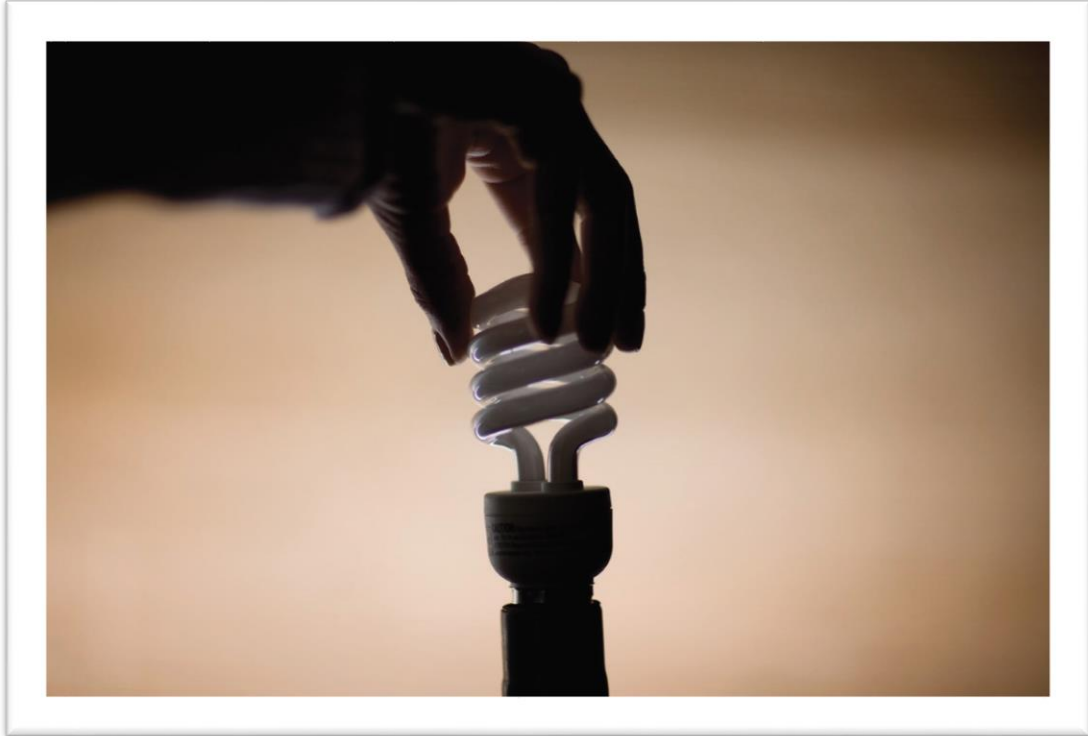


Bylaws



**South River Electric
Membership Corporation**

A Touchstone Energy® Cooperative 

September 2015

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**BYLAWS
OF
SOUTH RIVER ELECTRIC MEMBERSHIP CORPORATION**

Article 1 – Definitions

SECTION 1.01 – General Provisions. Within these Bylaws of South River Electric Membership Corporation, as currently existing or as later amended (“Bylaws”):

1. Unless otherwise provided, words and phrases used in these Bylaws have their customary and ordinary meaning;
2. The singular use of any word includes the plural use, and the plural use of any word includes the singular use;
3. The masculine use of any word includes the feminine and neutral uses, the feminine use of any word includes the masculine and neutral uses, and the neutral use of any word includes the masculine and feminine uses;
4. The present tense of any word includes the past and future tenses, and the future tense of any word includes the present tense; and
5. The words “shall” or “must” indicate a mandatory action or requirement, and the word “may” indicates a permissive action or requirement.

SECTION 1.02 – Defined Terms. These Bylaws define certain words and phrases within Bylaw sections (“Defined Terms”). Defined Terms are:

1. Capitalized and enclosed within parenthesis and quotation marks following the Defined Term’s definition; and
2. Capitalized when otherwise used in these Bylaws.

Unless the context requires otherwise, Defined Terms have the meaning specified in the appropriate Bylaw section. The following Defined Terms are defined in the following Bylaw sections:

Affiliated Capital Credits – Bylaw Section 7.02
Amend – Bylaw Section 9.01
Annual Member Meeting – Bylaw Section 3.01
Applicant – Bylaw Section 2.02
Appraisal – Bylaw Section 8.01
Asset – Bylaw Section 8.01
Board – Bylaw Section 2.02
Board Committee – Bylaw Section 5.07
Board Executive Committee – Bylaw Section 5.08
Board Meeting – Bylaw Section 5.03
Bylaws – Bylaw Section 1.01
Bylaw Provision – Bylaw Section 9.07
C&E Committee – Bylaw Section 3.14
Capital – Bylaw Section 7.02
Capital Credits – Bylaw Section 7.02
Certificate – Bylaw Section 2.02
Close Relative – By Law Section 4.12
Conflict of Interest Director Qualification – Bylaw Section 4.03
Conflict of Interest Transaction – Bylaw Section 5.09
Consolidation or Merger – Bylaw Section 8.02
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Cooperative – Bylaw Section 2.01
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Cooperative Officer – Bylaw Section 6.07
Cooperative Service Area – Bylaw Section 4.01
Cooperative Services – Bylaws Section 2.01
Cooperative Proxy Manager – Bylaw Section 3.12
Decreased Patron – Bylaw Section 7.03
Defined Terms – Bylaw Section 1.02
Director – Bylaw Section 2.05
Director District – Bylaw Section 4.01
Director Qualifications – Bylaw Section 4.03
Director Quorum – Bylaws Section 5.06
Director Removal Petition – Bylaw Section 4.08
Director Term – Bylaw Section 4.06
Director Emeritus – Bylaw Section 4.13
Director Written Consent – Bylaw Section 5.05
General Director Qualification – Bylaw Section 4.03
Governing Documents – Bylaw Section 2.02
Indemnification Advance – Bylaw Section 6.13
Indemnification Director or Officer – Bylaw Section 6.13
Indemnification Director Quorum – Bylaw Section 6.13
Indemnification Expense – Bylaw Section 6.13
Indemnification Individual – Bylaw Section 6.13
Indemnification Party – Bylaw Section 6.13
Indemnification Proceeding – Bylaw Section 6.13
Indemnification Standard of Conduct – Bylaw Section 6.13
Joint Member – Bylaw Section 2.05
Joint Membership – Bylaw Section 2.05
Law – Bylaw Section 2.02
Member – Bylaw Section 2.03
Member Challenge – Bylaw Section 3.14
Member Committee – Bylaw Section 5.07
Member Demand – Bylaw Section 3.02
Member Mail Ballot – Bylaw Section 3.09
Member Meeting – Bylaw Section 3.03
Member Meeting Issues – Bylaw Section 3.14
Member Meeting List – Bylaw Section 3.07
Member Meeting Waiver of Notice – Bylaw Section 3.08
Member Meeting Written Ballot – Bylaw Section 3.11
Member Petition – Bylaw Section 4.04
Member Petition Nominations – Bylaw Section 4.04
Member Proxy – Bylaw Section 3.12
Member Proxy Appointment – Bylaw Section 3.12
Member Quorum – Bylaw Section 3.10
Member Voting Document – Bylaw Section 3.13
Member Written Consent – Bylaws Section 3.04
Membership Director Qualification – Bylaw Section 4.03
Membership List – Bylaw Section 2.13
Membership Procedures – Bylaw Section 2.02
New Entity – Bylaw Section 8.02
Nominating Committee – Bylaw Section 4.04
Nominating Committee Nominations – Bylaw Section 4.04
Non-Operating Margins – Bylaw Section 7.02

Officer – Bylaw Section 6.07
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Other Officer – Bylaw Section 6.06
Patron – Bylaw Section 7.02
Person – Bylaw Section 2.01
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Article II – Cooperative Membership

SECTION 2.01 – Membership Eligibility. Any natural person, firm, association, corporation, business trust, partnership, state, state agency or state political subdivision, the United States of America or any federal agency or federal political subdivision, or other body politic (collectively, “Person”), as required or allowed by Law using, receiving or purchasing any service, product, commodity, equipment or facility from or through South River Electric Membership Corporation (“Cooperative”) reasonably related to the Cooperative furnishing or the Person receiving electric power (collectively, “Cooperative Services”) is eligible to become a Member. No Person may hold more than one (1) Cooperative membership. No Cooperative membership and no right or privilege associated with Cooperative membership may be sold, purchased, assigned or otherwise transferred.

SECTION 2.02 – Membership Procedure. Any Person seeking to become a Member (“Applicant”) must complete the following procedures (“Membership Procedures”): Before using, receiving or purchasing any Cooperative Service (or as contemporaneously therewith as practical), acknowledge, complete, or renew and reactivate a membership application provided by the Cooperative in which the Applicant accepts and agrees to:

- A. comply with:
 1. all applicable Law and legally binding agreements regarding the:
 - a. Cooperative;
 - b. Cooperative’s operation;
 - c. Cooperative’s Assets;
 - d. Cooperative’s Members and Patrons; and
 - e. provision, use, receipt and purchase of Cooperative Services including, but not limited to, all applicable:
 - (i) legislative, executive, administrative and judicial statutes, case law, regulations, ordinances, rulings or orders;
 - (ii) local, state and federal statutes, case law, regulations, ordinances, rulings or orders;
 - (iii) contractual provisions legally enforceable by or against the Cooperative; and
 - (iv) legally binding contracts between the Cooperative and the Applicant or Member (collectively, “Law”);
 2. the Cooperative’s Certificate of Incorporation (“Certificate”);

3. these Bylaws;
 4. the Cooperative's service rules and regulations;
 5. the National Electrical Code;
 6. the specifications of the North Carolina Fire Insurance Underwriters Association;
 7. the Cooperative's rate or price schedules; and
 8. any policy, resolution, action or amendment adopted by the Cooperative's Board of Directors ("Board") or membership; as any of these materials currently exist or as later amended or adopted, (collectively, "Governing Documents"); and
- B. be a Member;
- C. at prices, rates or amounts determined by the Board and in a manner specified by the Cooperative, pay the Cooperative for all:
1. Cooperative Services used, received or purchased by the Member, or at, or for, any dwelling or structures owned, controlled or directly occupied by the Member; and
 2. reasonable dues, assessments, fees, deposits, contributions or other amounts required by these Bylaws or the Board; and
 3. dues, assessments, fees, deposits, contributions or other amounts required by Law;
- D. complete any additional or supplemental document or contract required by the Board for the Cooperative Service which the Applicant is seeking to use, receive or purchase; and
- E. unless waived in writing by the Board or waived pursuant to Board policy generally applicable to all Applicants, pay the Cooperative any outstanding amounts owed the Cooperative by the Applicant.

