

“Election of Directors”
(Excerpted from By Laws of Grady EMC Directors)

SECTION 4.01. NUMBER AND GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of seven (7) Directors. The Board shall exercise all of the powers of the Cooperative except such as are by laws or by the Cooperative’s Articles of Incorporation or Bylaws conferred upon or reserved to the members. The Board of Directors shall not appoint or elect any committee to exercise the authority of the Board. However, the Board may appoint or elect from its own membership one or more committees, each consisting of at least two directors, for the purpose of serving in an advisory or recommendatory capacity to the Board.

SECTION 4.02. QUALIFICATIONS. No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or is not a member in good standing of the Cooperative and receiving service therefrom at his primary residential abode: PROVIDED, that the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall notwithstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a director, from the Directorate District in which such member is located, if he or such designee (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year round resident within or in close proximity to an area served by the Cooperative; BUT PROVIDED FURTHER, that no more than one (1) such person may serve on the Board of directors at the same time. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least (18) years of age or is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies, to among others the members of the Cooperative. Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if he becomes a close relative of another incumbent director or of a Cooperative employee because of a marriage to which he was not a party. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the cooperative lacks eligibility under this section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

SECTION 4.03 ELECTION. At each annual meeting of the members, directors shall be elected by secret written ballot by the members and, except as provided in the first proviso of Section 4.02 of these Bylaws, from among those members who are natural persons: PROVIDED that, Directors shall be elected by a plurality of the votes cast. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04. TENURE. Directors shall be so nominated and elected that one director from or with respect to Directorate Districts Nos. 1, 4 and 7 shall be elected for three-year terms at an annual member meeting in 2015; one director from or with respect to Directorate Districts Nos. 2 and 5 shall be elected for three-year terms at the next succeeding annual member meeting in 2016; one director from or with respect to Directorate District Nos. 3 and 6 shall be elected for three-year terms at the next succeeding annual member meeting in 2017, and so forth. Upon their election, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.06. Nominations. (a) The Board shall appoint, not less than sixty (60) days nor more than one hundred twenty (120) days before the date of the meeting at which members of the Board are to be elected, a committee on nominations, consisting of not less than five (5) nor more than eleven (11) Members who shall be selected so as to give equitable representation on the Committee for the geographical areas served by the Cooperative (the "Nominating Committee"). The committee shall meet and nominate not less than one (1) nor more than two (2) qualified Member(s) for each seat on the Board for which a vacancy will occur by term expiration. The committee shall report such nominations to the Board not less than thirty (30) days before the meeting. Such nominations shall be posted at the principal office of the Cooperative at least thirty (30) days before the meeting. (b) In addition, any fifty (50) or more Members of the Cooperative acting together may make additional nominations in writing submitted to the Secretary of the Cooperative not less than thirty (30) days prior to the meeting (the "Nominating Petition"), and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Nominating Petition shall: (1) list on each page of the Nominating Petition the name of the proposed nominee; (2) indicate on each page of the Nominating Petition the Director position for which the proposed nominee will run; and (3) contain the printed names, addresses, telephone numbers and original dated signatures signed within sixty (60) days of the first signature. (c) The Cooperative shall include in the notice of the meeting a statement of the number of Directors to be elected and showing separately the nominations made by the Nominating Committee and the nominations made by petition, if any. At the Member Meeting, no nominations may be made from the floor except that such nominations may be made and shall be allowed for any position to be filled for which there would not otherwise be any eligible nominee. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board after the election of Directors. SECTION 4.07. Manner of Voting for and Election of Directors. (a) Directors shall be elected to fill the seats for those Directors whose terms are expiring at each Annual Meeting. (b) Voting for election of Directors shall be by secret ballot; PROVIDED, however that when a nominee has no opposition, secret written ballots shall be dispensed with in respect to that particular election, and voting may be conducted at the Annual Meeting of the Members by voice vote or in any other proper manner. Balloting for contested elections of Directors shall begin not less than one and one-half hours (1 ½) and not more than (3) hours prior to the commencement of the business session of the Annual Meeting with the report on the number of Members present and Persons represented in order to determine the existence of a quorum. Ballot boxes shall be opened and maintained until the commencement of the business session of the Annual Meeting. Upon commencement of the business session, an announcement shall be made that the voting shall come to a close. Those Members in line to register and vote at the time the announcement is made to close the voting shall be allowed to vote. Directors shall be elected by a majority vote of those Members authorized to vote for them at the meeting at which the election is to be held. Should no candidate receive a majority vote of those Members present and voting, then a run-off ballot shall be taken between the two candidates receiving the greatest number of votes.

