



BYLAWS
OF
UPSON ELECTRIC
MEMBERSHIP CORPORATION

Approved June 24, 2015

ARTICLE I
MEMBERSHIP

SECTION 1.1 Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof (hereinafter called "person") which desires retail electric service may become a member of Upson Electric Membership Corporation (hereinafter called the "Cooperative") by:

- (a). Making a written Application for Membership on a form, which has been approved by the Board of Directors.
- (b). Agreeing to purchase from the Cooperative electric energy as hereinafter specified for the term as may be specified and required by the Board of Directors.
- (c). Agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules, regulations, and policies adopted by the Board of Directors, and
- (d). Paying the Membership Fee hereinafter specified together with a service fee and/or other prepayments as may be required under policies of the Board of Directors;

Provided however, that no person, firm, association, corporation or political body or subdivision thereof shall become a member unless and until he, she or it has been accepted for membership by the Board of Directors. Also any person upon receipt of a contract, approved in the discretion of the Board of Directors, for wholesale electric service may become a member by paying the membership fee and executing the contract as approved by the Board of Directors in its discretion. No person may hold more than one membership in the cooperative, and no membership in the Cooperative shall be transferable, except as provided by the Bylaws.

SECTION 1.2 Membership Certificates. Membership in the Upson Electric Membership Corporation shall be evidenced by a Membership Certificate, which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors.

In cases where a member ceases to be a member of the Cooperative for any reason whatsoever, the Membership Certificate, as aforesaid, may or may not be returned to the Cooperative. The records of the Cooperative shall be prima facie evidence of the cancellation or termination of said membership.

SECTION 1.3 Joint Membership. A husband and wife may apply for joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. 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 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 Director, provided that both meet the qualifications for such office.

SECTION 1.4 Conversion of Membership

- (a). A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and rules, regulations, and policies adopted by the Board of Directors.
- (b). 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 1.5 Membership Fees. The membership fee shall be set by the Board of Directors.

SECTION 1.6 Purchase of Electric Energy. Each member receiving electric service shall, as soon as electric energy shall be available, purchase from the Cooperative electric energy used on the premises specified in his application for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. 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 such member shall pay to the Cooperative such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each such member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. Members receiving wholesale electric service pursuant to a separate contract approved by the Board of Directors shall be serviced in accordance with the contract approved by the Board of Directors in its discretion.

SECTION 1.7 Termination of Membership.

- (a). Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, rules, regulations or policies adopted by the Board of Directors, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion. Any expelled member may be re-instated by vote of the Board of Directors at any meeting.
- (b). Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such shall thereupon be terminated, the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not affect the obligations of the Cooperative or of a person which is party thereto under a separate contract for wholesale electric service or other contractual service approved by the Board of Directors.
- (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 him, provided, however, that the Cooperative shall deduct from the amount of the

membership fee the amount of any debts or obligations owing from the member of the Cooperative.

SECTION 1.8 Member Liability. A Member is generally not liable to third parties for the Cooperative's acts, debts, liabilities, or obligations. A member, however, may become liable to the Cooperative as:

- (a). Provided in these Bylaws; or
- (b). Otherwise agreed to by the Cooperative and Member.

ARTICLE II MEETING OF MEMBERS

SECTION 2.1 Annual Meeting. The Annual Meeting of the Members shall be held in October of each year, except when otherwise set by board resolution, at such place within a county served by the Cooperative, as selected by the board 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 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.

In the event that a scheduled Annual Meeting Of The Members is postponed due to providential or other cause beyond the control of the Board of Directors, all deadlines and other procedural times for notice and/or action relating to the meeting as initially planned, shall not be extended or tolled due to the postponed meeting. In the event of such a postponement, the Board of Directors shall promptly notify the Members of such postponement and the new date, time and place for the meeting by any expeditious means as may be determined by the Board including, without limitation, those means of communication set forth in SECTION 2.3 below.

SECTION 2.2 Special Meetings. Special Meetings of the members may be called by resolution of the Board of Directors or upon a written request signed by any three Directors, by the Chairman, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meetings of the members may be held at any place within a county served by the Cooperative, State of Georgia, specified in the notice of the special meeting.