SECTION 2.03 – Automatic Membership. Unless the Board determines otherwise as provided in these Bylaws, upon completing the Membership Procedure to the Cooperative's satisfaction; and using, receiving or purchasing electric energy from the Cooperative, an Applicant automatically becomes a Member of the Cooperative effective the date the Applicant began using, receiving or purchasing electric energy from the Cooperative ("Member").

The Cooperative may issue membership certificates to each Member in a manner, method and form determined by the Board.

If the Board determines that any Applicant is unable or unwilling to comply with the Governing Documents, then the Board may refuse the Applicant membership in the Cooperative. For other good cause determined by the Board, the Board may refuse an Applicant membership in the Cooperative.

If the Board refuses membership to any Applicant, then the Cooperative shall return to the Applicant any amounts paid to the Cooperative by the Applicant as part of the Membership Procedure other than amounts paid for using, receiving or purchasing any Cooperative Service; and outstanding amounts previously owed the Cooperative; and any associated interest or late payment charges.

SECTION 2.04 – Membership Agreement. Every Member shall follow, abide by and be legally bound to the Governing Documents. As provided in these Bylaws, the Cooperative may terminate any Member or Cooperative Service for the Member's failure to follow, abide by, or be legally bound to the Governing Documents.

By becoming a Member each Member acknowledges that: every Member is a vital and integral part of the Cooperative; the Cooperative's successful operation depends upon every Member complying with the Governing Documents; and all Members are united in an interdependent relationship.

SECTION 2.05 – Joint Membership. Joint Memberships are not permitted.

SECTION 2.06 – Provision of Cooperative Services. The Cooperative shall furnish electric service only to its Members.

- A. The Cooperative shall provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants continuous or flawless provision of the Cooperative Services. The Cooperative's responsibility and liability for providing Cooperative Services terminates upon delivery of any Cooperative Service to a Member or other Person acting for a Member and shall not extend beyond the point of delivery.
- B. After providing the Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate provision of any Cooperative Service to any Member. However, upon:
 - 1. determining that a Member has tampered or interfered with, or damaged or impaired any product, equipment, structure or facility furnished or used by the Cooperative to provide monitor, measure or maintain any Cooperative Service ("Cooperative Equipment");
 - 2. discovering the unsafe condition of any Cooperative Equipment; or
 - 3. discovering any imminent hazard or danger posed by any Cooperative Equipment;then, without providing the Member notice or opportunity to comment, the Cooperative may suspend provision of Cooperative Services to the Member until such equipment is repaired or replaced.

SECTION 2.07 - Purchase of Cooperative Services. As required or allowed by Law and unless otherwise specified in writing by the Board, each Member shall use, receive or purchase Cooperative Services from the Cooperative. Each Member shall comply with and abide by any policy, program, rule, procedure or other determination promulgated by the Board regarding the provision of Cooperative Services to the Member. Unless otherwise waived in writing by the Board of Directors, each Member 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. The production or use of electric energy on a Member's 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.

- A. Payments to Cooperative. At prices, rates or amounts determined by the Board and in a manner specified by the Cooperative, each Member shall pay the Cooperative for all:
 - 1. Cooperative Services used, received or purchased by the Member or at or for any dwelling or structure owned, controlled or directly occupied by the Member; and
 - 2. reasonable dues, assessments, fees, deposits, contributions or other amounts required by Law, these Bylaws or the Board.
- B. Interest and Late Payment Fees. As determined by the Board, Members shall pay interest, compounded periodically, and late payment fees for all amounts as owed, but not timely

paid, to the Cooperative. Notwithstanding the Cooperative's accounting procedures, the Cooperative may apply all amounts paid by any Member to all of the Member's accounts on a pro rata basis, or as otherwise determined by the Board.

- C. Reduction in Cooperative Services. As required or allowed by Law and as determined by the Board, if a Member substantially reduces or ceases the Member's use, receipt or purchase of Cooperative Services, either singly or in combination, then the Cooperative may charge the Member and the Member shall pay the Cooperative the reasonable costs and expenses incurred by the Cooperative in relying upon the Member's pre-reduction or preceding use, receipt or purchase of Cooperative Services.

SECTION 2.08 – Maintaining Member Location. Each Member shall maintain every dwelling or structure owned, controlled or directly occupied by the Member and at which the Cooperative provides any Cooperative Service, as required by the Governing Documents. In the event that the specifications of the North Carolina Fire Insurance Underwriter's Association and the National Electric Code differ, the more exacting standard shall prevail.

SECTION 2.09 – Member Grant of Property Rights.

A. As determined or required by the Cooperative, each Member shall:

1. provide the Cooperative, its agents, and independent contractors temporary or permanent, safe and reliable access to and use of, any portion of a Member's property interest; and
2. upon request from and under reasonable terms and conditions determined by the Cooperative, grant and convey and execute any document reasonably requested by the Cooperative to grant and convey to the Cooperative any written or oral easement, right-of-way, license or other property interest in any real or personal property in which the Member possesses any legal right and which is reasonably necessary to:
 - a. purchase, install, reinstall, construct, reconstruct, inspect, monitor, operate, repair, upgrade, maintain, remove or relocate any Cooperative Equipment;
 - b. provide, monitor, measure or maintain any Cooperative Service;
 - c. satisfy or facilitate any obligation incurred or right granted by the Cooperative regarding the use of Cooperative Equipment; or
 - d. safely, reliably and efficiently operate the Cooperative or provide any Cooperative Service.

B. No Member shall tamper or interfere with, damage, or impair any Cooperative Equipment.

C. Unless otherwise determined by the Board, the Cooperative owns all Cooperative Equipment. As the Cooperative's bailee of such equipment, each Member shall protect all Cooperative Equipment and shall install, implement and maintain any protective device or procedure reasonably required by the Cooperative.

D. Each Member shall comply with any procedure required by the Cooperative regarding the provision of any Cooperative Service to any Member or Person.

SECTION 2.10 – Indemnification. As requested by the Board, each Member shall indemnify the Cooperative for and hold the Cooperative harmless from any expenses, costs, liabilities or damages, including reasonable attorney fees and legal expenses incurred by the Cooperative, or by any Cooperative Director, Officer, employee, agent, representative or contractor, because of

any property damage, personal injury or death resulting from the Member's negligence or failure to comply with the Governing Documents.

SECTION 2.11 – Member Suspension. The Cooperative may suspend Members as provided in this Bylaw and allowed by Law.

- A. Suspension Reasons. The Cooperative may suspend a Member if the Member:
1. fails to timely pay any amounts due the Cooperative;
 2. fails to timely comply with Governing Documents;
 3. ceases using, receiving or purchasing any Cooperative Service;
 4. legally dissolves or legally ceases to exist; or
 5. voluntarily requests suspension; or as otherwise provided in these Bylaws or for other good cause determined by the Board (collectively, "Suspension Reason").
- B. Notice and Comment. Upon a Member's voluntary request for suspension, or unless provided otherwise in these Bylaws, if the Cooperative, following the occurrence of a Suspension Reason other than a Member's voluntary request for suspension:
1. provides the Member at least fifteen (15) days prior written notice of the Member's possible suspension and the underlying Suspension Reason; and
 2. notifies the Member that the Member has, and allows the Member, at least five (5) days after the effective date of the notice to comment upon the Suspension Reason, either orally or in writing,
- then unless otherwise determined by the Board in good faith, the Member is suspended.

Any written suspension notice provided by mail must be mailed first-class or certified mail to the Member's most current address shown on the Membership List. Unless otherwise determined by the Board, a partnership-Member continuing to use, receive or purchase a Cooperative Service is not automatically suspended upon the death of any partner or following any other alteration in the partnership. A partner leaving a partnership-Member remains liable to the Cooperative for any amounts owed to the Cooperative by the partnership-Member at the time of the partner's departure.

- C. Effect of Member Suspension Upon Cooperative. Upon a Member's suspension, and other than the Cooperative's obligation to retire and refund Capital Credits and Affiliated Capital Credits, and obligations regarding the Cooperative dissolution, the Cooperative's duties, obligations and liabilities imposed by these Bylaws for the Member cease, and the Cooperative may cease providing any Cooperative Service to the Member.
- D. Effect of Member Suspension Upon Member. Other than the right to receive retired and refunded Capital Credits and Affiliated Capital Credits and other rights upon the Cooperative's dissolution, a suspended Member forfeits and relinquishes all rights provided in the Governing Documents. In particular, a suspended Member forfeits and relinquishes any voting rights provided by these Bylaws. A suspended Member, however, remains subject to all obligations imposed by the Governing Documents.
- E. Lifting of Suspension. Unless otherwise determined by the Board in good faith, a Member's suspension is automatically lifted upon the Member rectifying, to the Cooperative's reasonable satisfaction, the underlying Suspension Reason along with payment of any additional charges required for reinstatement, within the time limit provided in the notice of suspension. The Board may lift any Member suspension for good cause, as determined by the Board.

SECTION 2.12 – Member Termination. Upon approval by the Board in good faith and as allowed by Law, a suspended Member is terminated. Except as otherwise provided by these Bylaws, the death of a natural person Member automatically terminates membership. Termination of a Member does not release the former Member from any debts, liabilities or obligations owed the Cooperative. Upon a Member’s termination from the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any amounts authorized by the Board and generally returned to terminated Members. A terminated Member may not again become a Member except upon reapplication for membership. The Board, acting upon principles of general application in such cases, may establish additional terms and conditions for renewed membership as it determines to be reasonably necessary to ensure the Applicant’s compliance with all membership obligations.

