

Tideland Electric Membership Corporation
Reviewed and Approved by Order of the Board of Directors on January 28, 2016

ARTICLE I
MEMBERSHIP

Section 1.01. Eligibility. Any natural person, firm, association, corporation, business trust, partnership or body politic (each hereinafter referred to as "person," "applicant," "Him," or "His") shall be eligible to become a member of, and, at one or more premises owned or directly occupied by or used by him, to receive electric service from, Tideland Electric Membership Corporation (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative.

Section 1.02. Application for Membership; Renewal or Prior Application. Application for membership -- wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Certificate of incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations") -- shall be made in writing on such form as is provided therefor by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by any service security contribution in aid of and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any that may be required by the Cooperative. These deposits or fees shall be refunded in the event the application is by board resolution denied. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the North

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Carolina legal rate on judgments in effect when such (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment. Notwithstanding the foregoing provisions of this Section 1.02, any person who was a member of any other electric membership corporation which, by consolidation, merger or acquisition, was combined with and into the Cooperative shall, ipso facto, become and be a member of the Cooperative, effectively on the date of such combination.

Section 1.03. Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. The service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him. Notwithstanding the foregoing provisions of this Section 1.03, no person who becomes a member of the Cooperative by virtue of the last sentence in Section 1.02 shall be required to pay a different membership fee, service connection fee or service security deposit than was required and had been collected by the electric membership corporation of which, prior to its combination with the Cooperative, he was a member.

Section 1.04. Joint Membership. A husband and wife, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, convert such membership into a joint membership. The words

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"member," "applicant," "person," "His" and "Him," as used in these bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, responsibilities and liabilities of membership shall apply equally to them. Without limiting the generality of the foregoing:

- (a) the presence at a meeting of either or both shall constitute the presence of one member, a joint waiver of notice of the meeting, and a revocation of any proxy executed by either or both;
- (b) The vote of, or a proxy executed by, either or both shall constitute, respectively, one joint vote or proxy: PROVIDED, that if both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote; AND PROVIDED FURTHER, that if each executes a separate proxy, the one most recently executed shall revoke the former and shall constitute their sole joint proxy; or, if each executed a separate proxy on the same date, the holder or holders thereof shall cast only one-half (1/2) vote in respect of each;
- (c) Notice to, or waiver of notice signed or otherwise effected by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) Suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) each, but not both concurrently, shall be eligible to serve as an officer or director of the Cooperative, but only if both meet the qualifications required thereof; and
- (f) neither will be permitted to have any additional service connections except through their one joint membership.

Section 1.05. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service: PROVIDED, that the Board of Directors may by resolution deny an application and refuse to extend

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service upon its determination that such applicant is not willing or is not able to satisfy or abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause.

Section 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of payments to All Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement; and shall pay therefor at the times, and in accordance with the rules, regulations, rate classifications and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment for service to him by the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

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Section 1.07. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the North Carolina Insurance Underwriters Association, the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for -- and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of -- such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and with out interference from hostile dogs or any other hostile source for meter reading, bill collection and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises. apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event that such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and

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surveillance could have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative extend beyond the point of delivery.

Section 1.08. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs. Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

ARTICLE II
MEMBERSHIP SUSPENSION AND TERMINATION

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Section 2.01, Suspension, Reinstatement. Upon his failure, after the expiration of the initial time prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay the amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payments of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other non-compliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

Section 2.02. Termination by Expulsion; Renewed Membership. Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may without further notice, but only after due hearing before the Board of Directors if such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. After any finally effected expulsion of a member, he may not again become a member except upon new application therefore as provided in Sections 1.02 and 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his member obligations.

Section 2.03. Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either:

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- (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or
- (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

Section 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. Except as provided in section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners; PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

Section 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee and such service security deposit as he has paid the Cooperative, less amounts due to Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect,

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constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

Section 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the estate of the deceased shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

ARTICLE III
MEETINGS OF MEMBERS

Section 3.01. Annual Meeting. For the purpose of electing directors, hearing and passing upon reports covering the previous fiscal year, and the transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on the third Friday of the month of May of each year, at such place in one of the counties in which the Cooperative furnishes service, and beginning at such hour, as the Board of Directors shall from year to year fix: PROVIDED, that, for cause sufficient to it, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this section.