The written request of the members shall:

- (a) Be contained on one or more pages, each of which must describe the purpose of the special member meeting; and
- (b) Contain the member's dated signature, and adjacent thereto, the signing member's printed name and address; and
- (c) Be submitted to the secretary of the Cooperative within sixty (60) days following the first member signature thereon.

SECTION 2.3 Notice of Members' Meetings. Notice of a Member Meeting shall be delivered not less than five (5) days nor more than ninety (90) days prior to the date of the meeting indicating date, time and location of said meeting. If notice of the Members' Meeting is mailed, it is considered delivered when deposited in the United States mail with postage paid and addressed to Member at the Member's address shown on the cooperative's membership list. The inadvertent and unintentional failure of any Member to receive notice of any Member Meeting shall not invalidate any action at the Member Meeting. Such notice may be provided by U.S. Mail, personal delivery, email, corporate website, corporate newsletter or monthly service bill.

SECTION 2.4 Quorum. The quorum for Annual Meeting shall be 150 members and shall be determined by members registering for the meeting regardless of actual attendance throughout the course of the meeting. If less than a quorum is present at the meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. If a quorum is present, the affirmative vote of a majority of the members represented at the meeting shall be the act of the membership unless the vote of a greater number is required by law, the Articles Of Incorporation, or these Bylaws. When a quorum is once present to organize a meeting, the members present may continue to do business at the meeting, or at any adjournment thereof, notwithstanding the withdrawal of enough members to leave less than a quorum.

SECTION 2.5 Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of the majority of the members voting thereon in person except as otherwise provided by law, the Articles Of Incorporation or by the Bylaws.

SECTION 2.6 Limited Proxies. Any member of the Cooperative, may designate his or her spouse or an adult member of the family, residing in the home of the member, to attend any meeting of the members, annual meetings or special meetings, and vote on any proposition which may legally come before said meeting, for and on behalf of the member of record.

Limited proxies, as aforesaid, shall be in the form as may be designated by the Board of Directors, and said limited proxies must be filed with the Secretary or designated person before the meeting is called to order.

SECTION 2.7 Order of Business. The order of business at the Annual Meeting of the members, and so far as possible at all other meetings of the members, shall be determined by the Board of Directors.

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

SECTION 2.8 Credentials and Elections Committee. The Board of Directors shall, at least one hundred twenty (120) days before a Member Meeting, or in such shorter time as may be necessary appoint a Credentials and Election Committee ("Credentials and Election Committee"). The Credentials and Election Committee shall automatically disband and have no further authority upon the completion of its duties arising from the Member Meeting for which it was appointed. The Credentials and Election Committee shall consist of an uneven number of Members not less than three (3) nor more than fifteen (15). Credentials and Election Committee members shall not be members of the Nominating Committee, Cooperative employees, directors or candidates for director or a Close Relative (as defined herein) of any of the foregoing persons. In appointing the Credentials and Election Committee, the Board may consider the equitable representation of the several areas served by the Cooperative. The Board shall appoint a chairman of the committee.

It shall be the responsibility of the Credentials and Election Committee:

- (a). To oversee the manner of conducting Member registration and voting, including the form and content of the ballots for election of directors and the systems and procedures for distributing, returning, collecting, verifying and counting the same;
- (b). To rule upon all questions that may arise relating to Member registration, voting and the election of directors, including, without limitation:

- (1). Ruling upon the validity of petitions of nomination of candidates for election to the Board of Directors; provided however that any such member of the committee shall abstain from voting with regard to any petition signed by that member.
 - (2). Ruling upon any dispute or question concerning the eligibility of any individual who presents themselves to vote on behalf of themselves, for an entity or as a proxy, whether in person at a Member Meeting;
 - (3). Ruling upon any dispute or question concerning the validity of any proxy;
 - (4). Ruling upon all other questions that may arise with respect to the registration of Members;
 - (5). Ruling upon the effect of any ballots or votes irregularly or indecisively marked or cast;
 - (6). Tabulating all ballots or other votes cast in any election or in any other matter; and
- (c) Upon the written request of any member, delivered to the Secretary of the Cooperative not later than fifteen (15) days prior to the date of the Annual Meeting, and specifying in detail the reason for the request, to rule upon the eligibility of any candidate for director. Upon receipt of such a request, the affected candidate shall be immediately provided with a copy of the request and the Credentials and Election Committee shall be convened at a time and place to be determined by the Chairman of the Committee not later than three (3) days before the Annual Meeting. The Committee shall then hear such evidence as is presented by the member making the request and any affected candidate, all of whom may be heard in person, by counsel, or both. The Credentials and Election Committee shall, after such hearing, render its decision. The Credentials and Elections Committee shall act by majority vote and may not act on any matter unless a majority of the Committee is present at the meeting. The decision of the Credentials and Election Committee on all matters covered by this Section 2.8 shall be final.