SECTION 2.13 – Membership List. The Cooperative, or the Cooperative’s agent, shall maintain a record of current Members in a form permitting the Cooperative to alphabetically list the names and addresses and federal tax identification numbers of all Members, and indicate the number of votes each Member is entitled to cast (“Membership List”).

- A. Upon five (5) business days’ prior written notice or request, and
 1. at a reasonable time and location specified by the Cooperative, a Member may inspect and copy the names and addresses included in the Membership List; or
 2. if reasonable, as determined by the Cooperative, and upon a Member paying the Cooperative a reasonable charge, determined by the Cooperative, covering the Cooperative’s labor and material cost of preparing and copying the Membership List, the Cooperative shall provide to the Member a copy of the names and addresses included in the Membership Listif, and to the extent that the Member’s demand is made in good faith and for a proper purpose; the Member describes with reasonable particularity the Member’s purpose for inspecting or copying the Membership List; and the Membership List is directly connected with the Member’s purpose.
- B. Without the Board’s consent, however, a Member may not inspect, copy or receive a copy of the names and addresses included in the Membership List for any purpose unrelated to the Member’s interest as a Member. Likewise, without the Board’s consent, the names and addresses included in the Membership List may not be:
 1. used to solicit money or property unless the money or property is used solely to solicit Member votes;
 2. used for any commercial purpose; or
 3. sold to or purchased by any Person.

SECTION 2.14 – Member Liability. A Member is generally not liable to third parties for the Cooperative’s act, debts, liabilities or obligations. A Member, however, may become liable to the Cooperative as provided in these Bylaws, or otherwise agreed to by the Cooperative and Member.

Article III – Member Meetings and Member Voting.

SECTION 3.01 – Annual and Regular Member Meetings. Within a county in which the Cooperative provides any Cooperative Service reasonably related to providing electric power to Members, the Cooperative shall annually hold a meeting of Members (“Annual Member Meeting”), and may regularly hold meetings of Members (“Regular Member Meeting”).

The board shall determine the date, time and location of any Annual Member Meeting or Regular Member Meeting.

At the Annual Member Meeting, the President and Treasurer shall provide a written report or oral presentation regarding the Cooperative's activities and financial condition. The Cooperative's failure to hold an Annual Member Meeting or Regular Member Meeting does not affect any action taken by the Cooperative.

SECTION 3.02 – Special Member Meetings. The Cooperative shall hold a Special Meeting of Members at a location within a county in which the Cooperative provides any Cooperative Service reasonably related to providing electric power to Members, determined by the Board ("Special Member Meeting") upon written request signed by at least three (3) Directors currently in office; or within thirty (30) days after receipt by the Cooperative's Secretary of one (1) or more written demands signed and dated by at least ten percent (10%) of the Cooperative's total current non-suspended Members ("Total Membership") requesting and describing the purpose of a Special Meeting of Members ("Member Demand").

SECTION 3.03 – Permitted Member Action at Member Meetings. At any Annual Member Meeting, Regular Member Meeting or Special Member Meeting (collectively, "Member Meeting"), Members may consider, vote or act only upon a matter for which unless otherwise provided in these Bylaws, the Board and Members were notified properly; the Members are authorized to consider, vote or act; and for a Special Member Meeting, the notice of the Special Member Meeting properly described.

SECTION 3.04 – Notice of Member Meetings.

- A. As directed by the President, Secretary or any Officer or Member properly calling a Member Meeting, the Cooperative shall deliver written notice of the Member Meeting:
1. personally, by mail, or by any other reasonable means;
 2. to all Members entitled to vote at the Member Meeting;
 3. indicating the date, time and location of the Member Meeting;
 4. at least ten (10) days but not more than sixty (60) days prior to the Member Meeting;
 5. for any Annual Member Meeting or Regular Member Meeting describing any matter to be considered or voted or acted upon at the Annual Member Meeting or Regular Member Meeting under N.C. Gen. Stat. 55A-11-04 (Articles of Merger), 55A-12-02 (Sale of Assets) or 55A-14-02 (Dissolution); and
 6. for any Special Member Meeting, stating the purpose of and describing any matter to be considered or voted or acted upon, at the Special Member Meeting.
- If mailed, notice of a Member Meeting is delivered when deposited in the United States mail in a sealed envelope with prepaid postage affixed and addressed to a Member at the Member's address shown on the Membership List.
- B. The inadvertent and unintended failure of any Member to receive notice of any Member Meeting shall not affect any action taken at the Member Meeting.
- C. When notifying Members of any Member Meeting, the Cooperative shall include notice of any matter which a Member may raise or discuss, and intends to raise or discuss at the Member Meeting if:
1. requested in writing by a percentage of the Total Membership entitled to call a Special Member Meeting; and

2. the Cooperative receives the written request at least ten (10) days prior to delivering notice of the Member Meeting.
- D. Unless otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time or location unless:
1. The Member Meeting is adjourned to another date occurring within one hundred and twenty (120) days following the Record Date for the original Member Meeting; and
 2. The new date, time or location is announced at the Member Meeting prior to adjournment.

SECTION 3.05 – Record Date. The Board may fix a date for determining the Total Membership and the Members entitled to (“Record Date”) sign a Member Written Consent; notice of a Member Meeting, and; vote at a Member Meeting.

- A. No Board-determined Record Date may be more than seventy (70) days prior to the date the first Member signs a Member Written Consent or of the Member Meeting.
- B. Unless otherwise fixed by the Board, the Record Date for determining the Total Membership and Members entitled to:
 1. sign a Member Written Consent is the date the first Member signs a Member Written Consent;
 2. notice of a Member Meeting is the close of business on the business day preceding the day the Cooperative notifies Members of the Member Meeting; and
 3. vote at a Member Meeting, is the date of the Member Meeting.
- C. The Record Date for determining the Total Membership and the Members entitled to notice of or to vote at a Member Meeting is effective for any Member Meeting adjourned to a date not more than one hundred and twenty (120) days after the date fixed for the original meeting.

SECTION 3.06 – Member Meeting List. After fixing the Record Date for determining the Members entitled to notice of a Member Meeting, and through the Member Meeting or any adjournment, the Cooperative shall prepare, update and maintain an alphabetical list (“Member Meeting List”) indicating members entitled to notice of and to vote at the Member Meeting; and the name of, address of and number of votes entitled to be cast at the Member Meeting by each Member listed.

- A. For communicating with other Members concerning the Member Meeting, the Cooperative shall make the Member Meeting List available for inspection by any Member:
 1. beginning two (2) business days after the Cooperative provides notice of the Member Meeting and continuing through the Member Meeting or any adjournment; and
 2. At the Cooperative’s principal office, or at a reasonable place identified in the notice of the Member Meeting and located in the city in which the Member Meeting will be held.
- B. Upon written demand and at a reasonable time during the period a Member Meeting List is available for inspection:
 1. a Member, Member’s agent or Member’s attorney may inspect the Member Meeting List and copy the Member Meeting List at the Member’s expense; or
 2. if reasonable, as determined by the Cooperative, and upon paying the Cooperative a reasonable charge, determined by the Cooperative, covering the Cooperative’s labor and material cost of copying the Member Meeting List, the Cooperative shall provide

- a copy of the Member Meeting List to the Member, Member's agent or Member's attorney
if the written demand is made in good faith; the Member Meeting List is not used to solicit money or property unless the money or property is used solely to solicit Member votes at the Member Meeting; and the Member Meeting List is not used for any commercial purpose or sold to or purchased by, any Person.
- C. The Cooperative shall make the Member Meeting List available at the Member Meeting. Any Member, Member's agent or Member's attorney may inspect the Member Meeting List at any time during the Member Meeting or any adjournment thereof.
 - D. Before acting as allowed under this Bylaw, a Member's agent or attorney must provide written evidence, satisfactory to the Cooperative, that the Member properly authorized the agent or attorney to act on the Member's behalf.
 - E. Refusal or failure to prepare or make available the Member Meeting List does not affect the validity of action taken at the meeting.

SECTION 3.07 – Member Waiver of Notice. A Member may waive any notice before or after the date and time stated in the notice. The waiver shall be in writing, be signed by the Member entitled to the notice and be delivered to the Cooperative ("Member Meeting Waiver of Notice") for inclusion in the minutes or filing with the Cooperative records.

Unless a Member objects to holding or to transacting business at a Member Meeting at the beginning of the meeting, a Member's attendance in person or by Member Proxy at a Member Meeting waives the Member's objection to lack of notice or to defective notice of the Member Meeting. Unless a Member objects to considering a matter that is not within the purpose or purposes described in the meeting notice before such matter is voted upon, the Member's attendance in person or by Member Proxy at the Member Meeting waives the Member's objection to considering, voting or acting upon the matter at the Member Meeting.

SECTION 3.08 – Member Action by Member-Proxy Mail Ballot or Member-Proxy On-Line (Internet) Voting. In any election for Directors, Members may submit their proxy ("Member Proxy") to the person or entity designated by the Cooperative to serve as the proxy manager ("Cooperative Proxy Manager"). Submissions may be by mail or on-line, under such conditions as designated by the Cooperative. Any such proxy submission must be actually received by the Cooperative Proxy Manager at least three (3) business days prior to the date of the Annual Meeting.

SECTION 3.09 – Member Quorum. A quorum of Members is at least fifty (50) or one (1) percent of the Cooperative's Total Membership present in person at a meeting, whichever is smaller ("Member Quorum").

Members must approve any Bylaw Amendment increasing the Member Quorum and may amend this Bylaw to decrease the Member Quorum. In addition, the Board may amend this Bylaw to decrease the Member Quorum. If less than the Member Quorum are present at any Member Meeting, then a majority of Members attending the Member Meeting in person may adjourn the Member Meeting to a date not less than thirty-five (35) days later.

At all meetings of the Members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those Members who were registered as present in person or by proxy.

SECTION 3.10 – Member Voting. Upon presenting identification or proof of Cooperative membership as reasonably required by the Cooperative, and regardless of the value or quantity of Cooperative Services used, received, or purchased, each non-suspended Member may cast one (1) vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of non-natural person Members must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the non-natural person Member.