Nominating Committee Meeting

The Nominating Committee is scheduled to meet September 3, 2015 at 10:00 a.m. at the Grady EMC office building. They will appoint designated names from each district in which three of whom will be elected as Directors of Grady Electric Membership Corporation. The Board of Directors met August 5 and approved the following names as the 2015 Nominating Committee: Douglas Roddenberry, Cole L. Prince, James Robert Maxwell, Lowell E. Dollar, Robert L. Gainey, Freddie Bryant, Ronald W. Smith, and Julian E. Robinson.

GRADY E.M.C. NEWS

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ROB MILLS FAMILY
In Concert
WWW.ROBMILLSFAMILY.COM

77th Annual Meeting,
Friday, October 16, 2015
Registration begins at 8:00 a.m.
Meeting begins at 10:00 a.m.
Live entertainment provided by the
Rob Mills Family !

Inside this issue

2014 Annual Report

Chairman & Manager’s Report - Secretary & Treasurer’s Report - Election of Directors Bylaws

T.A. (Bo) ROSSER, Jr.
President

BOARD OF DIRECTORS

LAMAR CARLTON
Chairman - District 3

ROBERT E. LEE
Vice-Chairman - District 6

DEWEY BROCK, Jr.
Secretary/Treasurer - District 1

CAYLOR OUZTS
District 2

JAMES FREEMAN
District 4

H. LAMAR STRICKLAND
District 5

JAMES LEWIS
District 7

Attorney
CLAIRE CHASON

United States Department of Agriculture
Rural Utilities Service

STATEMENT OF
NONDISCRIMINATION

THIS INSTITUTION IS AN EQUAL
OPPORTUNITY PROVIDER AND
EMPLOYER.

GRADY EMC is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, sex, religion, age, or disability shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization’s programs or activities.

The person responsible for coordinating this organization’s nondiscrimination compliance efforts is T.A. (Bo) Rosser, Jr. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at <http://www.ascr.usda.gov/complaintfilingcust.html>, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

Annual Report for 2014

Chairman and Manager’s Report

By almost every measure, the 2014 fiscal year has been a remarkable one for *your* EMC. We achieved 99.98 percent reliability, ranking us among the top 10 in the state in that measure. We maintain some of the lowest rates among utility providers in our region based upon the Public Service Commission’s Rate Survey. As we maintain these low rates and high reliability, our financial position remains strong.

While our board, staff and employees work incredibly hard, none of this is possible without you - our members. We also know that you have high standards - standards that we will continue to strive to meet by carefully evaluating and managing investments in infrastructure, focusing on the safety of our hard working men and women, and continuing to improve our restoration processes. Our goal is nothing less than to be the best in Georgia in providing safe, reliable and affordable electrical service.

In the year ahead, we are working on several projects that will help Grady EMC continue to set the standard for rural EMCs:

- Safety:** We have achieved accreditation through Georgia EMC. These efforts include monthly safety meetings and extensive employee education and training.
- System Improvements:** We are planning transmission tie lines for alternative supply lines in the case of an outage and several substation upgrades and expansions for reliability and growth. You’ll also notice upgraded street lighting in some places.
- System Maintenance:** Some may not realize it, but it takes a lot of work to keep our existing infrastructure running efficiently. Each year we do extensive right of way trimming, mowing and spraying to increase reliability. We also conduct pole inspections and analyze our security protocols.
- System Plans:** We also must plan for the future. We are taking a close look at solar power and distributed generation, which is when members install generation at their location, as well as our expansion of these products. Other key strategic focuses include detailed review of storm response plans, improvement to our member billing portal, and initiatives to improve employee field communication.
- Member Communication:** We have recently rolled out a new website at www.GradyEMC.com. The site includes current information as well as additional links to video, social media, outage maps and member communications. I hope you will take a few minutes to visit the site when you are online. You will also notice that we are sharing extensive information via text message and on social media platforms like Facebook and Twitter. We know you are getting your information from a lot of different places, and we want to serve you where and when it’s most convenient. Of course, we always welcome phone calls and visits from our members as well.