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Section 3.02. Special Meetings. A special meeting of the members may be called by resolution of the Board of Directors or upon written request signed by any three (3) directors or by at least two (2%) percentum of the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held at any place within one of the counties named in Section 3.01, on such date, not sooner than forty (40) days after the call or request for such meeting is made, and beginning at such hour as shall be designated by those calling or requesting the same.

Section 3.03. Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than seven (7) days nor, except as provided in Article XI, more than thirty (30) days before the date of the meeting, by any reasonable means, by or at the direction of the President, the Secretary, or other officer or persons calling the meeting. Reasonable means of providing such notice shall include but not be limited to United States Mail, personal delivery, the Cooperative's monthly newsletter, or member service billings. No matter the carrying of which, as provided by law or by the Cooperative's Certificate of Incorporation or Bylaws requires the affirmative votes of a majority of the then-total members of the Cooperative shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the Cooperatives records, with postage thereon prepaid and postmarked at least seven (7) days before the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to

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receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person or by proxy of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such personal attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. Quorum. Attendance in person of at least one and one-half (1 1/2) percentum of the total members of the Cooperative shall be required for the transaction of business at any meeting of the members, except that, for the election of directors, the total number of ballots cast, including mailed-in ballots, shall be counted for purposes of determining the existence of a quorum. Once a quorum is established, all business may be transacted despite the loss of a quorum by the departure of members. If a quorum is not established, a majority of those present in person may adjourn the meeting to another time and date not less than thirty (30) days later and to any place within one of the counties in North Carolina which the Cooperative serves; PROVIDED, the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At 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 present in person and by mailed-in ballot.

SECTION 3.05. Credentials and Election Committee. The Board of Directors shall, at least thirty-five (35) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of Cooperative members, or spouses of members, not less than five (5) nor more

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than fifteen (15), who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives (as hereinafter defined) or members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person or the authenticity of mailed-in ballots, to count all ballots or other votes cast in any matter (other than balloting for the election of Directors), to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who, may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after the conclusion of such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not

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affirmatively act on any matter unless a majority of the committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

SECTION 3.06. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01 (Suspension; Reinstatement), shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members which are not natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. A person entitled to cast the vote of such an entity, who is also himself a member, may vote his own membership as well as that of the entity he represents. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Certificate of Incorporation or these Bylaws. Members may not cumulate their votes or vote by proxy.

Members shall vote by mail ballots in the election of directors, unless they are present in person, in which case they may vote in person if they have not already voted by mail ballot. All mail balloting shall be conducted so that the ballots must be received via mail by an independent auditor designated by the Board by the end of normal business hours on the second business day before the date of the annual member meeting, or any other method of delivery, by the Cooperative at its headquarters office or one of its district offices or, by the end of normal business hours on the third business day before the date of the annual member meeting. Members whose ballots are received after that deadline shall be entitled to vote a ballot in person at the annual member meeting. All balloting shall be conducted so that the identity of the members voting may be determined although how such members actually vote may not. The counting of ballots in the election of directors shall be conducted by an independent auditor, in accordance

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with Section 3.05 (Credentials and Election Committee) and Section 4.03 (Election) prior to the meeting of the members, but the results will not be announced until after the auditor has also counted the ballots otherwise cast at the member meeting by those members who are present in person. Members voting by mail ballot shall be eligible to register at the membership meeting and participate in the proceedings to the fullest extent, including voting in person on all other questions that come before the meeting of the members and including eligibility for door prizes. The provisions of this Section shall not apply to the election of a Director to fill the vacancy caused by the removal of a Director by the members, in which case the provisions of Section 4.09 (Removal of Directors by Members) shall be followed.

SECTION 3.07. Proxies. Voting by proxies shall not be permitted.

SECTION 3.08. Order of Business. Unless otherwise mandated by the Board of Directors the business agenda at the annual meeting of the members and, in so far as possible, at all other meetings of the members shall be essentially as follows:

- (1) Report on the number of members present by mailed-in ballot or in person in order to determine the existence of a quorum for the purpose of the election of directors;
- (2) Report on the number of members present in person in order to determine the existence of a quorum for purposes other than the election of directors;
- (3) Reading of the notice of the meeting and proof of the due giving thereof, or the waiver or waivers of notice of the meeting, as the case may be;
- (4) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (5) Presentation and consideration of reports of officers, directors and committees;

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- (6) Announce the results of the election of directors;
- (7) Unfinished business;
- (8) New business; and
- (9) Adjournment.

