

MEMBERSHIP HANDBOOK AND BYLAWS

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(1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

(2) fax: (202) 690-7442; or

(3) email: program.intake@usda.gov.

Jefferson Energy Cooperative is an equal opportunity provider and employer.

Our Story.....

We began in the mid 1930's. Ours is a story of determination, hard work, cooperation and vision. It is a story of rural people wanting electricity but couldn't have it. It is the story of how they joined together, formed organizations called electric cooperatives and got it for themselves.

Jefferson Energy Cooperative was officially incorporated in 1937. It was created by and for the people it was to serve. They were homeowners, farmers, storekeepers and school teachers. People like you and me...individuals who wanted the kind of life electricity could give. And they set up "their electric utility" in the American spirit of free enterprise ...private, nonprofit, customer-owned and service oriented.

Because of Jefferson Energy, electricity came to our rural area of Georgia bringing bright, new opportunities for growth and progress. Power lines were constructed across these rural areas to bring comfort, convenience, entertainment and security to those who were there and, in due course, enhancing the land for residential and commercial development.

This history is a vital part of who we are today. We're just as proud to serve the neighborhood country store as the highly technical industrial parks... the small frame house as the 1000-unit apartment complex. This member-customer diversity has permitted us to use modern technology to benefit everyone. Jefferson Energy is a study of contrasts. We're very much the same company now that we were in 1937...aggressive, innovative and self-reliant. We belong both to the wide-open spaces of rural Georgia and to one of the fastest growing metropolitan areas in the state. We are technologically and financially sound, and look forward to the future because together we are making a difference.

JEFFERSON ENERGY COOPERATIVE
Wrens, Georgia

This copy of the bylaws of Jefferson Energy Cooperative is current and contains all of the amendments that have been made through July 2019.

Article I
Membership

SECTION 1.01 Eligibility. Any natural person, firm, association, electric membership corporation, 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 Jefferson Energy Cooperative, an Electric Membership Corporation (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative.

SECTION 1.02 Application for Membership; Renewal of Prior Application. Application for membership – whereby the applicant agrees 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 corporate charter and bylaws, and all rules, regulations 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 in writing. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided thereof by the Cooperative. All membership applications 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 that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, 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 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), 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; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. Payment of the membership fee together with any other fees, service security or facilities extension deposits, or contributions in aid of construction or any combination of same and such other fees or charges that may be required by the Cooperative at the time the membership application is made, will entitle the member to receive electric service at one or more premises owned or directly occupied or used by him. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional

service requested. All required fees shall be paid for in advance of receiving electric service at the designated premise.

SECTION 1.04 Joint Membership. Legally married couples, by specifically so requesting in writing, may be accepted into joint membership or, if one of them already is a member, convert such membership into a joint membership. The words “member,” “applicant,” “person,” “his,” and “him,” as used in these bylaws, shall include legally married couples 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 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 a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote; **PROVIDED** that, if both be present but in disagreement on such vote, each shall cast only one-half vote;
- (c) notice to, or waiver of notice signed or otherwise affected by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any matter of either shall constitute, respectively, suspension or termination of the joint membership; and
- (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 therefor.

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**, that the Cooperative may deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative’s terms and conditions of membership or that such application should be denied for other good cause. **PROVIDED, FURTHER**, that any person whose application for membership is denied by the Cooperative shall have the right to appeal this denial to the Board of Directors. To exercise this right of appeal, the applicant must notify the Cooperative in writing within 10 days from the date the application for membership is denied. Any appeal must be heard by the Board of Directors within 30 days from the date the notice of appeal is received by the Cooperative. The Board of Directors shall issue a decision in writing to the applicant within 5 days from the date the appeal is formally considered by the Board of Directors. All decisions relative to the time, manner, and method of the appeal, as well as the decision to approve or deny the membership application, are in the sole discretion of the Board of Directors, and all such decisions are final.