The Cooperative shall make available to the Credentials and Election Committee the advice of Cooperative Counsel and such Cooperative staff as may reasonably be required to fulfill its duties.

ARTICLE III
BOARD OF DIRECTORS

SECTION 3.1 a) **General Powers.** The Business and affairs of the Cooperative shall be managed by a Board of seven (7) Directors which shall exercise all of the power of the Cooperative except such as are by law, the Articles Of Incorporation or by these Bylaws conferred upon or reserved to the members.

b). **DISTRICTS AND REPRESENTATION OF THE BOARD OF DIRECTORS**

The area served by the Cooperative shall be divided into five (5) Districts as follows;

District Number One: All territory served by Upson EMC located within Upson County, lying north of a line beginning at the intersection of Highway 36 with the western boundary of Upson County and then running east to the City of Thomaston Square and then continuing in a easterly direction along Highway 74 to the Upson County boundary line. District Number One shall have two directors designated as Post One and Post Two.

District Number Two: All territory served by Upson EMC located within Upson County, lying south of a line beginning at the intersection of Highway 36 with the western boundary of Upson County and then running east to the City of Thomaston Square and then continuing in a easterly direction along Highway 74 to the Upson County boundary line. Also all territory served by Upson EMC located within Crawford County. District Number Two shall have two directors designated as Post One and Post Two. District Number Two shall have two directors designated as Post One and Post Two.

District Number Three: All territory served by Upson EMC located within Meriwether County, and all of the area of Pike county served by Upson EMC located on the west and north side of Elkins Creek. District Three shall be served by one director.

District Number Four: All territory served by Upson EMC located within Pike County on the east and south side of Elkins Creek. District Four shall be served by one director.

District Number Five: All territory served by Upson EMC located within Talbot County and all territory served by Upson EMC located within Taylor County. District Five shall be served by one director.

c) **REPRESENTATION BY DISTRICT ON THE BOARD OF DIRECTORS.**

The current Directors of the Cooperative shall continue to serve until their respective terms expire. Thereafter, the Directors of each district set forth above shall be nominated and elected by the vote of all members (regardless of the district in which the members reside) as follows:

- 1) The Director(s) for Districts One Post One and District Two Post Two shall be nominated and elected in 2013; and
- 2) The Director(s) for Districts Two Post One, District Three and District Four shall be nominated and elected in 2014; and
- 3) The Director(s) for Districts One Post Two and District Five shall be nominated and elected in 2015.

d) **TERM OF OFFICE.** All of the said Directors elected at the annual meetings of members shall be elected to serve for a term of three (3) years and shall continue to serve until their successors have been duly elected.

SECTION 3.2 Qualification and Tenure. To be eligible to become or remain a Board member of the Cooperative a person must:

- (a). Be eighteen (18) years of age or older;
- (b). Be a Member of the Cooperative;
- (c). Be a bona fide resident of the area served by the Cooperative and of the district for which election is sought; and
- (d). Receive electric service from the Cooperative at the primary residential abode of such Person, unless temporarily prevented from doing so by causes reasonably beyond such Member's control.

