds (2/3) of the members or the Board at any regular or special meeting except that Bylaws affecting election of Board of Directors and calling of regular and special meetings of the members of the Cooperative may only be adopted or amended by a majority vote of the members present at a regular or special meeting. A copy of these Bylaws shall be made available to any member upon request by such member. Notices of meetings at which amendments to the Bylaws are to be acted on either by the Board or the members shall contain a copy of the proposed authorization, amendment or repeal.