Unless otherwise provided by Law, the Certificate of Incorporation, or these Bylaws, Members approve a matter and act if a Member Quorum is present and a majority of Members present in person or represented by Member Proxy, entitled to vote on a matter and voting on the matter, vote in favor of the matter.

Any Bylaw Amendment on which Members are entitled to vote, the purpose of which is to increase or decrease the vote required for any Member action, must be approved by the Members entitled to vote on that action by a vote that would be sufficient to take the action before the amendment.

At any Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a written vote is required to determine the vote results, then the Members shall vote by written ballot (“Member Meeting Written Ballot”). Members may not cumulate votes. Agreements signed by Members providing the manner in which a Member will vote are valid.

SECTION 3.11 – Member Voting by Proxy. Unless otherwise prohibited by Law or these Bylaws, a Member or a Member’s attorney-in-fact may appoint the Cooperative Proxy Manager to vote on any matter for the Member.

A. Member Proxy Appointment.

1. A Member appoints a Member Proxy if:
 - a. the Member signs and dates a proxy form prepared, approved and available from the Cooperative appointing the Cooperative Proxy Manager and specifying the Member Meeting at which, or the dates during which, the Cooperative Proxy Manager may vote for the Member (“Proxy Appointment”); and
 - b. unless otherwise provided by these Bylaws, the Cooperative Proxy Manager receives the Member Proxy appointment at least three (3) business days before the Member Meeting at which the Member Proxy Manager will vote for the Member.
2. For election of Directors or any matter requiring the affirmative vote of a majority of the then Total Membership, the Cooperative Proxy Manager may vote for an unlimited number of members.
3. Unless otherwise specified in the Member Proxy Appointment or these Bylaws, a Proxy Appointment is:
 - a. valid for eleven (11) months unless a different period is expressly provided in the appointment form; and
 - b. valid for any Member Meeting properly adjourned and reconvened on or at another date, time, or location.

- B. Proxy Appointment Revocation. Prior to the Cooperative Proxy Manager voting for a Member, a Proxy Appointment may be revoked by:
1. the Cooperative Proxy Manager receiving a more recently dated Proxy signed by the Member appointing the Cooperative Proxy Manager;
 2. the Cooperative Proxy Manager receiving, or having received, a Proxy or Member Written Consent signed by the Member appointing the Cooperative Proxy Manager and bearing the same date as a prior Appointment;
 3. the Cooperative Proxy Manager receiving a written revocation of a Proxy Appointment signed by the Member appointing the Cooperative Proxy Manager and dated after the original Proxy Appointment;
 4. in person, the Member appointing the Proxy actually attending a Member Meeting specified in, or occurring during the dates specified in, the Proxy Appointment, including any Member Meeting properly adjourned and reconvened; or
 5. the Cooperative Proxy Manager receiving notice of the death or legal incapacity of the Member appointing the Member Proxy.
- C. Voting at Member Meeting. The Cooperative Proxy Manager may vote for an unlimited number of Members.
- If a Member does not attend a Member Meeting, then, unless the Member has otherwise appointed the Cooperative Proxy Manager, the Member's spouse may attend the Member Meeting and vote as the Member's Proxy.

SECTION 3.12 – Accepting and Rejecting Member Voting Documents. Regarding any Member Written Consent, Member Meeting Waiver of Notice, Member Meeting Written Ballot, Member Proxy Appointment, or other document allegedly executed by or on behalf of a Member (collectively "Member Voting Document):

- A. Acceptance. The Cooperative may accept and give effect to the Member Voting Document if:
1. the name signed on the Member Voting Document corresponds to a Member's name and the Cooperative acts in good faith; or
 2. the Cooperative reasonably believes the Member Voting Document is valid and authorized.
- B. Rejection. The Cooperative may reject and not give effect to the Member Voting Document if the Cooperative acts in good faith and has reasonable basis for doubting the validity of:
1. the signature on the Member Voting Document; or
 2. the signatory's authority to sign on behalf of the Member.
- C. Liability. Neither the Cooperative nor any Cooperative Member, Director, Officer, employee or agent is liable to any Member for accepting or rejecting a Member Voting Document as provided in the Bylaw.

SECTION 3.13 – Credentials and Election Committee. At least ten (10) days prior to any Member Meeting, the Board shall approve a Credentials and Election Member Committee ("C&E Committee") consisting of an uneven number of Members between three (3) and fifteen (15).

- A. C&E Committee Members. A C&E Committee Member may not be a Member of the Nominating Committee, or an existing or Close Relative or Member of the same household of an existing:
1. Cooperative Director, Officer, employee, representative or agent; or

2. known Director candidate.

As allowed by the Governing Documents and as determined by the Board, the Cooperative may reasonably compensate or reimburse C&E Committee Members.

- B. C&E Committee Duties. The C&E Committee shall:
1. elect a chairperson and secretary prior to the Member meeting;
 2. establish or approve the manner or method of Member registration and voting;
 3. oversee or supervise Member registration and voting and the tabulation of Member votes; and
 4. consider and decide all questions, issues or disputes regarding:
 - a. member registration and voting;
 - b. the tabulation of Member votes;
 - c. director nominations;
 - d. compliance with Director/Director Candidate campaign rules as established from time to time by the C&E Committee; and
 - e. whether a Director nominee or newly elected Director satisfies the Director Qualifications (collectively "Member Meeting Issues").

The C&E Committee may meet, consider or decide Member Meeting Issues, or otherwise act, only if a majority of the C&E Committee Members are present. Any C&E Committee decision or action requires a vote of at least a majority of the C&E Committee Members present and voting. Unless properly challenged under this Bylaw, all C&E Committee decisions prior to, at, or within a reasonable time, following a Member Meeting are final.

At the Cooperative's expense, the Cooperative shall make available legal counsel to the C&E Committee.

- C. Member Challenge. Any Member may comment upon a Member Meeting Issue or challenge the C&E Committee's decision regarding a Member Meeting Issue by filing a written description of the Member's comments or challenge ("Member Challenge") with the Cooperative within three (3) business days following the Member Meeting addressed by the Member Challenge.

Not less than seven (7) days after receiving any Member Challenge, the C&E Committee shall meet and receive oral or written evidence from any Member or legal counsel representing any Member, directly and substantially implicated in or affected by the Member Challenge. Within a reasonable time, but not more than thirty (30) days after such hearing, the C&E Committee shall render its decision, as reflected by the majority vote of those present and voting. The C&E Committee may not act on any matter unless a majority of the committee is present.

The C&E Committee's decision regarding any Member Challenge is final. Upon written request by any Member, received by the C&E Committee within thirty (30) days of a C&E Committee decision, the C&E Committee shall prepare a written report summarizing and explaining the C&E Committee's decision. The failure of the Cooperative or C&E Committee to act as required by this Bylaw shall not, by itself, affect any vote, Director, election or other action taken at a Member Meeting.

SECTION 3.14 – Member Meeting Order of Business. The Board shall determine the agenda and order of business for Member Meetings.

Article IV – Board of Directors

SECTION 4.01 – Number, Districts and General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors (“Directors”), which shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative’s Certificate of Incorporation or these Bylaws conferred upon or reserved to the members. The Cooperative’s service territory shall be equitably divided into eight (8) districts (“Director Districts”). If necessary, the Board shall from time to time revise the Director Districts to insure that Members are equitably represented by the Director Districts. The various Director Districts shall be identified from year to year as Exhibit “A” to these Bylaws. Within thirty (30) days following any Director District revision, and at least thirty (30) days before the next Annual Meeting, the Cooperative shall notify, in writing, any Members affected by the Director District revision. Director District revisions are effective on the date the Cooperative releases written notice of the Director District revision, unless otherwise stated. No Director District revision may increase an existing Director’s Term or, unless the affected Director consents in writing, shorten any existing Director’s Term.

SECTION 4.02 – At-Large and District Seats. The Board shall be constituted as between at-large and district seats as described below.

- A. The Cooperative shall have a Board consisting of:
 - 1. one (1) natural person from the Cooperative Service Area elected at large by the Members located or residing in the Cooperative Service area; and
 - 2. eight (8) natural persons, each of whom make their primary residence in the district from which they seek election by Members located or residing in the Cooperative Service Area.
- B. Except as otherwise provided by Law, the Articles or these Bylaws:
 - 1. all Cooperative powers must be exercised by the Board or under the Board’s authority; and
 - 2. all Cooperative affairs must be managed under the Board’s direction.

To the extent the Law, the Articles or these Bylaws authorize any Person to exercise any power that the Board would otherwise exercise, the Person exercising the power has and is subject to the same duties, responsibilities and standards of care as the Board.

SECTION 4.03 – Director Qualifications. Any Director or Director candidate must comply with this Bylaw.

- A. General Director Qualifications. A Director or Director candidate must:
 - 1. be a natural person;
 - 2. have the capacity to enter legally binding contracts;
 - 3. while a Director and during the five (5) years immediately prior to becoming a Director, not be nor have been convicted of a felony, or plead nor have pled guilty to a felony;
 - 4. within three (3) years of becoming a Director and unless excused by the Board for good cause, receive a Director’s Certificate or similar certification from the National Rural Electric Cooperative Association;
 - 5. unless excused for good cause by the Board or Members attend at least two-thirds (2/3) of all Board Meetings during any calendar year;
 - 6. not serve as a Director on the Board of more than one other entity unless specifically authorized to do so by a majority of the Cooperative’s non-interested Directors;

7. while a Director and during the 10 years next preceding the date at which Directors are to be elected, not have been an employee of the Cooperative; and
 8. comply with any other reasonable qualifications determined by the Board (collectively, "General Director Qualifications").
- B. Membership Director Qualifications. While a Director, and during the 180 days immediately prior to becoming a Director, a Director or Director candidate must:
1. be a Member current in all respects in regard to payment to the Cooperative of Membership fees, if any, and additional payments and bills rendered for electric service on all of the Director or Director Candidate's accounts; and
 2. use, receive or purchase a Cooperative Service at the Director's primary residence.
- C. Conflict of Interest Director Qualifications. While a Director, a Director or Director candidate must not be:
1. a Close Relative of any existing Director;
 2. an existing or a Close Relative of an existing non-Director Cooperative Officer, employee, agent or representative;
 3. employed by, materially affiliated with or share a material financial interest with any other Director; or
 4. engaged in or employed by, materially affiliated with or have a material financial interest in any individual or entity;
 - a. directly and substantially competing with the Cooperative; or
 - b. selling electrical or plumbing appliances, fixtures, supplies or wiring in substantial quantity to the Cooperative, or to a substantial number of Members; or
 - c. possessing a substantial conflict of interest with the Cooperative (collectively "Conflict of Interest Director Qualifications").
- D. Continuing Director Qualifications. Only natural persons complying with the General Director Qualifications, Membership Director Qualifications and Conflict of Interest Director Qualifications (collectively "Director Qualifications") may serve or continue to serve as a Director.