- (e). Not be financially interested in an enterprise or organization that competes with the Cooperative, or a Close Relative (as defined herein) with someone financially interested in an enterprise or organization that competes with the Cooperative, unless such financial interest is, so inconsequential and incidental as not to pose a reasonable prospect of a conflict of interest.
- (f). Not be currently or within the five (5) years immediately preceding the Annual Meeting at which such person is a candidate for Director:
 - (1). An employee of the Cooperative or of another electric cooperative; or
 - (2). A Close Relative of an employee of the Cooperative. A Close Relative is defined as a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece whether by blood or marriage.
- (h). Not have been convicted of a felony;
- (i). Once elected, attend at least eight (8) regular meetings of the Board during each calendar year (after the Director's election), unless such absence is due to providential cause determined by the Board;
- (j). Be capable, physically and mentally, of fulfilling the duties of a director.

Upon the written request to the Board Secretary by any member stating the reasons therefore and upon establishment of the fact that a duly elected board member is holding the office in violation of any one of the foregoing provisions, the Board shall remove such member from office. Any such Director, prior to removal shall be provided written notice of such alleged disqualification and the date on which The Board will consider his removal as a Director. Such Director shall have the opportunity to present evidence in his defense at any such meeting. The vote of the majority of the board present and voting excluding the Director in question shall make such determination.

SECTION 3.3 Nominations And Election Of Directors.

- (a). It shall be the duty of the Board of Directors to appoint, not less than one hundred twenty (120) days before the date of the meeting of the members at which Directors are to be elected, a committee to represent the geographical areas served by the Cooperative. No officer or member of the Board of Directors shall be appointed as a member of such committee. A member of the Nominating Committee may not be a member of the Credentials and Election Committee, a close relative (as defined herein) of a Director, Officer, employee, or known

Director candidate. The committee shall prepare and post at the principal office of the cooperative at least thirty (30) days before the meeting a list of nominations for Director by district and post.

- (b). In addition to nominations of the nominating committee, 150 or more of the members of the Cooperative may make other nominations in writing over their personal signatures not less than ninety (90) days prior to the meeting, and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted. The Nominating Petition shall:
 - (1). List on each page of the Nominating Petition the name of the Member to be nominated (a Nominating Petition may list only one proposed nominee);
 - (2). Indicate on each page of the Nominating Petition the Director position by district (and post, if applicable) for which the Member so nominated will run; and
 - (3). Contain the printed names, addresses, telephone numbers and original dated signatures signed within sixty (60) days of the first signature.
- (c). The nomination for Directors by Petition or otherwise shall be closed ninety (90) days prior to the meeting. The Secretary shall provide with the notice of the meeting a statement of the number of the directors to be elected. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of Directors.
- (d). At the Member Meeting , no nominations may be made from the floor except that such nominations may be made and shall be allowed for any Director position whose term of office is to expire at that Member Meeting and for which there would not otherwise be any eligible nominee. If nominations are taken from the floor, the election shall take place at that Member Meeting.
- (e). Directors shall be elected from the nominees by majority vote of the members present and voting by written ballot.
- (f). Each ballot shall:
 - (1). State the district and post (if applicable) of the subject election and have printed thereon the name of each person duly nominated, the manner by which each nomination was made and identify the incumbent, if any;

- (2). Have printed thereon or be accompanied by instructions as to the method by which a vote for a particular candidate shall be indicated;
- (3). Such other information as the Credentials and Elections Committee shall deem appropriate to assist the members in casting their ballot.

SECTION 3.4 Removal of Directors. Any member may bring charges against an incumbent Director by filing them in writing with the Secretary, together with a petition signed by ten per centum of the members, requesting the removal of the Director in question, with or without cause. Such petition shall be filed with the secretary no later than 30 days before the meeting at which the same is to be considered by the members of the Cooperative. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The Director against whom such charges have been brought shall be informed of the charges in writing and shall have the right to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

SECTION 3.5 Vacancies. Subject to the provisions and Bylaws with respect to the removal of Director, vacancies occurring in the Board of Directors shall be filled by majority vote of the remaining Directors. A director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office.

SECTION 3.6 Compensation.

