

York Electric Cooperative, Inc. Bylaws – 2010

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Article I Membership

Section 1.01. Eligibility. Any natural person, firm, association, corporation, business trust, partnership, Federal agency, State or political subdivision or agency thereof, or any 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 or used by him to receive electric service from York Electric Cooperative, Inc. (hereinafter call the “Cooperative”). No person shall hold more than one membership in the Cooperative.

Section 1.02. Application for Membership; Renewal of Prior Application. Application for membership — whereby the applicant agrees 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 Articles 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and rate schedules established pursuant thereto, as all the same then exist or may thereafter be duly adopted, rescinded or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”) — shall be made in writing on such form as provided therefore by the Cooperative. With respect to any particular classification of service for which the Board of Trustees shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03, together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction or executed supplemental contract that may be required by the Cooperative (hereinafter called “other payments, if any”), which fee and other payments, if any, shall be refunded in the event the application is 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 South Carolina legal rate on judgments in effect when such account first became overdue, compounded annually, together with other payments, if any, 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.

Section 1.03. Membership Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. The membership fee shall be as fixed from time to time by the Board. The membership fee, together with other payments, if any, 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 other payments, if any, shall be paid by the member for each additional service connection requested by him.

Section 1.04. Joint Membership.

A. An application for membership by a married person living with his or her spouse at the time of such application shall be deemed an application for joint membership by both husband and wife, unless otherwise indicated upon the application. Subject to compliance by the applicant with the requirements set forth in Section I of this Article, the application will be accepted as and for a joint membership. In the event that the holders of a joint membership cease to reside together in the same household, or upon the death of either, the joint membership will automatically become a single membership in the name of the spouse who continues to reside in the household or the survivor thereof as applicable, irrespective of whether or not such point of service is at the marital home. If neither spouse continues to live in the same household, the joint membership, irrespective of the location of the point of service, will thereupon terminate. Either spouse may thereafter reapply for a single membership at the point of service in question. The term “member” as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter-specified actions by or in respect to the holders of a joint membership shall be as follows;

- (1) the presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (2) the vote of either separately or both jointly shall constitute one joint vote;
- (3) a waiver of notice signed by either or both shall constitute one joint waiver;
- (4) notice to either shall constitute notice to both;
- (5) expulsion of either shall terminate the joint membership;
- (6) withdrawal of either shall terminate the joint membership;
- (7) either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

B. Conversion of Membership

- (1) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board of Trustees. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

- (2) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. (See Section 2.06.)

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, the Cooperative may deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative’s terms and conditions of membership or that such application should be denied for other good cause; BUT PROVIDED FURTHER, any person whose application, for sixty (60) days or longer, has been submitted to but not denied by the Board and who has not been connected by the Cooperative for electric service may, by filing written request therefore with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

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 may in writing waive such requirement; and shall pay therefore 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 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 by him for service from 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.

Section 1.07. Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

Section 1.08. Wiring of Premises; Responsibility Therefore; 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 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 apparatuses 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 without interference from any hostile source for meter reading and bill collecting 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 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 surveillance should 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 for furnishing electric service extend beyond the point of delivery.

Section 1.09. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs. Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement or right of way over, under and on 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 or 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

Section 2.01. Suspension; Reinstatement. Upon his failure, after the expiration of the initial time limit 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 noncompliance 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. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance 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 full membership, as provided in Section 2.01, he may, without further notice, but only after due hearing before the Board if such is requested by him, be expelled by resolution of the Board at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective 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, 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 of his membership obligations.

Section 2.03. Termination by Withdrawal or Resignation. A member may withdraw or resign in good standing from membership upon such generally applicable conditions as the Board of Trustees shall prescribe and upon either (a) ceasing to (or, with the approval of the Board, resigning his membership in favor of a new application 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 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 natural person shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership; PROVIDED, 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; AND PROVIDED FURTHER, 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 if such refund does not impair the financial condition of the Cooperative (and to his service security deposit, if any, theretofore paid the Cooperative), less the amounts due the 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 shall expressly so resolve, 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, the estate of the deceased spouse 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, the other spouse shall not be released from any debts due the Cooperative.

Section 2.07. Board Acknowledgement of Membership Termination; Acceptance of Members Retroactively.