After being elected or appointed a Director, if any Director fails to comply with the requirement that Directors attend at least two-thirds (2/3) of all Board meetings in a calendar year, or, if after three (3) years, a Director fails to comply with the certification requirement of Section 4.03.A.4., then the Board is authorized to and shall remove the Director.

Notwithstanding the above, no incumbent Director shall lose eligibility to remain or be reelected as a Director if, during the Director's incumbency, the Director becomes a Close Relative of another incumbent Director or of a Cooperative employee because of a marriage to which the Director was not a party.

SECTION 4.04 – Director Nominations. Unless otherwise provided in these Bylaws, prior to electing Directors:

- A. Nominating Committee Nominations. At least ninety (90) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Board shall appoint a Member Committee consisting of at least one (1) Member from each Director District ("Nominating Committee"). Nominating Committee Members may not be an existing or a Close Relative of an existing Cooperative Director, Officer, employee, agent, representative or known Director candidate, or reside as a member of a household thereof.

At least forty-five (45) business days prior to the Member Meeting at which Members are scheduled to elect Directors, the Nominating Committee shall:

1. Nominate at least one (1) individual to run for election for each Director position for which Members are scheduled to vote at the Member Meeting (“Nominating Committee Nominations”); and
2. By Director District and at large Directorate, post the Nominating Committee Nominations at the Cooperative’s principal office.

As determined by the Board and as allowed by the Governing Documents, the Cooperative may reasonably compensate or reimburse Nominating Committee Members.

- B. Member Petition Nominations. Members may nominate additional individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting (“Member Petition Nominations”). Members make Member Petition Nominations by delivering to the Cooperative at least forty (40) business days prior to the Member Meeting a writing for each Member Petition Nomination (“Member Petition”):
1. Listing the name of the Member Petition Nominee;
 2. Indicating the Director position for which the Member Petition Nominee will run; and
 3. Containing the printed names, addresses and telephone numbers, and original signatures of at least one hundred fifty (150) Members.

Members must use the Cooperative’s form of Member Petition which is available at the Dunn and Fayetteville offices, and on the Cooperative’s web site. After verifying that a Member Petition complies with this Bylaw, the Cooperative shall post the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.

- C. Notice of Director Nominations. At least seven (7) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:
1. Director positions for which Members are scheduled to vote;
 2. Names and corresponding Director positions of all Nominating Committee Nominations; and
 3. Names and corresponding Director positions of all Member Petition Nominations.

The failure to comply with any provision of this section shall not affect the validity of any action taken by the Board of Directors after the election of Directors.

SECTION 4.05 – Director Elections.

- A. Members located or residing in the Cooperative Service Area shall annually elect Directors:
1. for new Director positions or for Director positions for which the incumbent Director’s Director Term is expiring;
 2. from the Nominating Committee Nominations or Member Petition Nominations;
 3. At the Annual Member Meeting or other properly called Member Meeting; and
 4. By a plurality of the votes cast in person or by Proxy with a Member Quorum present.
- B. In case of a tie Director vote, the Director elected is determined by a drawing by lot.

SECTION 4.06 – Director Terms. A Director’s Term is three (3) years (“Director Term”). The Cooperative shall stagger Director Terms by dividing the total number of authorized Directors into

groups of approximately equal number. Members, therefore, will annually elect an approximately equal number of Directors. The Director Terms of two (2) or more Directors from any Director District may not coincide. Decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director's Director Term. Despite the expiration of a Director Term, the Director continues to serve until a new Director is elected or until the number of Directors is decreased. Unless otherwise provided in these Bylaws, the Director Term of a Director filling a vacant Director's position is the remaining unexpired Director Term of the vacant Director's position.

SECTION 4.07 – Director Resignation. A Director may resign at any time by delivering notice of resignation to the Board, President or to the Cooperative. Unless the notice of resignation specifies a later effective date, a Director's Resignation is effective upon the Board, President or Cooperative receiving the Notice of Resignation. If a Director's Resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's Resignation, then the pending Director vacancy may be filled before the effective date of the Director's Resignation.

SECTION 4.08 – Director Removal. Regarding any Director:

- A. Director Removal Petition. As provided in this Bylaw, Members may request the removal of one (1) or more Directors for cause. For each Director for whom removal is requested, Members shall deliver to the Secretary a dated written petition ("Director Removal Petition"):
1. identifying the Director;
 2. explaining the basis for requesting the Director's removal and identifying the cause that exists for removal of the Director; and
 3. as Members existed on the Director Removal Petition date, containing the printed names, printed addresses and original and dated signatures obtained within sixty (60) days of the Director Removal Petition date of at least five percent (5%) of the then total Members of the Cooperative.

Within thirty (30) days following the Secretary receiving a Director Removal Petition, the Cooperative shall forward a copy of the Director Removal Petition to the implicated Director and the Board shall meet to review the Director Removal Petition.

- B. Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination, but no sooner than forty (40) days after filing of the Director Removal Petition.
1. Notice of the Member Meeting must state that:
 - a. a purpose of the Member Meeting is to consider removing a Director;
 - b. evidence may be presented and a Member vote taken regarding removing the Director; and
 - c. members may elect a successor Director.
 2. If a Member Quorum is present at the Member Meeting, then for the Director named in each Director Removal Petition:
 - a. prior to any Member vote, evidence must be presented supporting the basis for removing the Director;
 - b. the Director may be represented by legal counsel and must have the opportunity to refute and present evidence opposing the basis for removing the Director; and

- c. following the Director's presentation and following Member discussion, if some evidence in support of the charge(s) against the Director has been presented, the Members must vote whether to remove the Director.

If a number sufficient to elect the Director at a Member Meeting of Members and entitled to vote for the Director vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members entitled to vote for the Director may elect a new Director to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. Any successor Director elected by the Members must comply with the Director Qualifications.

Neither a Director Removal Petition nor Director removal affects any Board action. No Director may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets, or any Cooperative dissolution.

SECTION 4.09 – Director Vacancy. Unless otherwise provided in these Bylaws, by the affirmative vote of a majority of the remaining Directors, the Board shall fill any vacant Director position, including any vacant Director position resulting from increasing the number of Directors, and any Director elected by the Board to fill any vacant Director position shall serve the unexpired Director Term of the vacant Director position.

If a new Director does not take office until a Director vacancy occurs, then the Board may fill any Director vacancy that will occur at a later specified date before the vacancy occurs.

An individual elected to fill a vacant Director position must comply with the Director Qualifications. As used in this Bylaw, "vacant Director position" and "Director Vacancy" do not include Director positions vacated due to an expired Director Term.

SECTION 4.10 – Director Compensation. The Cooperative may reasonably reimburse, compensate or provide benefits to Directors. The Board shall determine the manner and method of any reasonable Director reimbursement, compensation or benefits. Such compensation may include, but is not limited to, paying Directors a fixed fee and expenses as determined in the Board's reasonable discretion for attending any Board Meeting, function involving the Cooperative, or function reasonably enhancing the Director's ability to serve as a Director.

No Director shall receive compensation for serving the Cooperative in any other capacity, unless the service of such Director is temporary and shall be specifically authorized by a vote of the Members upon their resolved determination that such was an emergency measure. However, 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 unanimous vote of the remaining Directors.

SECTION 4.11 – Director Conduct. Unless modified or prohibited by Law:

- A. Director Standard of Conduct. A Director shall discharge the Director's duties, including duties as a Board Committee member:
 1. in good faith;
 2. with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 3. in a manner the Director reasonably believes to be in the Cooperative's best interests.

- B. Director Reliance on Others. Unless a Director possesses knowledge concerning a matter making reliance unwarranted, then in discharging a Director's duties, including duties as a Board Committee member, a Director may rely upon information, opinions, reports or statements including financial statements and other financial data, prepared or presented by:
1. one (1) or more Cooperative Officers or employees whom the Director reasonably believes to be reliable and competent in the matters prepared or presented;
 2. legal counsel, public accountants, or other individuals regarding matters the Director reasonably believes are within the individual's professional or expert competence; and
 3. if the Director reasonably believes a Board Committee of which the Director is not a Member merits confidence, then the Board Committee regarding matters within the Board Committee's jurisdiction.
- C. Director Liability. If a Director complies with this Bylaw, then the Director is not liable to the Cooperative, any Member, or any other individual or entity for action taken or not taken as a Director. No Director is deemed a trustee regarding the Cooperative or any property held or administered by the Cooperative including, without limit, property potentially subject to restrictions imposed by the property's donor or transferor.

SECTION 4.12 – Close Relative. As used in these Bylaws, the term "Close Relative" means an individual who is either by blood, law or marriage, including half, step, foster and adoptive relations, a spouse, child, grandchild, parent, grandparent, aunt, uncle, nephew, niece or sibling; or principally resides in the same residence ("Close Relative").

Any individual properly qualified and elected or appointed to any position does not become a Close Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

SECTION 4.13 – Director Emeritus.

- A. Any Director shall be eligible to become a Director Emeritus of the Board if the Director:
1. has served a minimum of 30 consecutive years, or
 2. becomes permanently disabled to the extent that such disability prevents attendance at Board Meetings and who has served a minimum of ten (10) consecutive years, and
 3. has not been removed from the Board for "cause" as defined in Section 4.08 of these Bylaws, and
 4. voluntarily retires from the Board without seeking re-election.
- B. A Director Emeritus:
1. may attend any meeting for which the Board requests their presence,
 2. May provide advice and counsel upon request,
 3. Shall receive a consulting fee of \$50 per month, and
 4. Shall have the same rights as other Board Members with respect to health insurance coverage.

