

BYLAWS ARTICLE III, SECTION 13
GOVERNANCE AND NOMINATING COMMITTEE

(ADOPTED BY THE BOARD OF DIRECTORS AS OF APRIL 7, 2004)

Section 13. Governance and Nominating Committee.

Organization

The Governance and Nominating Committee shall be composed of three (3) or more board members, as determined by the Board of Directors from time to time, all of who shall be independent of the management of Lime Energy Co. ⁽¹⁾ (the “Company”) and are free of any relationship that would interfere with their exercise of independent judgment as a committee member. All members of the Committee shall also be independent directors to the extent required by the rules of the American Stock Exchange or any other exchange or market upon which the Company’s shares are listed or quoted, and by any applicable law. The members of the Committee will be appointed by and serve at the discretion of the Board of Directors.

Statement of Policy

The Governance and Nominating Committee shall (a) develop and monitor corporate governance best practices for the Board of Directors; (b) assist the Board of Directors in identifying individuals qualified to become members of the Board of Directors; (c) select the director nominees for each annual meeting of stockholders; and (d) take such other actions as within the scope of this Article III, Section 13, as the Governance and Nominating Committee deems necessary or appropriate to carry out the foregoing responsibilities.

Responsibilities

In carrying out its responsibilities, the Governance and Nominating Committee will:

- **Board Policies and Processes.** Develop and recommend to the Board of Directors, policies and processes designed to provide for effective and efficient governance, including but not limited to: policies for evaluation of the Board of Directors and the chairperson; election and reelection of Board members; Board orientation and education; and succession planning for the Board chairperson and other Board members.
- **Board Education.** Plan Board education activities, including new member orientation.
- **Composition of the Board of Directors.** Evaluate the size and composition of the Board of Directors, develop criteria for membership on the Board of Directors, and evaluate the independence of existing and prospective directors, and make recommendations to the Board concerning such matters.
- **Candidates.** Seek and evaluate qualified individuals to become directors.
- **Committees.** Evaluate the nature, structure and composition of other committees of the Board of Directors and make recommendations to the Board concerning such matters.
- **Annual Review.** Take such steps as the Committee deems necessary or appropriate with respect to assessments of the performance of the Board of Directors, each other committee of the Board of Directors, and itself.

- **Review Charter.** Review and reassess the adequacy of this Article III, Section 13 and make recommendations to the board for any modifications hereto which the Committee deems desirable.
- **Other Actions.** Take such other actions as may be requested or required by the Board of Directors from time to time.
- **Recommendations.** Make any additional recommendations to the Board and to other committees of the Board of Directors which the Governance and Nominating Committee deems desirable with respect to any of the foregoing matters.
- **Reports.** Report to the Board of Directors regularly or whenever requested to do so by the Board of Directors.

Search Firm

The Governance and Nominating Committee shall have authority to retain search firm to assist the Committee in identifying, screening and attracting director candidates. If the Committee decides in its discretion to retain such a firm, the Committee shall have sole authority to retain and terminate any such firm and to approve the search firm's fees and other retention terms.

Meetings

The Governance and Nominating Committee will meet with such frequency, and at such times, as its chairperson, or a majority of its members, determines. A special meeting of the Governance and Nominating Committee may be called by the chairperson and will be called promptly upon the request of a majority of the members of the Committee. Unless the Committee or the Board of Directors adopts other procedures, the provisions of the Company's Bylaws applicable to meetings of the Board of Directors will govern meetings of the Committee.

Minutes

Minutes of each meeting will be taken and kept in the Company's minute book.

Reliance; Experts; Cooperation

The Governance and Nominating Committee shall have the authority, in its discretion, to retain at the Company's expense such counsel, advisors and experts, and to conduct any investigations, which it deems necessary or appropriate to enable it to carry out its responsibilities. The Committee may act in reliance on Company management, the Company's independent public accountants, the Company's internal auditors, and on advisors and experts, as it deems necessary or appropriate to enable it to carry out its duties.

The Committee shall have unrestricted access to the Company's employees, independent public accountants, internal auditors, and internal and outside counsel, and may require any employee of the Company or representative of the Company's outside counsel or independent public accountants to attend a meeting of the Committee or to meet with any members of the Committee or representative of the Committee's counsel, advisors or experts.

(1) Name changed from Electric City Corp. effective September 13, 2006