SECTION 1.06 Purchase of Electric Power and Energy. The Cooperative shall use its best efforts to furnish its members with adequate and dependable electric service, although it cannot and 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 of Directors may in writing waive such requirement; and shall pay therefor at the times, and in accordance with the rules, regulations, and rate schedules, (including any monthly premium amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors, 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. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all 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 prorating.

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 annually with the capital so furnished as provided in Article IX of the bylaws.

SECTION 1.08 Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent for 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 National Electric Code, of an applicable local government ordinances, and of the Cooperative (in the event of variant such specifications the more exacting shall prevail). Each member shall be responsible for – and shall indemnify the Cooperative and any other person 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 SOLE DISCRETION OF 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 for meter reading and for inspection, maintenance, replacement, relocation or repair 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, repaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the Cooperative extend beyond the point at

which its service wires are attached to the meter loop provided for measuring electricity (or, if owned by the Cooperative, the meter base) used on such premises, except in the case of standby generation serving multiple service points as specified by the Cooperative's service rules and regulations. The Cooperative shall, however, in accordance with its applicable 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.

SECTION 1.09 Member to Grant Easements to Cooperative if Required and to Participate in Cooperative Load Management Programs. Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, under and on such lands owned or leased by and 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 facilities, lines and equipment. Each member shall, upon being requested to do so by the Cooperative, participate in any program initiated by the Cooperative to enhance load management or more efficiently to utilize or conserve electric energy.

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 rules and regulations, to pay the 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 non-compliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02 Termination by Expulsion; Renewed Membership. Upon the failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he shall without further notice be automatically expelled; PROVIDED, such member shall first be afforded opportunity for a hearing before the Board of Directors, if he so requests, and after such hearing he shall be expelled only if the Board of Directors by resolution so determines. Any person expelled by Board resolution may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his suspension. After any finally effective expulsion of a member, he may not again become a member except upon new application therefor duly approved as provided in Section 1.06. The Board of Directors, 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 all his membership obligations.

SECTION 2.03 Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Directors 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 a Remaining Partner. 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 withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining partner or partners, including any additional partners, as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership.

SECTION 2.05 Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to a refund of his membership fee and service security deposit(s), less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Section 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to receive 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 spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint; **PROVIDED**, that the estate of the deceased shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to directly 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**, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07 Acknowledgement of Membership Termination Newly Discovered. Whenever the Cooperative is apprised of a past termination of membership, which took place without the Cooperative's knowledge at the time, it shall acknowledge such termination effective as of the date 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 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 Meeting of Members

SECTION 3.01 Annual Meeting. For the purposes of electing directors, of hearing and passing upon reports covering the previous calendar year and of transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on the third Tuesday of the month of July of each year, at such place in one of the counties in which the Cooperative operates, and beginning such hour, as the Board of Directors shall from year to year fix; PROVIDED, that for good cause the Board of Directors may fix a different date for such annual meeting not more than ninety (90) days prior or subsequent to the date established for such meeting in this Section. It shall be the responsibility of the Board of Directors 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 result in a forfeiture or dissolution of the Cooperative.

SECTION 3.02 Special Meetings. A special meeting of the members may be called by the Chairman, the Board, or upon written request signed by not less than ten (10) percent of the members, 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 meeting shall be held at such place, in one of the counties in which the Cooperative operates, on such date, and beginning at such hour as shall be designated by him or those calling or requesting 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 Article XI and in Sections 46-3-382, 46-3-383, 46-3-401 and 46-3-420 of the Georgia Annotated Code, be delivered to each member not less than five (5) days nor more than ninety (90) days prior to the date of the meeting, by any reasonable means, by or at the direction of the Chairman, the Secretary, or other officer or persons 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 newsletter, or member service billings. No matter the carrying of which, as provided by law, requires the affirmative votes of at least a clear majority of all the Cooperative's members shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and, whether mailed first-class or not, postmarked at least five (5) days prior 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 unless such 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 transacting of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called and convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04 Quorum. At the organization of the meeting, registration of at least one hundred (100) of the members of the Cooperative at the annual membership meeting and at least two and one-half (2-1/2%) percent of the total members of the Cooperative at any special membership meeting shall be required for the transaction of business, except that, if less than a quorum is present, a majority of those present may adjourn the meeting to another time and date not less than thirty (30) days later to any place within one of the counties in which the Cooperative operates; PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At meetings of the members, whether a quorum is present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those who were registered. When a quorum is once reached to organize a meeting, the members who remain 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. For the purposes of this subsection, the Cooperative may count completed early voting ballots received before the member meeting in determining whether a quorum exists at the member meeting.