Notwithstanding the foregoing, the Board of Directors may from time to time establish a different business agenda or order of business for the purpose of assuring consideration and action upon any items of business the transaction of which is necessary or desirable. In addition to such items of business as may be scheduled by the Board of Directors, any fifty (50) or more members in good standing of the Cooperative, acting together, by petition in writing over their signatures, not less than thirty (30) days prior to an annual meeting, may propose additional items of business to be discussed and considered at such annual meeting, by filing such petition at the Cooperative's principal office in Pantego, North Carolina. Such additional items of business shall be considered at the annual meeting unless, in the opinion of the Board of Directors, such items may not be properly or lawfully considered and determined by the Members. If the Board determines that such petition is improper, such decision shall be communicated to the first petitioner whose name appears on such petition.

At any regularly called annual meeting of the members, or any adjournment thereof, no official business whatsoever may be transacted, other than adjournment of the meeting to another time and place, unless and until the existence of a quorum is first established.

ARTICLE IV
DIRECTORS

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Section 4.01. Number and General Powers. The business and affairs of the Cooperative shall be managed by a board of Directors consisting of ten (10) members. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Certificate of Incorporation or Bylaws conferred upon or reserved to the members.

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 will not have been a member of the Cooperative for the 24 month period prior to the election of directors 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 able to enter binding and enforceable contracts under North Carolina law; or is in any way employed by or substantially financially interested in a competing enterprise, or a business substantially engaged in selling electrical or plumbing appliances, fixtures or supplies primarily to the members of the Cooperative; or is currently engaged in or has ever been an active party in a lawsuit wherein the Cooperative was an adverse party. Notwithstanding any of the foregoing provisions of this Section treating with close relative relationship, no incumbent director shall lose eligibility

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to remain a director or to become re-elected as a director if, during his incumbency as a director, he becomes a close relative of another incumbent director or of a Cooperative employee because of marriage to which he was not a party.

Furthermore, from and after March 20, 1998, no person shall be eligible to become or remain a director the Cooperative who is or was previously employed by the Cooperative, or who was previously employed by, or worked primarily as a consultant to, any other electric, telephone, natural gas or other utility company, including generation companies and power marketers, or any trade association or governmental agency or entity which deals with utility services including, but not limited to, other electric membership corporations, investor-owned utilities or municipally-owned utilities, regardless of the length of such employment and regardless of the reason(s) for leaving or terminating such employment; PROVIDED, HOWEVER that this restriction shall not apply to any director who was already serving as a director on March 20, 1998.

In addition to the foregoing, no person shall be eligible for election to the Board or remain qualified for continued service as a Director who has been convicted of any felony or of any misdemeanor involving moral turpitude; or who has misused or wasted any of the Cooperative's assets; or who has engaged in abusive or demeaning or threatening conduct involving any Cooperative employee or any other Director; or who has revealed any of the Cooperative's trade secrets or confidential information to any person not entitled to receive such information; or who has engaged in conduct or speech or activities which are not in the best interests of the Cooperative, or which tend to damage the Cooperative's reputation, or which violate the Director's fiduciary duties of loyalty and support for the principles of democracy, majority rule and responsible conduct.

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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, whichever be the case. Nothing in this Section contained 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 mail or 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, when the number of nominees does not exceed the number of directors to be elected from a particular Directorate District, such nominee shall automatically be deemed and declared elected, and balloting shall be dispensed with for the election of the director to represent that particular District. Directors shall be elected by a plurality of the votes cast, i.e., when there are more than two candidates, the candidate receiving the greater number of votes shall win. Drawing by lot shall resolve, where necessary, any tie vote.

Section 4.04. Tenure. Directors shall be so nominated and elected that one director from or with respect to each Directorate Districts Nos. 1, 9, and 3 shall be elected for three-year terms at an annual member meeting; one director from each of Directorate Districts Nos. 2, 7 and 10 shall be elected for three-year

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terms at the next succeeding annual member meeting; and one director from each of Directorate Districts 4, 5, 6, and 8 shall be elected for three year terms at the next succeeding annual member meeting, 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 4.05. Directors Districts. Directors shall be so nominated and elected that the board shall be comprised of one (1) director from each of the ten (10) Directorate Districts as geographically described on the maps inserted as Appendix to these Bylaws.