- (a). Board members shall not receive any salary for their services as such, but shall receive a per diem as provided herein. Members of the Board may, by resolution, authorize a fixed sum for each day or portion thereof spent on Cooperative business, including but not limited to attendance at meetings, conferences, and training programs or performing committee assignments if authorized by the Board.
- (b). In addition to the fixed sum set forth in subparagraph a), Board members shall also received an amount equal to one-eighth (1/8) of the annual payment, up to a maximum annually of 100%, of the insurance premiums paid on the Board members behalf by the Cooperative, if any. Any entitlement to the payment set forth in this subparagraph b) shall cease after the eighth (8th) such amount shall have been earned by a Board member in each calendar year, up to a maximum of 100%, but such settlement shall begin again with the first compensable day in the

- succeeding calendar year.
- (c). The Cooperative shall establish and maintain a system of accounting for per diem fees paid to or for Board members pursuant to this bylaw.
 - (d). If at the end of the calendar year, or any earlier date that a Board member may have ceased serving on the Board, a director has not earned sufficient fees under subparagraph b to cover the costs of any insurance premiums paid by the Cooperative on his or her behalf, the Cooperative shall timely so inform the director who shall promptly thereafter pay the Cooperative the difference.
 - (e). Board members may be reimbursed for expenses actually and necessarily incurred in carrying out the Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of their expenses. No board member shall receive compensation for employment by the Cooperative in any other capacity, nor shall any Close Relative (as defined herein) of a board member receive compensation for service the Cooperative, unless the payment and the amount of compensation shall be specifically authorized by a vote of the Board and such service shall have been certified by the Board as an emergency measure.
 - (f). Any payment and benefit provided by the Cooperative that constitutes income to a Board member, shall be properly reported as such by the Cooperative IRS Form 1099 annually issued by it with respect to each director.
 - (g). Board members serving in that position for less than a full calendar year shall earn and be credited with a pro rata portion of payments related to insurance costs under this bylaw.

SECTION 3.7 Rules, Regulations, and Policies. The Board of Directors shall have power to make and adopt such rules, regulations and policies not inconsistent with law, the Articles Of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

ARTICLE IV **MEETING OF DIRECTORS**

SECTION 4.1 Regular Board Meetings. The Board shall regularly meet at the date, time and location determined by the Board ("Regular Board Meeting"). Unless otherwise required by these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the Chairman may change the date, time and location of any

Regular Board Meeting.

Unless the majority of the Board agrees otherwise, the members of the Board of Directors, or any committee designated by such Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner shall constitute presence in person at such meeting.

Any Director not attending any Board Meeting at which the Regular Board Meeting date, time or location is changed is entitled to receive notice of the Regular Board Meeting change at least two (2) days before the next Regular Board Meeting. All Directors are entitled to receive notice of the Chairman's change in a Regular Board Meeting date, time or location at least two (2) days before the changed Regular Board Meeting.

SECTION 4.2 Special Board Meetings. The Board, the Chairman, or at least three (3) Directors may call a special meeting of the Board ("Special Board Meeting") by providing each Director at least two (2) days prior written, electronic, or oral notice indicating the date, time, location, and purpose of the Special Board Meeting.

SECTION 4.3 Waiver of Notice. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4.4 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors are present at said meeting a majority of the Directors present may adjourn the meeting from time to time, without further notice.

SECTION 4.5 Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V OFFICERS

SECTION 5.1 Number and Title. The Officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary and Treasurer. The offices of the Secretary-Treasurer may be held by the same person.

SECTION 5.2 Election and Term of Office. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each 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 of Directors, following the next succeeding Annual Meeting of the Members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of Officers.

SECTION 5.3 Removal. Any Officers elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

SECTION 5.4 Vacancies. Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5.5 Chairman. Unless otherwise determined by the Board and unless otherwise required by law, the Articles Of Incorporation, or these Bylaws, the Chairman:

- (a). Shall preside, or designate another individual to preside, at all Board and Member Meetings;
- (b). On the Cooperative's behalf, may sign any document properly authorized or approved by the Board or Members; and
- (c). Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 5.6 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 powers of and be subject to all the restrictions upon the Chairman and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 5.7 Secretary. Unless otherwise determined by the Board, and unless otherwise required by law, the Articles Of Incorporation, or these Bylaws, the Secretary;

- (a). Shall be responsible for preparing minutes of Board and Member Meetings;
- (b). Shall be responsible for authenticating the Cooperative's records;