Upon the termination of a person's membership for any reason, the Board, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Cooperative approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

Article III Meetings of Members

Section 3.01. Annual Meetings. For the purposes of electing Trustees, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held in May of each year at such place in one of the counties in which the Cooperative operates, and beginning at such hour, as the Board shall from year to year fix; PROVIDED, for cause sufficient to it, the Board may fix a different date for such annual meeting. It shall be the responsibility of the Board to make adequate plans and preparations for and to encourage member attendance at the annual meeting and any special meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

Section 3.02. Special Meetings. A special meeting of the members may be called by resolution of the Board, by any three (3) Trustees, by the President or by petition signed by not less than twenty percent (20%) of the then-total members of the Cooperative, except in the case of a special meeting to consider a dissolution, sale, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the Cooperative's assets, in which event such special meeting shall be by a petition of no less than fifty-one percent (51%) of the then-total members of the Cooperative, 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 such place in one of the counties in which the Cooperative operates, on such date, not sooner than thirty-five (35) days after the call for such meeting is made or a petition therefore is filed, and beginning at such an hour as shall be designated by him or those calling or petitioning for 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 ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary (or, in the case of a special meeting, at the direction of those calling the meeting). Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly insert in South Carolina Living or any successor publication. No matter the carrying of which, as provided by law or by the Cooperative's Articles of Incorporation or Bylaws, requires the affirmative votes of more than a simple majority of the members voting at any meeting of the members, 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, except as provided in Subsection (b) (4) of Section 11.01 of Article XI of these Bylaws. 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 Cooperative's records, with postage thereon prepaid and postmarked at least ten (10) days prior to 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 receive a notice deposited in the mail addressed to the member at his address as shown on the Cooperative's books shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members 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, 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 in writing notify the Secretary prior to or at the beginning of the meeting of his objection.

Section 3.04. Quorum. Business may not be transacted at any meeting of the members unless there are present in person at least five percent (5%) of the then-total members of the Cooperative, except that, if less than a quorum is present at any meeting, a majority of those present may adjourn the meeting to another time and date not sooner than thirty (3) days later and to any place in one of the counties in which the Cooperative operates; PROVIDED, the Secretary shall notify all 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 registered as present in person.

Section 3.05. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are 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. 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 Articles of Incorporation or these Bylaws. Members may not cumulate their votes or vote by proxy or by mail.

Section 3.06. Credentials and Election Committee. The Board shall, not less than sixty (60) days nor more than one hundred twenty (120) days before any meeting of members appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of not less than five (5) nor more than fifteen (15) Cooperative members who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, Trustees or known candidates for Trustee, and who are not close relatives 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, (which may include the use of voting machines and electronic voting), to pass upon all questions that may arise with respect to the registration of members, to count all ballots or other votes cast in any election or in any other matter, 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 Trustees (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 Trustees), 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 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 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 3.07. Order of Business. The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- (1) Report on the number of members present in person in order to determine the existence of a quorum;
- (2) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (4) Presentation and consideration of reports of officers, Trustees and committees;
- (5) Election of Trustees;
- (6) Unfinished business;
- (7) New business; and
- (8) Adjournment.

Notwithstanding the foregoing, the Board or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; PROVIDED, no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

Article IV Trustees

Section 4.01. Number and General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Trustees. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles 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 Trustee of the Cooperative who is a close relative of an incumbent Trustee or of an employee of the Cooperative, or is or has been employed by the Cooperative as a regular employee within the last nine (9) years of the current election, or is not a member in good standing of the Cooperative and receiving service therefrom at his primary residential abode; PROVIDED, 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 Trustee from the Trustee 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, no more than one (1) such person may serve on the Board at the same time. No person shall be eligible to become or remain a Trustee of, or to hold any other position of trust in the Cooperative, who does not have the legal capacity to enter into a binding contract or who is in any way employed by or substantially financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business substantially engaged in selling electrical or plumbing appliances, fixtures, supplies or wiring primarily to the members of the Cooperative. Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent Trustee shall lose eligibility to remain a Trustee or to be re-elected as a Trustee if he becomes a close relative of another incumbent Trustee or of a Cooperative employee because of a marriage or adoption to which he was not a party. Upon establishment of the fact that a nominee for Trustee 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 Trusteeship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board 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,

unless such action is taken, with respect to a matter which is affected by the provisions of this Section and is one in which one or more of the Trustees have an interest adverse to that of the Cooperative.

Section 4.03. Election. At each annual meeting of the members, Trustees shall be elected by secret ballot by the members, which may include the use of voting machines and electronic voting, and, except as provided in the first provision of Section 4.02 of these Bylaws, from among natural persons who are members; PROVIDED, when the number of nominees does not exceed the number of Trustees to be elected from a particular Trustee District, and if there be no objection, secret balloting or voting by voting machine or electronic voting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Trustees shall be elected by a plurality of the votes cast unless the members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this Bylaw provision shall be drawn to the attention of the members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie votes.