Notwithstanding the foregoing number of Districts, District descriptions and number of District directors presently provided for in this section and in other sections of the Article IV, every year the Board of Directors, not less than one hundred sixty-five (165) days prior to the earliest date on which the annual member meeting may be scheduled pursuant to these Bylaws to be held, shall review the Districts and Directorships. If the Board determines that the boundaries or number of Districts should be altered or that the number of District directors should be increased or reduced, so as to correct any substantially inequitable factors regarding the residence of members, the number or the geographic location of districts or the number of district directors, the Board shall amend these Bylaws accordingly and may, after such amendments become

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effective, appoint any additional directors provided for by such amendments, and may fix their respective initial terms, not to exceed three years. The Board of Directors shall cause all such amendments and the names, addresses and initial terms of any such newly appointed additional directors to be notice in writing to the members not less than five (5) days prior to the date on which the committee on Nominations for the next annual member meeting shall first convene, and shall also, in timely advance of such Committee meeting, inform the members of the names and addresses of the members of the Nominating Committee and of the date, hour and place of that Committee's first meeting.

From and after the date of notice of amendments, these Bylaws shall have been effectively amended accordingly, except that such Districts and/or the number of District directors may also be changed by amendment of these Bylaws by the members from time to time in order to establish the most equitable and geographical representation of the Board of Directors: PROVIDED, that any change so made by action of the Board shall be in full force and effect until at least the completion of the election of directors at the annual meeting of the members first held in accordance with such changes effectuated by the Board of Directors: AND PROVIDED FURTHER, that no such change, whether effectuated by the Board or by the members, shall become effective so as to compel the vacancy of any director's office prior to the time such director's term would normally expire unless such director consents thereto in writing.

SECTION 4.06. Nominations. It shall be the duty of the Board of Directors to appoint, not less than forty (40) nor more than one hundred sixty-five (165) days prior to the date of a meeting of the members at which directors are to be elected, a Committee on Nominations, which shall consist of not less than seven (7) nor more than ten (10) members, or spouses of members, who are not incumbent directors or close relatives of such directors or known candidates to become directors, and who are so selected that at least one (1) but no more than

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two (2) shall reside in each of the Cooperative's Directorate Districts. The Committee on Nominations shall prepare and post, at least thirty (30) days before such meeting, at the principal office of the Cooperative in Pantego, North Carolina, at the Cooperative's Branch Office in Grantsboro, North Carolina, at the Cooperative's Branch Office in Ocracoke, North Carolina, and at the Cooperative's Branch Office in Engelhard, North Carolina, a list of nominations for directors to be elected, listing separately the nominee(s) for each Directorate District from which a director must, pursuant to this Article, be elected at the meeting. The Committee may include two or more nominees for each, director position to be filled, but it shall show clearly which nominees are opposed with respect to the same Directorate District. Any fifty (50) or more members of the Cooperative, in good standing, acting together, in writing over their signatures, not less than eighty (80) days prior to an annual meeting, may make additional nominations, listing their nominee(s) in like manner, and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least fourteen (14) days prior to the date of the meeting, a statement of the names and addresses of all nominees, showing separately those nominated by the Committee and those nominated by petition, if any. The Secretary shall include, if requested, in such mailing a brief (250 words or less) prepared biography of a nominee and/or advertisement for the election of the nominee which shall be authorized by the nominee in writing or by the initials of the nominee. Any false and misleading "campaign" information which the Cooperative had to expend funds to correct that was submitted by the nominee or allowed to be furnished on his/her behalf will be required to be responsible for reimbursing the Cooperative for its expenses and/or paying the cost of bringing the correct information to the attention of the members. All nominations, however made, shall specify the particular Directorate District for which the nomination is made. Notwithstanding anything in this Section, failure to comply with any of the provisions of this Section shall not affect in any manner

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whatsoever the validity of any action taken by the Board of Directors after its election at such meeting.

SECTION 4.07. Voting for Directors; Validity of Board Action. By virtue of the above changes, this section can be deleted.