It is also an honor to take a moment to recognize a dedicated EMC employee, Roderick Carter. For more than 50 years, he has worked at Grady EMC and done everything from line work, dispatch to purchasing agent. To put that in perspective, Grady EMC is only 78 years old. Carter, as he’s known around the office, has been a part of this organization for nearly two-thirds of its existence. Thank you, Carter, for a job well done, and we wish you well in retirement.

Grady EMC is owned by those we serve and is glad to be a part of the local communities where we are wholly invested. You may hear members this year begin to talk about “My EMC.” As *your* EMC, we strive to meet member needs each and every day. Please don’t hesitate to offer your ideas for improvement or offer up any questions you may have. You can reach me at 229.377.4182 ext. 202.

Please join us for our annual meeting on October 16th and meet some of the talented people who keep your lights on, your crops irrigated, and supply comfort and convenience to your daily lives!

Serving you,
Thomas A. “Bo” Rosser, Jr.
President & General Manager

Secretary and Treasurer’s Report

FINANCIAL STATEMENTS for the fiscal year ended December 31, 2014 reflect the sound status of Grady Electric Membership Corporation. In addition, Grady EMC Members can calculate the amount of patronage capital allocated to them for the Fiscal Year 2014 by multiplying their total annual bills for 2014 (less taxes) by an allocation factor of .048499. *These calculations may vary slightly from actual due to rounding and other factors.*

Each year we obtain the services of Certified Public Accountants to perform an audit of the corporation's accounting records. This audit includes an examination of the cooperative's consolidated balance sheets, related statements of consolidated revenues, comprehensive margins, changes in equities, cash flows for the year then ended, and notes to the financial statements.

Our auditor, Nichols, Cauley & Associates, LLC, conducts our audit in accordance with generally accepted auditing standards, and Government Auditing Standards issued by the Comptroller General of the United States To view the completed financial statements contained in our 2014 financial audit, please visit our website at www.gradyemc.com.

Respectfully submitted,
Dewey Brock, Jr. Secretary-Treasurer

STATEMENT OF REVENUE AND PATRONAGE CAPITAL		
	2014	2013
REVENUES	\$39,347,892	\$37,653,889
OPERATING EXPENSES:		
Cost of Power	\$27,168,410	\$25,574,530
Distribution Expense - Operation of Lines	2,053,041	2,128,996
Distribution Expense - Maintenance of Lines	2,138,935	2,210,744
Consumer Accounts Expense	1,304,554	1,436,216
Administrative and General Expense	2,548,768	2,106,217
Depreciation and Amortization Expense	2,858,727	2,721,683
Interest	<u>1,205,414</u>	<u>1,203,478</u>
Total Expenses	\$39,277,849	\$37,381,864
OPERATING MARGINS	\$70,043	\$272,025
BALANCE SHEET		
As of December 31, 2014		
WHAT WE OWN - ASSETS:	2014	2013
Cash on Hand & Temporary Investments	1,609,092	1,663,996
Investments in Associated Organizations	16,236,756	15,000,573
Accounts Receivable	6,227,548	6,056,021
Stock Materials & Supplies	448,365	481,067
Cost of System, Less Depreciation	74,667,570	72,649,985
Deferred Charges	26,651	47,671
Other Current Assets	<u>566,325</u>	<u>276,014</u>
Total Assets	99,782,307	96,175,327
OUR EQUITY & WHAT WE OWE - LIABILITIES & EQUITY		
Long-Term Mortgage Notes, RUS, CFC & Other	39,975,649	33,765,450
Membership Fees	66,225	66,280
Patronage Capital & Other Equities	44,905,113	43,406,459
Other Liabilities	<u>14,835,320</u>	<u>18,937,138</u>
Total Liabilities & Equity	99,782,307	96,175,327