Section 4.04. Tenure. Trustees shall be so nominated and elected that one Trustee from or with respect to each of Trustee Districts Nos. 3, 4 and 8 shall be elected for a three-year term at an annual member meeting; one Trustee from or with respect to each of Trustee Districts Nos. 6, 7 and 9 shall be elected for a three-year term at the next succeeding annual member meeting; and one Trustee from or with respect to each of Trustee Districts Nos. 1, 2 and 5 shall be elected for a three-year term at the next succeeding annual member meeting, and so forth. Upon their election, trustees shall, subject to the provisions of these Bylaws with respect to the removal of Trustees, 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 Trustees 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 Trusteeships would have been voted on to hold over only until the next member meeting at which a quorum is present and until their successors shall have been elected and shall have qualified.

Section 4.05. Trustee Districts. Based upon geographic, population, membership, or other equitable consideration determined by the Board, the Board shall divide the general area in which the Cooperative provides services into nine Trustee Districts that fairly represent the members. A description of the current Trustee Districts prepared by the Cooperative's Engineering Department shall remain on file and available for inspection at the Cooperative's headquarters in York, South Carolina.

If a member uses a Cooperative service at locations in more than one Trustee District, then (1) if the member is an individual and resides within the Cooperative service area, the member uses a Cooperative service at a location in the Trustee District in which the member resides; and (2) if the member is an individual and does not reside within the Cooperative service area, or if the member is an entity, the member uses a Cooperative service at a location in the Trustee District in which the member first used, and continues to use, a Cooperative service.

Every year, not less than ninety (90) days prior to the first date on which the annual member meeting may be held, the Board shall review the Districts and Trusteeships so as to correct any substantially inequitable factors regarding the residences of members, the number or geographic location of Districts, or the number of Trustees.

The Board shall cause all such revisions to be noticed in writing to the members within thirty (30) days following a Trustee District revision, and at least ten (10) days prior to the date on which the Committee on Nominations for the next annual member meeting shall first convene. The Board shall also, in timely advance of such Committee meeting, inform the members of the names, addresses and telephone numbers of the members of the Nominating Committee and of the date, hour, and place of that Committee's first meeting.

Trustee District revisions are effective on the date the Cooperative releases written notice of the Trustee District revision. A Trustee District revision may not: (1) increase an existing Trustee's term or (2) unless the affected Trustee consents in writing, shorten an existing Trustee's term. After such revisions become effective, the Board may appoint any additional Trustees provided for by such revisions, and may fix their respective initial terms, not to exceed three years.

Section 4.06. Nominations. It shall be the duty of the Board to appoint, not less than sixty (60) nor more than one hundred twenty (120) days prior to the date of a meeting of the members at which Trustees are to be elected, a Nominating Committee, consisting of nine (9) members of the Cooperative, one being from each District, who shall be selected so as to give equitable representation on the Committee to geographical Districts served by the Cooperative, and who are not existing Cooperative employees, agents, officers, Trustees or known candidates for Trustees, who are not close relatives or members of the same household thereof, and who are so selected that each of the Cooperative's Trustee Districts shall have representation thereon in proportion to the number of authorized Trustees from or with respect to such District. The Committee shall nominate one member for each vacancy on the Board of Trustees and shall prepare and post at the principal office of the Cooperative at least forty-five (45) days before the meeting a list of nominations for Trustees to be elected, listing separately the

nominee(s) for each Trusteeship and Trustee District from or with respect to which a Trustee must, pursuant to this Article, be elected at the meeting. The Committee may include as many nominees for any Trustee to be elected from or with respect to any Trustee District as it deems desirable. Not less than sixty (60) days prior to the meeting, additional nominations may be made by one hundred (100) or more members of the Cooperative in writing over their signatures, 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 ten (10) days prior to the date of the meeting, a complete statement of the names and addresses of all nominees for each Trustee District from or with respect to which one or more Trustees must be elected, showing clearly those nominated by the Committee and those nominated by written petition, if any. Additional nominations from the floor shall not be allowed; PROVIDED, if any person previously nominated by the Committee has been determined to be disqualified and ineligible for election, or has died or is otherwise incapable of serving as a Trustee, or has declined so to serve, additional nominations may be made from the floor.