- (c). May affix the Cooperative's seal to any document authorized or approved by the Board or Members; and
- (d). Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 5.8 Treasurer. Unless otherwise determined by the Board, and unless otherwise required by law, the Articles Of Incorporation, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

SECTION 5.9 President/CEO and Vice President. The Board of Directors shall appoint a President/CEO and may appoint a Vice President, who may be, but shall not be required to be a member of the Cooperative. The President/CEO shall perform such duties as are outlined in the written policies of or as may otherwise be authorized by the Board of Directors. In the performance of his duties as President/CEO, strict compliance with these policies shall be required. The salary of the President/CEO shall be fixed by the Board of Directors. The Board of Directors may enter into a contract with the President/CEO for a specific number of years and said contract shall set forth terms, and conditions of said employment. The selection of a President/CEO by the Board of Directors shall be made strictly on experience, qualification and ability of the President/CEO to perform the duties outlined in the policies of the Board of Directors and the Rural Utilities Service.

The Vice President is authorized to exercise all powers and duties of the President/CEO in the event of the unavailability or absence of the President/CEO and the Vice President shall further have all the duties and responsibilities assigned to him by the President/CEO and the Board of Directors.

The President/CEO and Vice President thus selected, shall not be a close relative, as defined herein, of any member of the Board of Directors, nor shall a Director be elected, subsequent to the passage of this section, who may be a close relative (as defined herein) of the President/CEO, serving at that time. Any such candidate shall not be eligible to qualify and serve as a Director.

SECTION 5.10 Bonds. At the Cooperative's expense, the Cooperative may purchase a bond covering any Cooperative Director, Officer, employee, agent, or representative.

ARTICLE VI
NON-PROFIT ORGANIZATION

SECTION 6.1 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 6.2 Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's 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 nonprofit 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 furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received 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 a manner that, at the end of each 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, and the Cooperative shall, within a reasonable time after the close of the federal income tax year, notify each patron in writing of the exact amount of capital so credited to his/her account. Provided that individual notices of such amounts furnished to each patron shall not be required of the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for themselves the specific amount of capital so credited to him/her. 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 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 based upon the margins contributed by a member or a class of members, 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 and liabilities of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis. Any remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate contributed capital of each bears to the total contributed patronage capital of all Members and former Members. 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. The Board of Directors may determine the percentage of retirement of capital on the total accumulated capital credits or on an annual basis. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least thirty per centum (30%) of the total assets of the Cooperative. Any such retirements of capital shall be made in accordance with policies adopted from time to time by the Board of Directors: PROVIDED, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service of 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 of 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 of the Cooperative's books of such portions of capital credited to the Cooperative's patrons, c) provided for appropriate notifications to patrons with respect to such portions of capital credited to their accounts, and (d) preclude a general retirement of such 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 in of such patron's premises served by the Cooperative, unless the board of Directors, acting under policies of general application, shall determine otherwise.

If a member or a patron should terminate his or her membership in the Cooperative, either voluntarily, or if said membership is terminated by action of the Board of Directors, or by the members at the Membership Meeting, and at the time of such termination the member or patron is indebted to the Corporation for nonpayment of any debt or obligation, which

may include electric service, penalties, and /or other services rendered as provided for in the policies of the Corporation, the Corporation may charge the same to the capital credit account in the amount, and credit the same to the member or patron's delinquent and unpaid account at the time for the retirement of said capital credit.

Notwithstanding any other provisions of these Bylaws, the Board of Directors shall, in its discretion, have the power at any time upon the death of a 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 representative of his/her estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire such capital credited to any such patron discounted to present value, immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives of such patron's estate, shall agree upon; provided, however, that 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 the Georgia legal rate on judgments in effect when such amount became overdue, compounded annually. Furthermore, any costs associated with administration of patronage capital of inactive patrons' accounts may also be deducted from assignable patronage capital.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and these Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound, as fully as though each patron had individually signed a separate instrument containing such terms and provisions.

SECTION 6.3 Capital Refunds Returned Unclaimed. When capital credited to a member's account is retired by action of the Board of Directors as authorized in this Article VI and the payment of the retired capital cannot be accomplished because the member cannot be found the check is returned by United States Postal Service, the same shall be disposed of as follows:

- (a). The proceeds shall be maintained in the general fund and shall not be restricted in any manner whatsoever for a period of five years.