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. 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 corporate charter or these bylaws. The members may vote in person at the meeting, or by other means as may be authorized by the Board of Directors.

SECTION 3.06 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 registered 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 and taking of any 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 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.

SECTION 3.07 Credentials and Election Committee. The Board of Directors shall, at least fifteen (15) days before any meeting of the members, appoint a Credentials and Election Committee consisting of persons who are members of the Cooperative, who are not existing Cooperative officers, directors or known candidates for directors, who are not adversely interested in any item of business that may be scheduled for consideration and action at said meeting and who are not close relatives (hereinafter defined) or members of the same household of existing Cooperative officers, existing directors or known candidates for directors. The Committee shall be the same in number as the Board of Directors, and the members of the Committee shall be residents of the same respective Directorate Regions, as are the Directors. The Committee shall elect its own chairman and secretary 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, 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. 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 seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protester(s) or objector(s), who may be heard in person, by counsel, or both; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but no later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee's decision (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 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.

Article IV Directors

SECTION 4.01 Number and General Powers. The business and affairs of the Cooperative shall be managed by a Board of Directors consisting of not less than nine (9) and not more than twelve (12) members. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's corporate charter or bylaws conferred upon or reserved to the members. The Board of Directors 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 Director Qualifications. A Director or Director candidate must comply with this Bylaw. The Cooperative may conduct an investigation, or require information, to determine whether a Director or Director candidate complies with this Bylaw.

A. General Director Qualifications. To become and remain a Director, a Person must comply with the following general qualifications (“General Director Qualifications”):

- (1) be an individual;
- (2) have the capacity to enter legally binding contracts;
- (3) have not been previously removed or disqualified as a Director;
- (4) have not been convicted of, or plead guilty to, a felony;
- (5) before becoming a Director, graduate from high school or earn an equivalent degree or certification;
- (6) have not had a final judgment entered against you involving civil fraud, ethical violations, discrimination, and/or acts of harassment;
- (7) have not, within the last seven years, been a debtor in a personal or business related federal bankruptcy proceeding or a similar proceeding;
- (8) have not been a party, within the last seven years, to a foreclosure or other proceeding (judicial or non-judicial, personal or business related), which proceeding is or was instituted because of a default on indebtedness; and
- (9) comply with any other reasonable qualifications determined by the Board of Directors.

B. Membership Director Qualifications. To become and remain a Director, an individual must comply with the following membership qualifications (“Membership Director Qualifications”):

- (1) while a Director and during the one year immediately before becoming a Director:
 - a) be a Member in good standing and have not been suspended as defined in Cooperative Bylaw Section 2.01; and
 - b) permanently reside, and will continue to reside, and use electric energy provided by the Cooperative, at the principal residence as defined under federal tax law 26 C.F.R. § 1.121-1(a)(2) within the Director Regions from which the Director is nominated or elected;

C. Independence Director Qualifications. To become and remain a Director, an individual must comply with the following independence qualifications (“Independence Director Qualifications”):

- (1) annually complete and sign an independence certification and disclosure form approved by the Board;
- (2) not be a member of, employed by, or have a direct financial interest in, an enterprise or organization that competes with the Cooperative or contracts with the Cooperative, the Cooperative’s affiliates or other cooperatives of which the Cooperative is a member, except that any such employment, membership or financial interest which is so

inconsiderable and incidental so as not to pose a reasonable prospect of a conflict of interest may be permitted. A nominee with any direct financial interest in an enterprise or organization that competes with the Cooperative or contracts with the Cooperative shall, however, fully disclose all such interests.