Section 4.07. Voting for Trustees; Validity of Board Action. In the election of Trustees, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of Trustees to be elected, but no member may vote for more nominees than the number of Trustees that are to be elected from or with respect to any particular Trustee District. Ballots marked in violation of the foregoing restriction with respect to one or more Trustee Districts shall be invalid and shall not be counted with respect to such District(s). 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 Trustees.

Section 4.08. Removal of Trustees by Members. Any member may bring one or more charges for cause against any one or more Trustees and may request the removal of such Trustee(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten percent (10%) 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 Trustees are recalled, to elect their successor(s), and which specifies the place, time and date thereof not sooner than thirty-five (35) days after the filing of such petition or requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held not sooner than thirty-five (35) days after 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 Trustee(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 Trustee(s) against whom the charge(s) have been made, 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 noticed to the members, not less than ten (10) days prior to the member meeting at which the matter will be acted upon; PROVIDED, the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges if more than twenty (20) members file the same charge(s) against the same Trustee(s). Such Trustee(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) 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 of the charge(s) and shall be heard last; and the person(s) bringing the charge(s) shall have the same opportunity, and shall be heard first. The question of the removal of such Trustee(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such vote shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations; PROVIDED, the question of the removal of a Trustee shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected Trustee shall be from or with respect to the same Trustee District as was the Trustee whose office he succeeds and shall serve the unexpired portion of the removed Trustee's term.

Section 4.09. Vacancies. A vacancy occurring in the Board may be filled by the Board. A Trustee thus elected shall serve out the unexpired term of the Trustee whose office was originally vacated and until a successor is elected and qualified; PROVIDED, such a Trustee shall be from or with respect to the same Trustee District as was the Trustee whose office was vacated.

Section 4.10. Compensation; Expenses. Trustees shall, as determined by resolution of the Board, receive, on a per diem basis, a fixed fee, which may include insurance benefits, for attending meetings of the Board and, when such has had the prior approval of the Board, for the performance of other Cooperative business. Trustees 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 Trustee shall be employed by the Cooperative and no Trustee shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or the service of such Trustee is temporary and shall be specifically authorized by a vote of the members upon their resolved determination that such was an

emergency measure; PROVIDED, a Trustee 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 Board; AND PROVIDED FURTHER, an employee shall not lose eligibility to continue in the employment of the Cooperative if he becomes a close relative of a Trustee because of a marriage or adoption to which he was not a party.

Section 4.11. Committees. The Board may designate from among its members an executive committee and other committees, and delegate to such committee or committees so much of the authority of the Board as it deems advisable and is permitted by law.

Section 4.12. Rules, Regulations, Rate Schedules and Contracts. The Board 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 Articles 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 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 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 succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

Section 4.14. Subscription to South Carolina Living For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to *South Carolina Living*, or any successor publication and, if the Board so elects, a Cooperative Newsletter insert therein covering local activities and operations of the Cooperative. The annual subscription price for such publication 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.

Article V Meetings of Trustees

Section 5.01. Regular Meetings. A regular meeting of the Board 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 shall also be held monthly at such date, time and place in York County, South Carolina, 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 date, time and place thereof; PROVIDED, any Trustee 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 five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER, if a policy therefore is established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days notice thereof to all Trustees.

Section 5.02. Special Meetings. A special meeting of the Board may be called by the Board, by the President or by any three (3) Trustees, 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 Board, the President or the Trustees calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in South Carolina within which the Cooperative serves, unless all Trustees consent to its being held in some other place in South 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 Trustees at the time of such a telephone conference meeting, if all the Trustees consent thereto.

Section 5.03. Notice of Trustees' 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 Trustee not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any Trustee in the case of a meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Trustee at his address as it appears on the Cooperative's records, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a Trustee 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, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

Section 5.04. Quorum. The presence in person of a majority of the Trustees in office shall be required for the transaction of business and the affirmative votes of a majority of the Trustees present and voting shall be required for any action to be taken; PROVIDED, a Trustee 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 Trustees in office or present; AND PROVIDED FURTHER, if less than a quorum be present at a meeting, a majority of the Trustees present may adjourn the meeting from time to time, but shall cause all Trustees to be duly and timely notified of the date, time and place of such adjourned meeting. Except as otherwise provided by law, provided that when the Board considers a dissolution, sale, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the Cooperative's assets approval must be two-thirds (2/3) of the members of the Board of Trustees.

Article VI Officers; Miscellaneous

Section 6.01. Number and Title. The offices of the Cooperative shall be a President, also known as Chairman, Vice President, also known as Vice Chairman, Secretary, Treasurer and such other officers as the Board of Trustees may from time to time determine. 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 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 the Bylaws with respect to the removal of Trustees and to the removal of officers by the Board. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board may from time to time deem advisable.