For each meeting that a Director Emeritus attends at the request of the Board, the same per diem and expenses of attendance as paid to regular members of the Board, shall be paid. A Director Emeritus shall not have voting rights or privileges at Board Meetings.

Article V – Board Meetings and Director Voting

SECTION 5.01 – 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 President may change the date, time or location of any Regular Board 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 five (5) days before the next Regular Board Meeting. All Directors are entitled to receive notice of a President’s change in a Regular Board Meeting date, time or location at least five (5) days before the changed Regular Board Meeting.

SECTION 5.02 – Special Board Meetings. The Board, the President or at least three (3) Directors may call a Special Meeting of the Board (“Special Board Meeting”) by providing each Director at least five (5) days prior written or oral notice indicating the date, time and location of the Special Board Meeting. The notice need not describe the purpose of the meeting unless otherwise required by the Certificate of Incorporation, these Bylaws or Chapter 55A of the North Carolina General Statutes. Written notice may be delivered personally or by mail. Delivery by mail is complete upon depositing the notice in the United States mail, addressed to the Director at his address as it appears on the records of the Cooperative, with first class postage prepaid and postmarked at least five (5) days prior to the meeting date.

SECTION 5.03 – Conduct of Board Meetings.

- A. Unless otherwise provided in these Bylaws, any Regular Board Meeting or Special Board Meeting (“Board Meeting”) may be:
 - 1. held in, or out of, any state in which the Cooperative provides any Cooperative Service; and
 - 2. conducted with absent Directors participating and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting.
- B. If a Director Quorum is present at any Board Meeting, then:
 - 1. in descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary, Treasurer; and
 - 2. if no Officer is present, or desires, to preside over any Board Meeting, then the Directors attending the Board Meeting shall elect a Director to preside over the Board Meeting.

SECTION 5.04 – Waiver of Board Meeting Notice. At any time, a Director may waive notice of any Board Meeting by delivering to the Cooperative a written waiver of notice signed by the Director and later filed with the Board Meeting minutes or the Cooperative’s records. Unless a Director upon arriving at a Board Meeting or prior to the vote on a particular matter, objects to lack of or defective notice of the Board Meeting or a matter being considered at the Board Meeting, and does not vote for or assent to an objected matter, then the Director’s attendance at or participation in a Board Meeting waives notice of the Board Meeting and any matter considered at the Board meeting.

SECTION 5.05 – Board Action by Written Consent. Without a Board Meeting, the Board may take any action required or permitted to be taken at a Board Meeting if the action is taken by all Directors and evidenced by one (1) or more Written Consents (“Director Written Consent”)

describing the action taken, signed by each Director, and included with the Cooperative's Board Meeting minutes.

Unless the Director Written Consent specifies a different effective date, action taken by Director Written Consent is effective when the last Director signs the Director Written Consent. A Director Written Consent has the effect of and may be described as a Board Meeting vote.

SECTION 5.06 – Director Quorum and Voting. A quorum of Directors is the presence in person of a majority of the Directors in the office immediately before a Board Meeting begins ("Director Quorum"). If a Director Quorum is present at the time a matter is voted or acted upon, and unless the vote of a great number of Directors is required, then the affirmative vote of a majority of Directors present is the act of the Board. An interested Director is not counted in determining whether a Director Quorum is present to vote or act upon any matter in which the Director is directly or indirectly interested.

SECTION 5.07 – Committees. The President may create committees of the Board ("Board Committees") and appoint Directors to serve on the Board Committees. Each Board Committee must consist of two (2) or more Directors and serves at the President's discretion. The Board may create committees of the Members ("Member Committees") and appoint Members, including Directors, to serve on the Member Committees.

- A. Conduct of Committee Meetings. To the same extent as the Board of Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent and Director Quorum and Voting apply to the Board Committees and Directors serving on Board Committees and to Member Committees and Members serving on Member Committees.
- B. President's Authority. On any Committee appointed by the President, the Cooperative's Executive Vice President/CEO and/or any other Officer or employee may, at the President's discretion, be appointed to serve on such Committee.
- C. Committee Authority. Except as prohibited or limited by Law, the Articles or this Bylaw, the Board may authorize a Board Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act to:
 - 1. Retire and refund Capital Credits and Affiliated Capital Credits;
 - 2. Recommend to Members or approve the Cooperative's dissolution or merger, or the sale, pledge or transfer of all, or substantially all, Cooperative Assets;
 - 3. Elect, appoint or remove Directors or fill any Board or Board Committee vacancy; or
 - 4. Adopt, amend or repeal these Bylaws or the Certificate of Incorporation.

Member Committees may act as specified by the Board, but may not exercise Board authority.

SECTION 5.08 – Conflict of Interest Transaction. A Conflict of Interest Transaction is a transaction with the Cooperative in which a Director has a direct or indirect interest ("Conflict of Interest Transaction").

- A. Indirect Interest. A Director has an indirect interest in a Conflict of Interest Transaction if at least one (1) party to the transaction is another entity in which the Director has a material financial interest or is a general partner, or of which the Director is a director, officer or trustee.

- B. Approval of Conflict of Interest Transaction. Regardless of the presence or vote of a Director interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved and any Board Quorum or Member Quorum satisfied, if the Conflict of Interest Transaction's material facts and the Director's interest are:
1. disclosed or known to the Board or Board Committee and a majority of more than one (1) Director or Board Committee Member with no interest in the Conflict of Interest Transaction votes to approve the Conflict of Interest Transaction; or
 2. disclosed or known to the Members and a majority of votes cast by Members not voting under the control of a Director or entity interested in the Conflict of Interest Transaction approves the Conflict of Interest Transaction.
- C. Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is fair when entered is neither voidable nor the basis for imposing liability on a Director interested in the Conflict of Interest Transaction.

Article VI-Officers

SECTION 6.01 – Required Officers. The Cooperative must have the following Officers: President, Vice-President, Secretary and Treasurer (“Required Officers”).

- A. The Board shall elect Required Officers:
1. at the first (1st) Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient;
 2. by affirmation vote of a majority of Directors in office; and
 3. by secret written ballot without prior nomination.

Only Directors may be elected and serve as a Required Officer.

- B. One (1) Director may simultaneously be Secretary and Treasurer. Unless allowed by Law, however, this Director may not execute, acknowledge or verify any document in more than one (1) capacity.
- C. Subject to removal by the Board, each Required Officer shall hold office until the Required Officer's successor is duly elected. The Board shall fill any vacant Required Officer's position for the remaining unexpired portion of the Required Officer's Term.

SECTION 6.02 – President. Unless otherwise determined by the Board and unless otherwise required by law, the Certificate, or these Bylaws, the President shall preside or designate another individual to preside at all Board and Member Meetings; on the Cooperative's behalf, may sign any document properly authorized or approved by the Board or Members; and shall perform all other duties, shall have all other responsibilities and may exercise all other authority prescribed by the Board.

SECTION 6.03 – Vice President. Unless otherwise determined by the Board and unless otherwise required by Law, the Certificate or these Bylaws, the Vice-President upon the President's death, absence, disability, inability or refusal to act shall perform the duties and have the powers of the President; and shall perform all other duties, shall have all other responsibilities and may exercise all other authority, prescribed by the Board.

SECTION 6.04 – Secretary. Unless otherwise determined by the Board and unless otherwise required by Law, the Certificate or these Bylaws, the Secretary shall be responsible for preparing

minutes of Board and Member Meetings; shall be responsible for authenticating the Cooperative's records; may affix the Cooperative seal to any document authorized or approved by the Board or Members; and shall perform all other duties, shall have all other responsibilities and may exercise all other authority prescribed by the Board.

SECTION 6.05 – Treasurer. Unless otherwise determined by the Board and unless otherwise required by Law, the Certificate or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility and may exercise all authority prescribed by the Board.

SECTION 6.06 – Other Officers. The board may elect or appoint Other Officers ("Other Officers"). Other officers may be Directors, Cooperative employees or other individuals; must be elected or appointed by the affirmative vote of a majority of current Directors; may be elected by secret written ballot and without prior nomination; may assist Required Officers; and shall perform all duties, shall have all responsibilities and may exercise all authority prescribed by the Board.

The same individual may simultaneously hold more than one (1) office. Unless allowed by Law; however, this individual may not execute, acknowledge or verify any document in more than one (1) capacity.

SECTION 6.07 – Officer Resignation and Removal. At any time, any Required Officer or Other Officer (collectively "Officer" or "Cooperative Officer") may resign by delivering to the Cooperative an oral or written resignation. Unless the resignation specifies a later effective date, an Officer Resignation is effective when received by the Cooperative. If an Officer Resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. The Board may remove any Officer at any time with or without cause.

SECTION 6.08 – Officer Standard of Conduct. Every Officer shall discharge the Officer's duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Officer reasonably believes to be in the Cooperative's best interests.

SECTION 6.09 – Officer Contract Rights. The election or appointment of any Officer by itself does not create a contract between the Cooperative and the Officer. An Officer's Resignation does not affect the Cooperative's contract rights, if any, with the Officer.

SECTION 6.10 – Authority to Execute Documents. On the Cooperative's behalf, any two (2) Required Officers may sign, execute and acknowledge any document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Directors, Officers, employees, agents or representatives to sign, execute and acknowledge any document on the Cooperative's behalf.

SECTION 6.11 – Officer Compensation. Unless otherwise provided in a Bylaw addressing Director compensation, reimbursement or provision of benefits and as determined by the Board, the Cooperative may reasonably compensate, reimburse or provide benefits to any Officer.

SECTION 6.12 – Bonds. At the Cooperative's expense, the Cooperative may purchase a bond covering any Cooperative Director, Officer, employee, agent or representative.