Section 4.08. Directors Pledge. Upon their election or reelection, all directors shall take the following pledge:

"I, a newly-elected director of Tideland Electric Membership Corporation, being mindful of the responsibility of the office of the community trust that I must now administer, hereby pledge my commitment to the following creed: The primary objective of this corporation is to furnish its members electric service of the highest and most dependable quality, at the cheapest cost consistent with sound business principles and area coverage, non-profit operation. I shall judge all official acts of the corporation in the light of this primary objective. Tideland Electric Membership Corporation is a service organization, community owned and community governed. It is befitting that such an organization, dispensing so vital a service to mankind should constantly seek the improvement -economic, social and spiritual - of the areas in which it operates; and that as a good citizen it should support and promote all worthy community development and up-building. As a Director, I shall have thoughtful regard for this basic community role which the corporation must uphold. Tideland Electric Membership Corporation was organized - and has always been operated - in accordance with the true principles of cooperation, whereby each member has an equal vote and all members have equal rights to share in the organization's services. As a director, I shall protect and preserve these precious principles. Tideland Electric Membership Corporation is a public service

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corporation of the State of North Carolina. It has financed its system largely through loans from the Federal Rural Utilities Service. It thus carries out the official policy of the State and Federal Governments in assuring to rural people the necessities and conveniences that only dependable, low-cost electric service can provide. I therefore reaffirm my allegiance to and do solemnly pledge to uphold, support, defend and fully adhere to the Constitutions and the laws of the United States of America and of the State of North Carolina and the Articles of incorporation and bylaws of this corporation, so help me God."

Section 4.09. Removal of Directors by Members. Any member may bring one or more charges(s) for cause against any one or more director(s) and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing, together with a petition signed by not less than five (5%) percent of the then-total members of the Cooperative which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more directors are recalled, to elect their successor(s), and which specifies the place, time and date thereof not sooner than forty (40) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) days of the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made and of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately notice to the members not less than seven

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(7) days prior to the member meeting at which the matter will be acted upon: Provided, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s). Such director(s) shall be informed in writing of the charges after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel, or any combination of such, and to present evidence in respect to the charge(s); and the member(s) bringing the charge(s) shall have the same opportunity, but must be heard first. In the event a director is removed from office by vote of the members at a Special Member Meeting called for such purpose, such new "vacancy" will be filled by the Board of Directors as presently provided in Bylaw Section 4.10. A newly elected Director shall be from or with respect to the same Directorate district as was the director whose office he succeeds and shall serve the unexpired portion of the removed director's terms.

Section 4.10. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the Board of Directors, a director thus elected shall serve out the unexpired term of the director whose office was originally vacated and until his successor is elected and qualified: PROVIDED, that such a director shall be from or with respect to the same Directorate District as was the director whose office was vacated.

Section 4.11. Compensation; Expenses. Directors shall, as determined by resolution of the Board of Directors, receive on a per diem basis a fixed fee, which may include insurance benefits, for attending meetings of the Board of Directors and, when such has had the prior approval of the Board of Directors for otherwise performing their duties. The fee or fees fixed for otherwise performing

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their duties need not be the same as the fee fixed for attending meetings of the Board of Directors. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred, in performing their duties. No close relative of a director shall be employed by the Cooperative and no director shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or 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: PROVIDED, that a director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the unanimous vote of the remaining directors; AND PROVIDED FURTHER, that an employee shall not lose eligibility to continue in the employment of the Cooperative if he becomes a close relative of a director because of a marriage to which he was not a party.

Section 4.12. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Certificate of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 4.13. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the

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Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the following annual meeting of the member. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

Section 4.14. Subscription to "Carolina Country." The Board of Directors shall be empowered and authorized, on behalf of and for circulation to the members periodically, to subscribe to "Carolina Country," the annual subscription price for which shall be paid by the Cooperative, and this amount shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

Section 4.15. "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who, by blood or in law, including step, half, foster and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.

ARTICLE V
MEETINGS OF DIRECTORS

Section 5.01. Regular Meetings. A regular meeting of the board of directors shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the board of directors shall also be held monthly at such date, time and place in Beaufort County, North Carolina, or in any other county in which the Cooperative operates, as the board may provide by resolution. Except when business to be transacted thereat shall require special notice, such regular monthly meeting may be held without notice other than such resolution fixing the

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date, time and place thereof: PROVIDED, that any director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least three (3) days prior to the next meeting of the Board; AND PROVIDED FURTHER that, if a policy therefor is established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon at least five (5) days notice thereof to all directors.