Section 6.03. Removal. Any officer, agent or employee elected or appointed by the Board 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 or appointed by the Board shall be filled by the Board for the unexpired portion of the term.

Section 6.05. President, Also Known as Chairman. The President, also known as Chairman shall—

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

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

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 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 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 of the Board;
- (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 copy of the Cooperative's Articles of Incorporation and 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, furnish a copy of such documents and of all amendments thereto upon request to any 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.

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 or in such financial institutions or securities 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 Treasurer and such other duties as from time to time may be assigned to him by the Board.

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 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 each such officer's duties to one or more agents, other officers or employees of the Cooperative who are not Trustees. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

Section 6.10. Manager, Also Known as President and Chief Executive Officer. The Board may appoint a Manager, also known as

President and Chief Executive Officer, who may be, but who shall not be required to be, a member of the Cooperative. The Manager, also known as President and Chief Executive Officer, shall perform such duties and shall exercise such authority as the Board of Trustees may from time to time vest in him.

Section 6.11. Bonds. The Board shall require the Treasurer and 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 such sum and with such surety as the Board shall determine. The Board 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 Trustee or close relative of a Trustee shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefore approved by the Board. Supplementary and subject to the immunity provisions of S.C. Code Ann. Section 33-31-180, the Cooperative shall indemnify existing and former Trustees and officers, including the General Manager (or, if so titled, the President and Chief Executive Officer), and may but shall not be obligated to indemnify one or more of its other existing or former agents and employees, against liability and/or costs of defense to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, did not amount to willful, wanton or gross negligence. The Cooperative may purchase insurance to cover such indemnification.

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.

Section 6.14. "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

Article VII Contracts, Checks and Deposits

Section 7.01. Contracts. Except as otherwise provided by law or these Bylaws, the Board may authorize any Cooperative officer, agent or employee 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.

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 in such financial securities or institutions as the Board 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 not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its Bylaws. Such certificate shall be signed by the President and by the Secretary, and the Cooperative seal shall be affixed thereto; PROVIDED, 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 the Board nor until such membership fee and other payments, if any, shall have been fully paid.

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

Section 8.04. Trustees Empowered to Promote Economic Development. The Board of Trustees is empowered to promote economic development of the general areas in or near to which the Cooperative serves. Such promotion may include, but shall not be limited to, (a) membership in or ownership of securities issued by other organizations engaged in such promotion, (b) expending, investment, lending or underwriting reasonable amounts of funds, and (c) acquisition, through purchase, lease, option or otherwise, of land and other properties for resale, lease or sublease to institutional, commercial and industrial enterprises or other entities.

Article IX Non-Profit Operation

Section 9.01. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit 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 non-profit 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, 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 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, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons as herein provided.

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, 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, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board 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. Notwithstanding any other provisions of these Bylaws, the Board shall determine the method of allocation, basis, priority and order of retirement, if any, for all amounts furnished as patronage capital. The Board shall also 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 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, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board 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 so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board, acting under policies of general application, and such legal representatives shall agree upon; PROVIDED, 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 to the Cooperative, together with interest thereon at the South Carolina legal rate on judgments in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's offices.

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 thereto 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 shall determine.

Section 9.04. Unclaimed Property. In compliance with the South Carolina Uniform Unclaimed Property Act, (Title 27, Chapter 18 of South Carolina Code of Laws), unclaimed property will be submitted to the State Treasurer of South Carolina, and notice of unclaimed property will be administered in the manner prescribed by South Carolina law. The Cooperative may regularly impose a reasonable dormancy fee for each year an owner fails to claim property held by the Cooperative.

Article X Waiver of Notice

Any member or Trustee may waive, in writing, any notice of meetings required to be given by these Bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

Article XI Disposition and Pledging of Property; Distribution of Surplus Assets on Dissolution

Section 11.01. Disposition and Pledging of Property.

