

“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. 2 and 5 shall be elected for three-year terms at an annual member meeting in 2016; one director from or with respect to Directorate Districts Nos. 3 and 6 shall be elected for three-year terms at the next succeeding annual member meeting in 2017; one director from or with respect to Directorate District Nos. 1, 4 and 7 shall be elected for three-year terms at the next succeeding annual member meeting in 2018, 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 8, 2016 at 10:00 a.m. at the Grady EMC office building. They will nominate members from districts two and five from which two will be elected as Directors of Grady Electric Membership Corporation. The Board of Directors met August 3rd and approved the following names as the 2016 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

Volume 67 September 2016 Number 3

78th Annual Meeting
★ NEW LOCATION ★
The Family Worship Center
1760 U.S. Highway 84 W., Cairo, Ga.
Friday, October 21, 2016



Live entertainment provided by the Rob Mills Family !
Registration begins at 8:00 a.m., Meeting begins at 10:00 a.m.

BO ROSSER
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 the USDA Departmental Regulation (DR) 4300-003 “Equal Opportunity Public Notification Policy”, dated June 2, 2015. In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident. Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English. The person responsible for coordinating this organization's nondiscrimination compliance is T. A. Rosser, Jr. If you wish to file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

Annual Report for 2015

Chairman and Manager’s Report

It’s been nearly 80 years since a group of South Georgia farmers got together to form a small cooperative to bring electricity to our part of the state for the first time. Though we’ve come a long way over the past eight decades, your team at Grady EMC is continually looking for ways to build upon the foundation those farmers laid back in 1936.

We measure our progress and success, in part, by the numbers.

- Our safety accreditation, 98/100, scored us among the top in the state.
- Reliability remained strong despite a summer of thunderstorms and outages, with the availability index at 99.98 percent, placing us 12th out of 41 cooperatives in the state.
- Grady EMC members enjoy some of the lowest electrical rates in the state, especially among utilities of our size and in our region, ranking 46th out of 94 at the 2,000 kWh level on the Preliminary PSC Summer Residential Rate Survey. That placed us 35 positions lower than Georgia Power and 46 lower than the utilities serving the area around our headquarters in Cairo, which saves our customers over 12% and 22% respectively, on their power bills at the same usage levels.

We also evaluate our success based on the ways we meet current electrical needs, while anticipating and preparing for the future. In the last year alone, we have launched numerous projects and initiatives to ensure your cooperative remains strong and well positioned for the future.

- We continued to invest in our employees through training, benefits and equipment.
- We expanded our technology to allow us to more quickly pinpoint the location of faults, dispatch personnel and begin restoring power, typically within 15-30 minutes across the 1,600 square miles and three counties we serve.
- We continued to seek the best prices for necessary products. We were able to purchase nearly \$1 million in necessary meters and gear after months of negotiations from a utility in Alabama for less than \$100,000, resulting in great savings for our members.
- Our board addressed a lawsuit filed by a small group of dissatisfied members, which was settled and dismissed with prejudice by a superior court judge, meaning they can never bring up those issues in court again. Although at least one member of that group continues to bring up these same issues through social media and paid advertisements, our focus has never shifted from serving our members. To read our answers to these repeated false and misleading accusations and get the facts, we encourage our members to visit www.gradyemcfacts.com.
- After more than a year of thoughtfully evaluating options, the board has finalized plans to facilitate the construction of a two-megawatt solar facility on property we purchased on Hwy 112 N, less than 1 mile from our headquarters in Cairo. This will provide additional renewable resources, and continue our efforts toward the goal of self-sufficiency in power generation.

In addition, we have many other future plans to help us achieve our mission of greater safety, better reliability, and more affordable service.

- We are proud to announce new billing options for our members: service deposits can now be refunded following 24 months with no delinquent payments, and you can opt for leveled billing that smooths peaks and valleys using your 12 month rolling average for a more budget-conscious option.
- Our members will also have more information to manage their accounts when we launch an app for paying bills and monitoring hourly energy use.
- Within the year, we will complete construction on substation buildings to house electrical infrastructure, which will provide security from the elements and physical attacks.
- Looking further ahead, the board has approved our four-year work plan, which will address needed upgrades and provide greater system redundancy to minimize outages.

Our goal is to be the best, and we recognize that we have room to grow. In the meantime, we will continue to work our hardest to provide members with the greatest service at the lowest rates possible. We are thankful for outstanding employees and supportive members who continue to make Grady EMC an outstanding electrical cooperative. Please contact us with any questions, comments or ideas to make your cooperative better. This is *your* EMC!