- (3) not be a Close Relative of an incumbent director or of an employee of the Cooperative, not be an employee or director of a competing utility or enterprise, or a Close Relative of an employee or director of a competing utility or enterprise; or within five (5) years immediately preceding the date of the meeting in which the directorship is to be voted upon, be an employee of the Cooperative.
- (4) while a Director and during the one year immediately before becoming a Director, not been an elected official of a public office full time for compensation.
- (5) while a Director and during the one year immediately before becoming a Director, not be a party in a mediation, arbitration, lawsuit, or other legal action against or by the Cooperative or a Cooperative Subsidiary; and

D. Director Disqualification. After becoming a Director, if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications"), then, except as otherwise provided by the Board for good cause, the Board may by majority vote disqualify the Director and the individual is no longer a Director if:

- (1) the Board notifies the Director in writing or electronically of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and
- (2) within 30 days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.

SECTION 4.03 Election. At each annual meeting of the members, directors shall be elected by secret ballot by the members and, except as provided in Section 4.02 of these bylaws, from among those members who are natural persons; PROVIDED that, when the number of nominees does not exceed the number of directors to be elected at large or from a particular Region, and if there is no objection, secret balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by the affirmative vote of a majority of the members represented at the meeting. Should no candidate receive the requisite majority vote, the winner shall be chosen by additional secret ballots between the two candidates receiving the highest number of votes in the prior balloting. The runoff election will be conducted no sooner than 30 and no later than 60 days after the Annual Meeting in which the election occurred. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04 Tenure. Directors shall be so nominated and elected for three (3) year terms; PROVIDED, that the terms of any directors serving from the same Region shall not expire during the same year. Upon their election, directors shall, subject to the provisions of these

bylaws with respect to the removal of directors, serve until the annual meeting of the members of the year in which their terms expire 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 bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special 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 Regions. The Cooperative's directors shall be so nominated and elected, so that three (3) directors shall be from each of the following regions:

North Region – Warren, Glascock, McDuffie and Columbia Counties;

South Region - Johnson, Emanuel, Jefferson, Washington, Burke and Jenkins Counties;

Richmond County Region – Richmond County.

Notwithstanding the foregoing number of Regions, Region descriptions, and the number of Region directors presently provided for in this Section and in other Sections of this Article IV, every year the Board of Directors, not less than ninety (90) days prior to the first date on which the annual member meeting may be scheduled pursuant to the bylaws to be held, shall review the Regions and directorates and, if determining that the Regions should be altered as to boundaries or number or that the number of Region directors should be increased or reduced, so as to correct any substantially inequitable factors regarding the residences of members, the number of geographic location of Regions or the number of such directors, shall appropriately amend the bylaws accordingly and may, after such amendments become effective, appoint any additional directors, if so provided for by such amendments, and may appropriately fix their respective initial terms, not to exceed three years. The Board of Directors shall cause all such amendments and the names, addresses, and initial terms of any such newly appointed additional directors to be noticed in writing to the members not less than ten (10) days prior to the date on which the Committee on Nominations for the next annual member meeting shall first convene, and shall also, in timely advance of such Committee meeting, inform the members of the names and addresses of the Committee members and of the time and place of their first meeting.

After the date of the notice of amendments, these bylaws shall have been effectively amended accordingly; PROVIDED, that, although such bylaw provisions may also be amended from time to time by the members, any such amendments made by the Board shall be in full force and effect until at least the completion of the election of directors at the annual meeting of the members first thereafter held; AND PROVIDED, FURTHER, that no such amendment by the Board shall become effective so as to cause the vacancy on any director's office prior to the time such director's term would normally expire unless such director consents thereto in writing.