Section 5.02. Special Meetings. Special meetings of the board of directors may be called by the President, by any three (3) directors, or by board resolution, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The President or the directors or the Board resolution calling the meeting shall fix the date, time and place for the holding of meeting, which shall be in Beaufort or Pamlico County, North Carolina, unless all directors consent to its being held in some other place in North Carolina or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

Section 5.03, Notice of Directors' Meetings. Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each director not less than three (3) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon his default in his duty, by him or those calling it in the case of a special meeting or by any other director in the case of a regular meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when

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deposited in the United States mail, addressed to the director at his address as it appears on the Cooperative's records, with postage thereon prepaid and postmarked at least three (3) days before the meeting date. The attendance of a director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business on the grounds that the meeting shall not have been lawfully called or convened.

Section 5.04. Quorum. The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken: PROVIDED, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present; AND PROVIDED FURTHER that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting.

Section 5.05. Excessive Absences From Regular Meetings. Directors are expected to make every effort to attend all regular and special meetings of the Board of Directors. A Director who is consistently absent may be requested to furnish good cause as to the reasons for the absences to the Board of Directors. The Board, in turn, may take such actions as its deems necessary and appropriate, up to and including a declaration that the seat occupied by the consistently absent Director has been determined to be vacant. In such latter event, the resulting vacancy shall be filled as provided in Section 4.10 of these Bylaws.

ARTICLE VI

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OFFICERS: MISCELLANEOUS

Section 6.01. Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary Treasurer and such other officer as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

Section 6.02. Election and Term of Office. The four officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Directors at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of directors by the members and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibility and authorities, as the Board of Directors may from time to time deem advisable.

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

Section 6.04. Vacancies. A vacancy in any office elected by the Board of Directors may be filled by the Board for the unexpired portion of the term.

Section 6.05. President. The President:

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- (a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members.
- (b) Shall sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of directors from time to time.

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

Section 6.07. Secretary. The secretary shall:

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly

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authorized in accordance with the provisions of these bylaws or is required by law;

- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- (e) sign with the President certificates of membership, the issue of which shall have been authorized by resolution or the Board of Directors;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the Cooperative's certificate of incorporation and of its bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of such documents and of all amendments thereto each member; and
- (h) in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.08. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general perform all the duties incident to the Office of the Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

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Section 6.09. Delegation of Secretary's and Treasurer's Responsibilities.

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of such officers' such duties to one or more agents or other officers of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

Section 6.10. General Manager; Chief Executive Officer. The Board of Directors may appoint a general manager, who may be but who shall not be required to be, a member of the Cooperative, and who also may be designated Chief Executive Officer. He shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

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

Section 6.12. Compensation; Indemnification. The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined as provided in Section 4. 11 of these Bylaws, and the powers, duties and compensation of any other officer, agents and employees shall be fixed or a plan therefor approved by the Board of Directors. The

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Cooperative shall indemnify present and former directors, officers (including the General Manager or, if so titled, the Executive Vice President), agents and employees against liability related to their acts or omissions on behalf of or with respect to the Cooperative and the cost of defending against such liability, including reasonable attorneys' fees, to the fullest extent permissible by law, including Sections 11 7-46 and 55A-17.1, 17.2 and 17.3 of the North Carolina General Statutes. The Cooperative shall purchase insurance in reasonable amounts to cover such potential liabilities and costs.

Section 6.13. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII
CONTRACTS, CHECKS AND DEPOSITS

Section 7.01. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 7.02. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

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

ARTICLE VIII
MEMBERSHIP CERTIFICATES

Section 8.01. Certificate of Membership. Membership in the Cooperative may, if the Board so resolves, be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Cooperative's Certificate of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the Board, shall be signed by the President and by the Secretary, and the corporate seal shall be affixed thereto: PROVIDED, that the seal and the signatures of the President and the Secretary may be imprinted thereon by facsimile.

Section 8.02, Issue of Membership Certificates. No membership certificate shall be issued for less than the membership fee fixed by these bylaws nor until such membership fee, any required service security deposits, facilities extension deposits, service connection fees, or contributions in aid of construction have been fully paid.