- (b). If during that said period the person entitled thereto appears and claims the funds, the same without interest shall be paid to him and the general fund shall be debited accordingly
- (c). After a period of five years from the date of declaration, the funds shall be disposed of in accordance with Georgia law.

SECTION 6.4 Membership and Deposit Refunds Returned Unclaimed.

When the refund of any membership fee or service security prepayment cannot be accomplished because the member cannot be found and the check is returned by the United States Postal Service, the same shall be disposed of in accordance with Georgia law.

ARTICLE VII
FINANCIAL TRANSACTIONS

SECTION 7.1 Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver an instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 7.2 Fiscal Year. The Board shall determine, and may modify, the Cooperative's fiscal year.

SECTION 7.3 Director Liability. There shall be no personal liability of Directors of the Corporation for monetary damages for breach of duty of care, except for liability for;

- (a). Any appropriation of business opportunity of the Cooperative;
- (b). Acts of omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
- (c). Any transaction from which the Director derives an improper personal benefit.

SECTION 7.4 Checks, Drafts, Etc. All checks, drafts or other order for the payment of money and all notes or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, or employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolutions of the Board of Directors.

SECTION 7.5 Bank Accounts and Deposits. All funds and investments of the Cooperative shall be deposited or invested from time to time to the credit or name of the Cooperative in such banks, trust companies or other depositories or securities as the Board of Directors may select or as may be selected by any officer or officers, agent or agents of the Cooperative to whom such power may be delegated from time to time by the Board.

SECTION 7.6 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 Directors.

SECTION 7.7 Books, Records, Accounting Systems and Reports. The Cooperative shall keep and maintain at its principal place of business adequate and correct accounts of the properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, and margins in capital.

SECTION 7.8 Obligations of Cooperative for Service. The Cooperative will use Prudent Utility Practices to furnish adequate and dependable Electric Service. HOWEVER, THE COOPERATIVE CANNOT, AND THEREFORE DOES NOT, REPRESENT, WARRANT OR GUARANTEE A CONTINUOUS AND UNINTERRUPTED SUPPLY OF ELECTRICITY; NOR SHALL THE COOPERATIVE BE RESPONSIBLE FOR ANY DAMAGE TO THE PERSON OR PROPERTY OF ANY MEMBER, OR FAMILY MEMBER RESIDING THEREWITH, CAUSED BY EQUIPMENT FAILURE, ACTS OF NATURE, POWER SURGES OR DISRUPTION OF POWER NOR FOR ANY CONSEQUENTIAL DAMAGES ARISING THEREFROM.

ARTICLE VIII **DISPOSITION OF PROPERTY**

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything therein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgage or a deed or deeds of trust

upon, or the pledging or encumbering of, any or all of the property; assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income there from all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof; provided further that the Board of Directors may upon authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in the State pursuant to the Act under which this Cooperative is incorporated.

ARTICLE IX MISCELLANEOUS

SECTION 9.1 **Rules of Order.** Unless the Board determines otherwise, and to the extent consistent with law, the Articles, and these Bylaws, all;

- (a). Member Meetings;
- (b). Board Meetings;
- (c). Member Committee Meetings; and
- (d). Board Committee Meetings

are governed by the latest edition of Robert's Rules of Order.

ARTICLE X 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 XI AMENDMENTS

The Board of Directors shall have the power to alter, amend, or repeal the Bylaws or adopt new Bylaws unless such power is reserved exclusively to the members by the Articles Of Incorporation or in the Bylaws previously adopted by the members. The Board of Directors shall not have the power to alter, amend, or repeal the Bylaws or adopt

new Bylaws directly relating to the election of the Board of Directors.

ARTICLE XII
COMPLIANCE WITH GEORGIA LAW

In the event that any of these Bylaws conflict with Georgia law or the authority conveyed upon the membership or the Directors by Georgia law, then the applicable provision of Georgia law shall control and the subject Bylaw shall be deemed subservient to Georgia law.

Statement of Nondiscrimination

Upton Electric Membership Corporation is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, DC 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.