SECTION 4.06 Nominations. It shall be the duty of the Board of Directors to appoint, not less than eighty (80) days nor more than one hundred eighty (180) days prior to the date of a meeting of the members at which directors are to be elected, a Committee on Nominations which shall be the same in number as the Board of Directors, and the members of the Committee shall have the same qualifications as Directors, as set forth in Section 4.02. The Nominating Committee shall follow such policies as the Board of Directors may from time to time establish to encourage that qualified and capable candidates are nominated. The Committee members shall be members of the Cooperative but not incumbent directors or close relatives of such directors or known candidates to become directors. The Committee shall prepare and provide a list of nominations

for directors to be elected and the nominee or nominees with respect to each Region from which a director must, pursuant to this Article, be elected at the meeting. The Committee may include more nominees than there are to be elected, but it shall show clearly which nominees are opposed with respect to the same Region, if any. Any fifty (50) or more members of the Cooperative, acting together over their signatures not less than seventy (70) days prior to the meeting, may make additional nominations, in like manner listing separately the nominee or nominees with respect to the Region from which they are nominated, if any. At least ten (10) days prior to the meeting, the Secretary shall deliver, by any reasonable means, the notice of the meeting and a statement of the total number of directors to be elected, the number who must be elected from given Regions, and, for each nominee, his name, address, and the same information for an opposing nominee or nominees, if any, showing those nominated by the Committee separately from those nominated by petition, if any. Reasonable means of providing such notice shall include but not be limited to United States mail, personal delivery, the Cooperative's monthly newsletter, or member service billings. No nominations shall be made from the floor at such meeting. Notwithstanding 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 (but not cumulatively) which corresponds to the number of directors to be elected, but no member in any election may vote for more nominees from any Region than the number of directors who must be elected therefrom in such election. Ballots marked in violation of the foregoing restriction with respect to one or more Regions shall be invalid and shall not be counted with respect to such Region or Regions. Notwithstanding the provisions contained in this Section and in Section 4.06, 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 4.08 Removal of Directors by Members. Any member may bring charges for cause against a director and, by filing with the Secretary such charges in writing together with a petition signed by not less than ten (10%) of the members, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least twenty (20) 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 member or members bringing the charges against him shall have the same opportunity. To remove a director requires the votes of an affirmative majority of the members represented at the meeting, and the number of such affirmative votes must be not less than five (5%) of the Cooperative's then-total membership. The question of the removal of such director shall be considered and voted upon at such meeting and any vacancy created by such removal will be filled as set forth in Section 4.09 Vacancies.

SECTION 4.09 Vacancies. A vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining directors. A director thus elected shall serve out the unexpired term of the director whose office was originally vacated and until his successor is elected and qualified. A director elected to fill a vacancy shall represent the same Region which the director whose office he succeeds represented.

In filling such a vacancy, the Board of Directors shall not elect a close relative (as defined in these bylaws) of an incumbent director or of anyone who has served on the Board within the period of one (1) year prior to the occurrence of the vacancy.

SECTION 4.10 Compensation; Expenses; Indemnification. For their services as such, directors shall, on a per diem basis, receive such compensation, which may include insurance benefits, as is fixed by resolution of the Board of Directors. For the performance of their duties, directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually necessarily and reasonably incurred, in accordance with the Cooperative's established policies. 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, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the remaining directors upon their certification of such as an emergency measure; PROVIDED, that a director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the remaining directors. The Cooperative shall indemnify directors and may purchase insurance to cover such indemnification, as provided for in Section 46-3-306 of the Georgia Annotated Code.

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

SECTION 4.12 Account System and Reports. The Board of Directors shall cause to be established 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 operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be made available to the members upon completion of such report. 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 "Georgia Magazine." For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Directors shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to a Cooperative Newsletter. The Board of Directors shall also be empowered, on behalf of and for circulation to the members periodically, to subscribe to "Georgia Magazine."

SECTION 4.14 "Close Relative" Defined. As used in these bylaws, "close relative" means any person who is a parent, grandparent, child, grandchild, brother, sister, by blood or law, or married individuals. Closely related shall also apply to any relative residing in the home of an employee or director.