Serving you always,

Bo Rosser
President & General Manager

Secretary and Treasurer’s Report

Financial Statements for the fiscal year ended December 31, 2015 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 2015 by multiplying their total annual bills for 2015 (less taxes) by an allocation factor of .049119. *These calculations may vary slightly from actual due to rounding and other factors.*

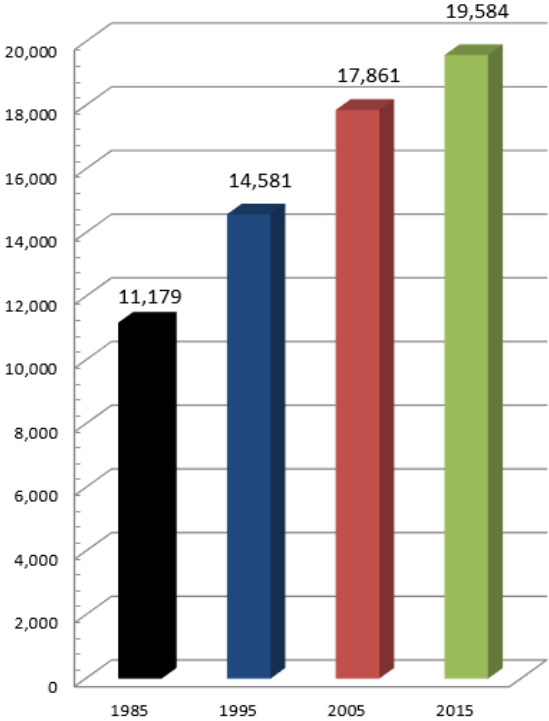
Each year we obtain the services of Certified Public Accountants to perform an audit of the corporation’s accounting records. This audit includes an examination of the cooperative’s consolidated balance sheets, related statements of consolidated revenues, comprehensive margins, changes in equities, cash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

Our auditor, Nichols, Cauley & Associates, LLC, conducts our audits 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 2015 financial audit, please visit our website at www.gradyemc.com.

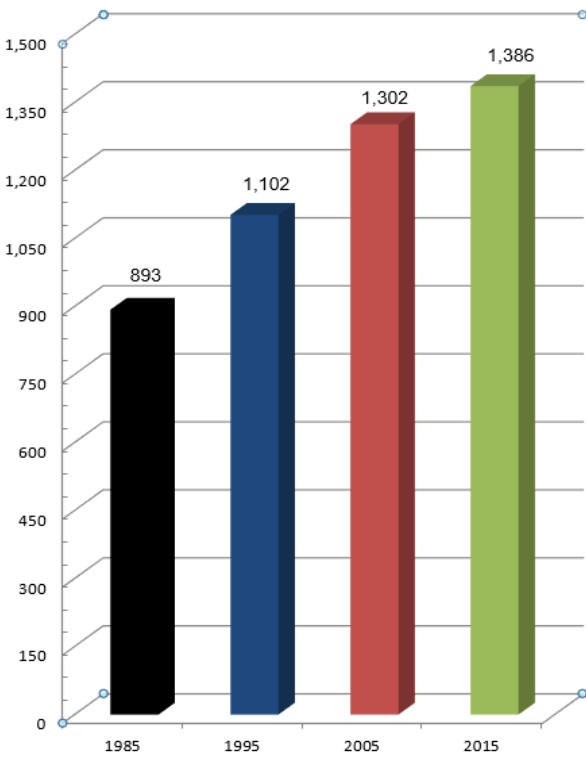
Respectfully submitted, Dewey Brock, Jr. Secretary-Treasurer

STATEMENT OF REVENUE AND PATRONAGE CAPITAL		
	Year 2015	Year 2014
REVENUES	\$40,985,059	\$39,347,892
OPERATING EXPENSES:		
Cost of Power	\$27,877,999	\$27,168,410
Distribution Expense - Operation of Lines	2,125,334	2,053,041
Distribution Expense - Maintenance of Lines	2,486,775	2,138,935
Consumer Accounts Expense	1,337,319	1,304,554
Administrative and General Expense	2,843,538	2,548,768
Depreciation and Amortization Expense	3,056,316	2,858,727
Interest	<u>1,211,460</u>	<u>1,205,414</u>
Total Expenses	\$40,938,741	\$39,277,849
OPERATING MARGINS	\$46,318	\$70,043
BALANCE SHEET		
As of December 31, 2015		
WHAT WE OWN - ASSETS:	Year 2015	Year 2014
Cash on Hand & Temporary Investments	1,894,951	1,609,092
Investments in Associated Organizations	17,728,752	16,236,756
Accounts Receivable	6,455,521	6,227,548
Stock Materials & Supplies	508,133	448,365
Cost of System, Less Depreciation	77,310,595	74,667,570
Deferred Charges	34,095	26,651
Other Current Assets	<u>275,555</u>	<u>566,325</u>
Total Assets	\$104,207,602	\$99,782,307
OUR EQUITY & WHAT WE OWE - LIABILITIES & EQUITY		
Long-Term Mortgage Notes, RUS, CFC & Other	38,149,193	39,975,649
Membership Fees	66,260	66,225
Patronage Capital & Other Equities	46,652,033	44,905,113
Other Liabilities	<u>19,340,116</u>	<u>14,835,320</u>
Total Liabilities & Equity	\$104,207,602	\$99,782,307

Number of Active Meters 1985-2015



Average Kilowatt Hours Used Monthly Per Meter 1985-2015



Where Your Dollars Were Spent