SECTION 6.13 – Indemnification. As allowed by Law and the Certificate, and as determined by the Board:

- A. Indemnification Director or Officer. The Cooperative shall indemnify:
1. an individual who is or was a Director or Officer;
 2. an individual who, while a Director or Officer is or was serving, at the Cooperative's request, as a Director, Officer, partner, trustee, employee or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; or
 3. the estate or personal representative of such an individual (collectively, "Indemnification Director or Officer") who was wholly successful, on the merits or otherwise, in defending any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal ("Indemnification Proceeding") to which the Indemnification Director or Officer was, is, or is threatened to be made a named defendant or respondent ("Indemnification Party") because the Indemnification Director or Officer is or was a Director or Officer.

This indemnification is against reasonable expenses, including counsel fees, ("Indemnification Expenses") actually incurred by the Indemnification Director or Officer in connection with the Indemnification Proceeding.

B. Indemnification Individual.

1. The Cooperative shall indemnify an individual who is or was a Cooperative Director, Officer, employee or agent ("Indemnification Individual"), and was made, because the Indemnification Individual is or was a Cooperative Director, Officer, employee or agent, an Indemnification Party to any Indemnification Proceeding other than an Indemnification Proceeding:
 - a. By or in the right of the Cooperative in which the Indemnification Individual was adjudged liable to the Cooperative; or
 - b. Charging, and in which the Indemnification Individual was adjudged liable for receiving improper personal benefit to the Indemnification Individual, whether or not involving action in the Indemnification Individual's official capacity.
2. This indemnification is against reasonable Indemnification Expenses incurred in connection with an Indemnification Proceeding by or in the right of the Cooperative, or against the obligation to pay a judgment, settlement, penalty, fine or reasonable expense, including counsel fees, actually incurred in connection with any other Indemnification Proceeding, if the Indemnification Individual:
 - a. acted in good faith;
 - b. reasonably believed:
 - (i) for conduct as a Cooperative Director, Officer, employee or agent, that the Indemnification Individual's conduct was in the Cooperative's best interest; and
 - (ii) for all other conduct, that the Indemnification Individual's conduct was not opposed to the Cooperative's best interests; and
 - c. in the case of any criminal Indemnification Proceeding, had no reasonable cause to believe the Indemnification Individual's conduct was unlawful (collectively, "Indemnification Standard of Conduct").
3. To provide this indemnification, a majority vote of the Director Quorum, excluding Directors currently Indemnification Parties to the Indemnification Proceeding ("Indemnification Director Quorum"), must determine:
 - a. that the Indemnification Individual met the Indemnification Standard of Conduct; and
 - b. reasonable Indemnification Expenses.

- C. Advance for Expenses. Prior to the final disposition of an Indemnification Proceeding, the Cooperative may pay for or reimburse the reasonable Indemnification Expenses incurred by an Indemnification Individual who is an Indemnification Party to the Indemnification Proceeding (“Indemnification Advance”) if:
1. the Indemnification Individual furnishes the Cooperative a written:
 - a. affirmation of the Indemnification Individual’s good faith belief that the Indemnification Individual has met the Indemnification Standard of Conduct; and
 - b. unlimited general obligation of the Indemnification Individual which need not be secured, may be accepted without reference to financial ability to repay, may be executed personally or on the Indemnification Individual’s behalf, and obligates the Indemnification Individual to repay the Indemnification Advance if a majority of the Indemnification Director Quorum ultimately determines that the Indemnification Individual did not meet the Indemnification Standard of Conduct; and
 2. a majority of the Indemnification Director Quorum determines that the facts then known to them would not preclude Indemnification for the Indemnification Individual under this Bylaw.

SECTION 6.14 – Insurance. Regardless of any Indemnification authority or requirements, the Cooperative may purchase and maintain insurance on behalf of any individual who is or was a Cooperative Director, Officer, employee, agent or representative against any liability, including judgment, settlement or otherwise; or reasonable expenses, including reasonable attorney fees, asserted against or incurred by the individual in the individual’s capacity, or arising from the individual’s status as a Cooperative Director, Officer, employee, agent or representative.

Article VII – Cooperative Operation

SECTION 7.01 – Non-profit and Cooperative Operation. The Cooperative must operate on a non-profit basis, must operate on a cooperative basis for the mutual benefit of its Members, and may not pay interest or dividends on Capital furnished by its Members.

SECTION 7.02 – Allocating and Crediting Capital. In operating the Cooperative:

- A. Capital Credits. Patrons, Members and non-Members alike, shall furnish and the Cooperative shall receive as Capital (“Capital”) all funds and amounts received by the Cooperative from Patrons for the Cooperative’s provision of a Cooperative Service that exceed the Cooperative’s costs and expenses of providing the Cooperative Service (“Operating Margins”). For each Cooperative Service, the Cooperative shall annually allocate to each Member and pay by credit to a Capital account for each Member, Operating Margins from the Cooperative Service in proportion to the value of quantity or the Cooperative Service used, received or purchased by each Member during the applicable fiscal year (“Capital Credits”). Capital Credits shall be treated as though the Cooperative paid the Capital Credit amounts to each Member in cash pursuant to a legal obligation and each Member furnished the Cooperative Capital in the corresponding Capital Credit amounts.
- B. Amount Credited. Notwithstanding any provision of this Article VII, the amount to be credited to the Capital of Members on account of their patronage shall be the book income for the particular year.
- C. Allocation of Losses. If the costs and expenses exceed the amounts received and receivable from the furnishing of electric energy, then the Board shall have the

authority under accepted accounting practices, loan covenants and tax law to prescribe the manner in which such loss shall be handled.

- D. Non-Operating Margins. Funds and amounts other than Operating Margins received by the Cooperative that exceed the Cooperative's cost and expenses ("Non-Operating Margins") may be:
1. allocated as Capital Credits to Members in the same manner as the Cooperative allocates Capital Credits to Members; or
 2. used by the Cooperative as permanent, non-allocated capital.
- E. Assignment and Notification. Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned only upon a Member:
1. delivering a written assignment to the Cooperative; and
 2. complying with any other requirements reasonably determined by the Board.
- The Cooperative shall annually notify each Member of the dollar amount of Capital Credits allocated or Affiliated Capital Credits allocated or credited to the Member.
- F. Joint Memberships.
1. Upon the termination, conversion or alteration of a Joint Membership and upon the Cooperative receiving written notice and adequate proof of the Joint Membership termination, conversion or alteration, for any Joint Membership:
 - a. terminated or converted through the death of one (1) Joint Member, the Cooperative shall reallocate and re-credit to the surviving Joint Member all Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership unless otherwise instructed by a court or administrative body of competent jurisdiction; and
 - b. otherwise terminated or converted, and unless otherwise instructed by a court or administrative body of competent jurisdiction, shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership.

SECTION 7.03 – Retiring and Refunding Capital Credits. At any time prior to the Cooperative's dissolution or liquidation, the Board may authorize the Cooperative to and the Cooperative shall wholly or partially retire and refund Capital Credits to Members and former Members.

- A. The Board shall determine the method, basis, priority and order of retiring and refunding Capital Credits and Affiliated Capital Credits.
- B. General Capital Credit Retirements. The Cooperative may pay General Capital Credit Retirements utilizing the general retirement cycle and methodology. The Board shall establish the General Capital Credit retirement cycle, methodology, and procedures through resolution or policy, and may adjust the same from time to time.
- C. Special Capital Credit Retirements. Upon the death of any Member or former Member ("Deceased Member"), or the formal dissolution of any Member that is a Corporation or Limited Liability Company (both, "Company"), and pursuant to a written request from the deceased Member's or Company's legal representative, the Board may approve a Special Retirement in order to retire the deceased Member's or the Member Company's Capital

Credits and Affiliated Capital Credits under terms and conditions agreed upon by the Deceased Member's or Company's legal representative and the Cooperative; provided, however, that the financial condition of the Cooperative will not be impaired thereby. The terms and conditions allow for:

1. retirement of the Capital Credits on a non-discounted basis through the General Capital Credit retirement process utilizing the general retirement cycle and methodology. The Board shall establish the General Capital Credit retirement cycle, methodology, and procedures through resolution or policy, and may adjust the same from time to time.
 2. retirement of the Capital Credits on a discounted, net present value basis through the Special Capital Credit retirement process which shall be determined by the Board through resolution or policy, who may adjust the same from time to time.
- D. The Cooperative may pay Special Capital Credit Retirements on a discounted, net present value basis, upon the written application for a special retirement. The Board shall establish the discount rate and term through resolution or policy, and may adjust the same from time to time. All amounts of capital allocated to Members but retained by the Cooperative after retirements on a discounted basis shall be considered a contribution of capital to the Cooperative and part of the "Net Savings" of the Cooperative. "Net Savings" of the Cooperative will not be reallocated as excess margins to any former or current Cooperative Members. 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 or supply portion") of Capital credited to the accounts of Members which corresponds to Capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall:
1. establish a method for determining the portion of such Capital credited to each Member for each applicable fiscal year;
 2. provide for separate identification on the Cooperative's books of such portions of Capital credited to the Cooperative Members;
 3. provide for appropriate notifications to Members with respect to such portions of Capital credited to their accounts, and
 4. preclude a general retirement of such portions of Capital credited to Members for any fiscal year prior to the general retirement of other Capital credited to Members for the same year or of any Capital credited to Members for any prior fiscal year.
- E. After perfection in a manner allowed by Law to secure payment of any amounts owed by a Member or former Member to the Cooperative, including any reasonable compounded interest and late payment fee determined by the Board, the Cooperative has a perfected security interest in the Capital Credits and Affiliated Capital Credits of every Member and former Member. Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct from the Capital Credits or Affiliated Capital Credits any amounts owed to the Cooperative by the Member or former Member including any reasonable compounded interest and late payment fee determined by the Board.

SECTION 7.04 – Reasonable Reserves. Based upon the Cooperative's reasonable needs, the Cooperative may accumulate and retain Operating Margins ("Reasonable Reserves"). As provided in these Bylaws; however, the Cooperative shall allocate and credit Reasonable Reserves as Capital Credits.

SECTION 7.05 – Acknowledgment of Articles of Incorporation and Bylaws. 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 such 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. These Bylaws, including the provisions of this Article, shall be called to the attention of and made available to each Patron of the Cooperative through the Cooperative’s website. Printed copies shall be available upon request.