Section 8.03. Lost Certificate. In case of a lost, a destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE IX
NON-PROFIT OPERATION

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Section 9.01. Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a Cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 9.02. Patronage Capital in Connection with Furnishing Electric

Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account: PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and

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the patron had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, be retained by the Cooperative as permanent capital.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period insofar as is practicable, as determined by the board of directors, before any payments are made on account of property rights of members. If, at any time prior the dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons accounts may be retired in full or in part. Any such retirement of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired: PROVIDED, however, that if general retirements of such capital by any electric membership corporation, which through consolidation, merger or acquisition has been combined with and into the Cooperative, have been, at the time of the combination, completed up through a year different from the year up through which the Cooperative had theretofore completed such general retirements, the Cooperative may, but shall not be obligated to, accord such priority to general retirements of such electric membership corporation or the Cooperative, whichever may be the case, as may be necessary to attain and thereafter maintain general retirements for all capital

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credits on the same year-to-year basis. 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 patrons which corresponds to capital credits to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall:

- (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year,
- (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons,
- (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and
- (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Bylaws, the Board of Directors shall, at its discretion, have the power at any time upon the death of any patron, who was a natural person or if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to

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retire such capital credited to such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives shall agree upon: PROVIDED, however that the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron the Cooperative, together with interest thereon at the North Carolina legal rate on judgments in effect when such amount became overdue, compounded annually.

Section 9.03. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine.

ARTICLE X
WAIVER OF NOTICE

Any member or director may waiver, in writing, any notice of meetings required to be given by these Bylaws.

ARTICLE XI
DISPOSITION AND PLEDGING OF PROPERTY:
DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

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Section 11.01. Disposition and Pledging of Property. (a) Not inconsistently with the provisions of Sections 117-20 of the North Carolina General Statutes and subsection (b) hereof, the Cooperative shall not sell, lease, lease-sell, exchange, mortgage or otherwise encumber or dispose of any of its assets and properties (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 (10%) percent of the total value of the Cooperative's assets, or which, in the judgment of the Board of Directors, are not necessary or useful in operating the Cooperative) unless authorized so to do by the votes cast in person by at least two-thirds (2/3) of its total membership, without proxies, and by the consent of the holders of seventy-five (75%) percent in amount of the Cooperative's outstanding bonds, except that the members of the Cooperative may, by the affirmative majority of the votes cast in person or by proxy at any meeting of the members, delegate to the Board of directors the power and authority (1) to borrow monies from any source and in such amounts as the Board may from time to time determine and (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefor, and (3) to sell and lease back any of the Cooperative's property or assets.

Section 11.02. Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors and not inconsistently with the provisions of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority among all persons who are or who have been members of the Cooperative for any period during the next six years preceding the authorization of the dissolution, on the basis that their respective patronage during such period bears to the total receipts of the Cooperative for all such years: PROVIDED, HOWEVER, that, if in the judgment of the board the amount

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of such surplus is too small to justify the expense of making such distribution, the board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

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ARTICLE XII
FISCAL YEAR

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

ARTICLE XIII
RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's certificate of incorporation or bylaws.

ARTICLE XIV
SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed on the outer edge of the circle "Tideland Electric Membership Corporation" and in the inner circle the words "Incorporated 1941, Pantego, N.C."

ARTICLE XV
AMENDMENTS

These bylaws may be altered, amended or repealed by the affirmative votes of a majority of the directors in office at any regular or special Board of Directors' meeting, provided the notice of such meeting shall have contained a copy or a clear and complete explanation of the proposed alteration, amendment or repeal.

ARTICLE XVI
EXECUTIVE COMMITTEE

Section 16.01, Creation. The Board of Directors, by resolution adapted by a majority of the number of directors fixed by these bylaws, may designate three or more directors to constitute an Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the corporation.

Section 16.02. Vacancy. Any vacancy occurring in an Executive committee shall be filled by a majority of the number of directors fixed by these bylaws at a regular or special meeting of the Board of Directors.

Section 16.03. Removal. Any member of an Executive committee may be removed at any time with or without cause by a majority of the number of directors fixed by these bylaws.

Section 16.04. Minutes. The Executive Committee shall keep regular minutes of its proceedings and report the same to the board when required.

Section 16.05. Responsibility of Directors. The designation of an Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility of liability imposed upon it or him by law.

If action taken by an Executive Committee is not thereafter formally considered by the board, a director may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

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Amended: January 28, 2016

Tideland EMC President _____ Date _____

Tideland EMC Secretary _____ Date _____