Article V Meetings of Directors

SECTION 5.01 Regular Meetings. A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the annual meeting of the members at such site as designated by the Board in advance of the annual Member meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in Wrens, Jefferson County, Georgia, as the Board of Directors may provide by resolution. Except when business to be transacted thereat shall require special notice, such regular monthly meeting 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.

SECTION 5.02 Special Meetings. Special meetings of the Board of Directors may be called by Board resolution, by the Chairman or by any three (3) 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 Chairman or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in Jefferson County, Georgia, unless all directors consent to its being held in some other place in Georgia or elsewhere.

SECTION 5.03 Notice of Directors Meetings. Written notice of the date, time, place 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 this duty, by him or those calling it in the case of a special meeting or by any other director or officer in the case of a regular meeting whose date, time and place have already been fixed by Board resolution. Such notice shall be deemed to be delivered when addressed and sent to the director at the address provided at least five (5) days prior to the meeting date. The attendance of a director at any meeting of the Board shall constitute a waiver of notice of such meeting unless attendance shall be for the express purpose of objecting to the transaction of any business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04 Quorum. The presence in person of a majority of the directors in office shall be required for the transaction of business, and, except where these bylaws provide otherwise with respect to specific matters, the affirmative votes of at least a majority of the directors present shall be required for any action to be taken; **PROVIDED**, that a director who by law or by these bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of an action upon that matter, be counted in determining the number of directors in office; **AND PROVIDED FURTHER**, 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 any absent director(s) to be duly and timely notified of the 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 Chairman, Vice Chairman, Secretary, Treasurer and such other officers as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person. There shall also be a Chief Executive Officer and an Assistant Secretary. Each officer of the Cooperative shall be either a Director or an employee of the Cooperative.

SECTION 6.02 Election and Term of Office. The officers named in Section 6.01 shall be elected by ballot, annually and without prior nomination, by the Board of Directors 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 provisions of the bylaws with respect to the removal of officers by the Board of Directors. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

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

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

SECTION 6.05 Chairman. The Chairman:

- (a) shall preside at all meetings of the Board of Directors, and, unless otherwise determined by the Board of Directors or the members, all meetings of the members;
- (b) shall sign, with the Secretary, any deeds, mortgages, deeds to secure debt, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed 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 and executed; and
- (c) in general shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

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

SECTION 6.07 Secretary. The Secretary shall:

- (a) keep the minutes of meetings of the members and of the Board of Directors 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 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 a register of the post office addresses of each member, which address shall be furnished to the Cooperative by such member;
- (e) have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) keep on file at all times a complete copy of the Cooperative's corporate charter and of its 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 forward a copy of such documents and of all amendments thereto upon request to any member; and
- (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

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 moneys due and payable to the Cooperative from any source whatsoever, and deposit or invest all such moneys 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 the Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.09 Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer herein before provided in Sections 6.07 and 6.08, the Board of Directors 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 officers' 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 shall be released from such duties, responsibilities and authorities.

SECTION 6.10 President and Chief Executive Officer. The Board of Directors shall appoint a President & CEO who may be, but who shall not be required to be, a member of the Cooperative. The President & CEO, who may additionally be named to other offices of the Cooperative, shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 6.11 Bonds of Officers. The Board of Directors may require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 6.12 Compensation. 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 thereof approved by the Board of Directors. The Cooperative shall indemnify any other officer, employee or agent and may purchase insurance to cover such indemnification as provided in Section 46-3-306 of the Georgia Annotated Code.

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 calendar year and showing the condition of the Cooperative at the close of such calendar year.

Article VII

Contracts, Checks and Deposits

SECTION 7.01 Contracts. Except as otherwise provided in these bylaws, the Board of Directors 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 by such officers, agents or employees of the Cooperative and in such a manner as shall from time to time be determined by resolution of the Board of Directors.

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

Article VIII

RESERVED

Article IX Non-Profit Operation

SECTION 9.01 Non-Profit Operation. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons.