Article VIII-Disposition of Cooperative Assets

SECTION 8.01 – Transfer of Cooperative Assets.

- A. The Cooperative shall not sell, mortgage, lease or otherwise encumber or dispose (collectively “Transfer”) of any Cooperative property or assets (other than merchandise and property which lie within the limits of an incorporated city or town, or which shall represent not in excess of ten percent (10%) of the total value of the Cooperative Assets or which, in the judgment of the Board, are not necessary or useful in operating the Cooperative) unless:
1. The Superior Court Resident Judge for the Judicial District in North Carolina in which the Cooperative’s headquarters are located or, if such judge refuses to make such designations, the Board, appoints three (3) independent appraisers each of whom, within a reasonable time, evaluates the Cooperative’s Assets and renders an Appraisal valuing the Cooperative’s Assets (“Appraisal”);
 2. The board approves the Transfer;
 3. At least two-thirds (2/3) of the Total Membership, without Proxies, approves the Transfer;
 4. At least seventy-five percent (75%) of the holders of bonds of the Cooperative approve the Transfer;
 5. Notice of any Member Meeting at which Members will consider the Transfer states that one (1) of the purposes of the Member Meeting is to consider the Transfer and includes a copy or summary of the Transfer; and
 6. In proportion to the value or quantity of Cooperative Services used, received or purchased by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates and credits to Members as Capital Credits any consideration received for the Cooperative’s Assets that exceeds the Cooperative’s debts, obligations and liabilities.
- B. Unless otherwise determined by the Members, after the Members approve a Transfer, the Board may abandon the Transfer.
- C. The Board may borrow money from any source and in such amounts as the Board may from time to time determine, mortgage or otherwise pledge or encumber any or all of the Cooperative’s property or assets as security therefore, and sell and lease back any of the Cooperative’s property or assets, if the Members, by an affirmative majority of votes cast in person or by Proxy at any meeting of the Members, have delegated to the Board such power and authority.

SECTION 8.02 – Merger or Consolidation. In a manner determined by the Board that is consistent with this Bylaw, the Cooperative may Consolidate or Merge with any other entity that

provides electric power and is incorporated under the same act as the Cooperative (“Consolidate or Merge”).

- A. Board Approval. The Board must approve an agreement or plan to Consolidate or Merge (“Consolidation or Merger Agreement”) stating the:
 - 1. terms and conditions of the Consolidation or Merger and the mode of carrying the same into effect;
 - 2. name and address of the principal office of each entity Consolidating or Merging;
 - 3. name and address of the principal office of the new or surviving Consolidated or Merged entity (“New Entity”);
 - 4. manner and basis, if any, of converting memberships or ownership rights of each Consolidating or Merging entity into memberships or ownership rights of, or payments from, the New Entity;
 - 5. a statement that each Cooperative agrees to the Consolidation or Merger;
 - 6. names and addresses of New Entity Directors who will serve until the New Entity’s first annual meeting; and
 - 7. any other information required by Law or necessary or advisable for the conduct of the business of the New Entity.
- B. Member Approval. After the Board approves a Consolidation or Merger Agreement, two-thirds (2/3) of the Members present and voting in person or by Member Proxy must approve the Consolidation and Merger Agreement at a meeting held thereon.
- C. Notice. The Cooperative shall notify Directors of any Board Meeting and Members of any Member Meeting at which Directors or Members may consider a Consolidation or Merger Agreement. This notice must contain or be accompanied by a copy of the Consolidation or Merger Agreement.
- D. Other Requirements. The New Entity Directors named in the Consolidation or Merger Agreement must sign and file Articles of Consolidation or Merger in a manner, and stating the information, required by Law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by Law.

SECTION 8.03 – Distribution of Cooperative Assets Upon Dissolution. Upon the Cooperative’s dissolution:

- A. the Cooperative shall pay, satisfy or discharge all Cooperative debts, obligations and liabilities, including retiring and refunding without priority all Capital Credits and Affiliated Capital Credits to all Patrons and former Patrons in proportion to the value or quantity of Cooperative Services used, received or purchased by each Patron or former Patron; and
- B. after paying, satisfying or discharging all Cooperative debts, obligations and liabilities:
 - 1. to the extent practical, the Cooperative shall first distribute gains from selling any appreciated Cooperative Asset to Members who used, received or purchased Cooperative Services during the period in which the Cooperative owned the Cooperative Asset in proportion to the value or quantity of Cooperative Services used, received or purchased by the Member during the period the Cooperative owned the Cooperative Asset; and
 - 2. to the extent practical, the Cooperative shall then pay or distribute any remaining Cooperative Assets and any amounts received from selling any remaining Cooperative Assets to:

- a. the Members in proportion to the value or quantity of Cooperative Services used, received or purchased by each Member during the six (6) years prior to the Cooperative's dissolution; or
- b. any nonprofit charitable or education entity or organization exempt from paying Federal income tax.

Article IX – Miscellaneous

SECTION 9.01 – Bylaw Amendments. Unless otherwise provided in these Bylaws, these Bylaws may be adopted, amended or repealed (“Amended”) by the affirmative vote of a majority of current Directors.

Notice of any Board Meeting at which the Board will consider a proposed Bylaw Amendment must state that the purpose or one (1) of the purposes of the Board Meeting is to consider the proposed Bylaw Amendment and contain or be accompanied by a copy or summary of the proposed Bylaw Amendment.

SECTION 9.02 – Rules of Order. Unless the Board determines otherwise, and to the extent consistent with Law, the Articles and these Bylaws govern all Member Meetings, Board Meetings, and Member Committee Meetings.

Board Committee Meetings are governed by the latest edition of Robert's Rule of Order.

SECTION 9.03 – Fiscal Year. The Board shall determine and may modify the Cooperative's fiscal year.

SECTION 9.04 – Notice. In these Bylaws:

- A. Notice Type. Unless otherwise provided in these Bylaws, notice may be oral or written and communicated:
 1. in person;
 2. by telephone, telegraph, teletype, facsimile, electronic communication or other form of wire or wireless communication;
 3. by mail or private carrier; or
 4. if the above-listed forms of communicating notice are impractical, then by newspaper of general circulation in the area where published, or radio, television or other form of public broadcast communication.

If addressed or delivered to an address shown in the Membership List, then a written notice or report delivered as part of a newsletter, magazine or other publication regularly sent to Members constitutes a written notice or report to all Members residing at the address, or having the same address shown in the Membership List.

- B. Notice Effective Date. If communicated in a comprehensible manner, then unless otherwise provided in these Bylaws:
 1. oral notice is effective when communicated; and
 2. written notice is effective upon the earliest of:
 - a. when received;
 - b. with the postmark evidencing deposit in the United States mail, if correctly addressed; and mailed with first class postage affixed, then five (5) days after deposit in the United States mail; or mailed with other than first class, registered

- or certified postage affixed, then thirty (30) days after deposit in the United States mail; or
- c if sent by registered or certified mail, return receipt requested, and if the return receipt is signed by or on behalf of the addressee, then on the date indicated on the return receipt.

Written notice is correctly addressed to a Member if addressed to the Member's address shown in the Membership List.

SECTION 9.05 – Governing Law. These Bylaws must be governed by and interpreted under the Laws of the state in which the Cooperative is incorporated.

SECTION 9.06 – Titles and Headings. All titles and headings of Bylaw articles, sections and subsections are for convenience and reference only and do not affect the interpretation of any Bylaw article, section or subsection.

SECTION 9.07 – Partial Invalidity. When reasonably possible, every Bylaw article, section, subsection, paragraph, sentence, clause or provision (collectively, "Bylaw Provision") must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

SECTION 9.08 – Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any Member asserting any right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

SECTION 9.09 – Entire Agreement. Between the Cooperative and any Member, the Governing Documents constitute the entire agreement and supersede and replace any prior or contemporaneous oral or written communication or representation.

SECTION 9.10 – Successors and Assigns. To the extent allowed by law, the duties, obligations and liabilities imposed upon the Cooperative or any Member by these Bylaws are binding upon the successors and assigns of the Cooperative or Member; and the rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative's successors and assigns.

The binding nature of the duties, obligations and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative or any Member does not relieve the Cooperative or Member of the duties, obligations and liabilities imposed by these Bylaws upon the Cooperative or Member.

SECTION 9.11 – Waiver. The failure of the Cooperative to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

SECTION 9.12 – Lack of Notice. To the extent allowed by Law and the Articles, the failure of any Member or Director to receive notice of any meeting, action or vote does not affect or invalidate any action or vote taken by the Members or Board.

November 2012

Exhibit "A"
Director Districts

| Director District No. | Geographic Description of District |
|-----------------------|---|
| 1 | South River EMC service area west of Highway 401 in Harnett County. |
| 2 | South River EMC service area east of Highway 421 and north of Highway 13 in Sampson and Johnston Counties. |
| 3 | South River EMC service area east of Highway 242 and south of Highway 13 in Sampson County. |
| 4 | South River EMC service area in Sampson County southwest of Highway 421 and west of Highway 242, east of Dunn Road and Carroll Store Road to SR 1006 – Maxwell Road, east of South River School Road and Bluman Road to the Harnett-Sampson-Cumberland County lines and north to Highway 421. |
| 5 | South River EMC service area south of SR 1006 – Maxwell Road, west of Carroll Store Road and Dunn Road, west of Highway 242 and Highway 411 to Highway 701, northeast of Old Fayetteville Road and Turnbull Road to the Sampson-Cumberland County line and north to SR 1006 – Maxwell Road. |
| 6 | South River EMC service area in Cumberland County north to Highway No. 24, east of the Cape Fear River, south of the Cumberland-Harnett County line and west of the Cumberland-Sampson County line. |
| 7 | South River EMC service area in Cumberland County north of Highway No. 24, west of the Cape Fear River, south of the Cumberland-Harnett County line and all of Harnett County east of Highway 401. |
| 8 | South River EMC service area in Cumberland County and Bladen Counties, south Highway 53. |

South River EMC Board of Directors

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