SECTION 9.02 Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall so be 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 cost 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. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 9.03. Patronage Capital – Accounts. The Cooperative shall allocate and credit to a capital account for each patron all such amounts in excess of operating cost 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 calendar 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. The Cooperative shall within reasonable time after the close of the calendar year notify each patron of the amount of capital so credited to his account. Notwithstanding any other provision of these bylaws to the contrary, the Board of Directors, in its discretion, may allocate Capital Credits for any specific rate or class of members based upon rates and cost of service for that rate or that class of members.

SECTION 9.04. Patronage Capital – Status of Such – Security Interest. 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 for capital. All such capital shall be held subject to the security interest provided in Section 9.12 below.

SECTION 9.05. Non-Operating Income. All amounts received by the Cooperative from non-patronage sources 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 calendar 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, or if determined by the Board of Directors, designated as permanent, non-allocated capital.

SECTION 9.06. Patronage Capital – From other Organizations. Notwithstanding any other provision of these bylaws, the Board shall have the power to adopt rules providing for the separate accounting for and retirement of such other amounts of capital credited to the accounts of the Cooperative by other organizations of which the Cooperative is a member (“Affiliated Capital Credits”).

SECTION 9.07. Patronage Capital – Dissolution. In the event of dissolution or liquidation of the Cooperative, to the extent that sufficient assets are available:

- (a) All debts and liabilities of the Cooperative shall have been paid; then
- (b) All capital furnished through patronage shall be retired without priority on a pro rata basis; then
- (c) Any remaining property and assets of the Cooperative shall be distributed, to the extent possible, among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the period of the Cooperative's existence.

SECTION 9.08. Patronage Capital – Distribution Prior to Dissolution. If, at any time prior to dissolution or liquidation, the Board of Directors 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.

SECTION 9.09 Patronage Capital – Early Distribution to Estates or Representatives of Deceased Members. Notwithstanding any other provisions of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any natural person who is a patron, if the legal representatives of such patron's estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors shall require; PROVIDED, however, that the Board of Directors shall have determined that the financial condition of the Cooperative will not be thereby impaired. Terms and conditions applicable to early retirement of capital credits may include, without limitation, the requirement to set-off any debt owed the Cooperative, the reduction of such amount to present value (i.e., deduction of sums designed to reflect the immediate payment of what is a future, contingent right), and the donation of all amounts which may remain after the reduction of Capital Credits to present value, any allocated but unpaid Affiliated Capital Credits and any earned but unallocated Capital Credits for the current or prior calendar year.

SECTION 9.10 – Distribution to Former Members. Notwithstanding any other provisions of these bylaws, the Board of Directors, at its discretion, shall have the power, after the termination of a member's membership as provided in Article II of the bylaws to retire capital credited to any such former member upon such terms and conditions as the Board of Directors, acting under policies of general application, shall establish; PROVIDED, however, that the Board of Director's shall have determined that the financial condition of the Cooperative will not be impaired thereby. Terms and conditions applicable to early retirement of Capital Credits may include, without limitation, the requirement to set-off any debt owed the Cooperative, the reduction of such amount to present value (i.e., deduction of sums designed to reflect the immediate payment of what is a future, contingent right), and the donation of all amounts which may remain after the reduction of Capital Credits to present value, any allocated but unpaid

Affiliated Capital Credits and any earned but unallocated Capital Credits for the current or prior calendar year.

SECTION 9.11. Patronage Capital - Cooperative's Security Interest and Right to Set-Off. Notwithstanding any other provision of these bylaws, all amounts credited to the capital account of any member pursuant to this Article, and any other sums held by the Cooperative which are payable or may become payable to such member, shall be held by the Cooperative subject to a security interest in favor of Cooperative therein to secure the payment of all debts of such member to the Cooperative, whether for Electric Service or otherwise. The Cooperative may recoup, offset, or set off the amount of any such debt to the Cooperative from any amount which is payable from the Cooperative to such patron or former patron.

SECTION 9.12. Patronage Capital – Contract with Member. 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 a separate instrument containing such terms and provisions.

SECTION 9.13. Patronage Capital – Board Discretion. The Cooperative may retire and pay Capital Credits and/or Affiliated Capital Credits only if the Board of Directors determines that the retirement and payment will not adversely impact the Cooperative's financial condition or its ability to meet its future obligations. Consistent with this bylaw, the retirement and payment of Capital Credits and Affiliated Capital Credits are in the sole discretion of the Board of Directors and are not affected by previous retirements and payments. The Board of Directors shall determine the method, amount, basis, priority and order of allocation and retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Article X Waiver of Notice

Any member or director may waive, in writing, any notice of meetings required to be given by the bylaws.

Article XI Disposition and Pledging of Property; Distribution of Surplus Assets on Dissolution

SECTION 11.01 Disposition and Pledging of Property.

- (a) The Cooperative's Board of Directors, without requirement of the member's vote or consent, is empowered to authorize any sale, lease, lease-sale, exchange 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 or 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 Section 46-3-400 of the Georgia Annotated Code.
- (b) The sale, lease, lease-sale, exchange or other disposition of all or substantially all of the Cooperative's properties and assets may be authorized and effectuated pursuant to the

provisions of Section 46-3-401 of the Georgia Annotated Code and Section 11.02 of these bylaws.

Not in conflict with, or in lieu of, but rather as supplementary to such sections, the following procedures shall be followed in authorizing such a sale, lease, lease-sale, exchange or disposition:

- (1) Before adopting a resolution recommending such a sale, lease, lease-sale, exchange or other disposition, the Board of Directors shall designate independent appraiser(s), expert in such matters, to render their individual opinions as to the value of the Cooperative's assets and properties, including its good will and going business value, and as to any other terms and conditions which, in their respective judgments, should be considered.
- (2) If the Board of Directors, after receiving such appraisal(s) (and other terms and Conditions which are recommended, if any) then determines that such a resolution should be adopted by it, it shall first give every other Georgia electric membership corporation (which has not made the proposal for such sale, lease, lease-sale, exchange or disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric membership corporations, which notice shall attach a copy of the proposal which the Board has tentatively decided to recommend and a copy of the reports of the appraiser(s). Such electric membership corporations shall be given not less than thirty (30) days within which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (3) Any two hundred (200) or more members, by so petitioning the Board not less than twenty (20) days before the date of the special or annual meeting at which the matter will be considered, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all other members any opposing or alternative positions which they may have to the recommendation that the Board has made.

The provisions of this subsection (b) shall not apply to a sale or lease-sale to one or more other electric membership corporations if the actual legal or substantive effect thereof is to merge or consolidate with such other one or more electric membership corporations.

SECTION 11.02 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 of Directors and not inconsistently with the provisions of the third paragraph of Section 9.02 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 non-profit charitable or educational organizations that are exempt from Federal Income taxation.

Article XII Fiscal Year

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

Article XIII Rules of Order

Parliamentary procedure at all meetings of the members, of the Board of Directors, 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 Roberts Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's corporate charter or by laws.

Article XIV Seal

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

Article XV Amendments

SECTION 15.01 Power to Amend. Subject to the provisions of O.C.G.A. Section 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 at any regular or special Board or member meeting, as the case may be; **PROVIDED, HOWEVER,** that either the Board of Directors or the members may change any bylaw if, as established by law, such bylaw is illegal or has become a legal nullity.

SECTION 15.02 Procedure of 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 of Directors or by at least fifty (50) members who over their signatures have filed with the Cooperative a petition proposing such change and setting forth with particularity the wording thereof and the time that the change is to become effective, at least sixty (60) days prior to the date of the member meeting at which such change will be acted upon; **PROVIDED,** that 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 of Directors may, but shall not be obligated to, waive the foregoing petition requirement and cause such proposed change to be noticed and acted upon; and **PROVIDED, FURTHER**, that the Board of Directors 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.