- (a) Not inconsistently with S.C. Code Ann. 33-49-260 and 33-49-270 and subsection (b) hereof, the Cooperative may authorize the dissolution, sale, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the Cooperative's properties and assets only upon the affirmative votes of two-thirds (2/3) of the then-total members of the Cooperative at a duly held meeting of the members. However, the board shall have full power and authority (1) to borrow monies from any source and in such amounts as the Board may from time to time determine; (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefore; and (3) to sell, exchange, transfer or otherwise dispose of merchandise and property no longer necessary or useful for the operation of the Cooperative.
- (b) Supplementary to the first sentence of the foregoing subsection (a) and any other applicable provisions of law or these Bylaws, no sale, dissolution, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the Cooperative's properties and assets shall be authorized except in conformity with the following:
 - (1) If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first appoint three persons each of whom is independent of the Cooperative and of the other two and each being expert in electric utility property evaluations, and commission them, separately, to study, appraise and evaluate such assets and properties, including

their going concern value and the values associated with the right of the members to participate in the ownership and control of the Cooperative. Such appraisers shall be instructed to and shall take into account any other factors they may deem relevant in determining the present market value of such assets and properties. Within not more than sixty (60) days after their appointment and commission, each appraiser shall render his highest determination of such present value. The Board shall not recommend and submit any proposal that, within one (1) year theretofore or within one (1) year thereafter, it shall have received to purchase or lease-purchase such assets and properties, or, within one (1) year thereafter, make any offer to sell, lease, lease-sell, exchange, transfer or otherwise dispose of such assets and properties, for a consideration that is less than the highest such determination rendered by the appraisers; nor shall it, following the expiration of one (1) year thereafter, make such a recommendation or offer without again first complying with the foregoing requirements.

- (2) If, after receiving such appraisals, the Board resolves to pursue the matter further, it shall, within sixty (60) days after adoption of such resolution, transmit the appraisals, together with any underlying data and information that may have accompanied them, to every other electric cooperative corporately sited and operating in South Carolina and invite it to submit competing or alternative proposals, including proposals to merge or consolidate with the Cooperative. Such appraisals shall also be accompanied by any proposal for such a sale, lease, lease-sale, exchange, transfer or other disposition received by the Cooperative within one (1) year prior to the receipt of the last appraisal or received subsequent thereto but prior to the adoption of such resolution; PROVIDED, only the most recent proposal from an entity that has made two or more proposals need be so transmitted. Such other cooperatives shall be given at least sixty (60) days within which to submit competing or alternative proposals, and they shall be notified in such transmittal of the actual final date for such submissions.
- (3) If, after such date, the Board so resolves, it shall recommend and submit to the members (1) a proposal for such a sale, lease, lease-sale, exchange, transfer or other disposition or (2) a proposal to merge or consolidate the Cooperative with one or more other electric cooperatives,

but it shall accompany the proposal with verbatim copies of competing or alternative proposals it has received, together with all of the appraisals and any underlying data and information that may have accompanied such appraisals. The Board shall submit such recommendation and information to the members not less than sixty (60) days before calling and noticing a special meeting of the members thereon or, if such be the case, before calling the next annual member meeting, stating in detail each of any such proposals. The meeting shall be held not less nor more than twenty-five (25) days after the giving of notice thereof.

- (4) Any three hundred (300) or more members of the Cooperative may, over their respective signatures and within not less than thirty (30) days prior to the date of such member meeting, petition the Cooperative to mail to all of the Cooperative's members any statement of opposition to the Board's recommendation and/or of their own recommendation that a competing or alternative proposal, which may be a proposition to merge or consolidate the Cooperative with one or more other electric cooperatives, be accepted and approved by the members at such meeting, in which event the Board shall cause a printed copy of the petition, including the printing of the names of the member signatories thereof, together with a printed copy of the statement, to be transmitted to all of the Cooperative's members via the United States mail not less than twenty-five (25) days prior to such member meeting, with the cost of such printing and mailing to be borne by the Cooperative. If so mailed, such petition and statement shall constitute sufficient notice of any such recommended competing or alternative proposal for the same to be considered and acted upon at such meeting, but not until if and after the proposal recommended by the Board shall have first been considered and rejected by vote of the members.

The foregoing provisions of this subsection (b) shall not apply to a Board-recommended sale, dissolution, lease, lease-sale, exchange, transfer or other disposition to one or more other electric cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric cooperatives; nor shall the foregoing provisions of this Section 11.01 apply to a sale, exchange or transfer if such sale, exchange or transfer is in

the nature of a forced sale for the reason that the purchaser possesses and otherwise would exercise the legal right to acquire, damage, relocate or destroy such property by condemnation or otherwise without the Cooperative's consent.

- (c) No offer to purchase or lease-purchase and no offer to sell, lease, lease-sell, exchange, transfer or otherwise dispose of all or substantially all of the Cooperative's assets and properties shall be valid or, if made and accepted, enforceable unless the total consideration to be paid or otherwise furnished therefore, to the extent that the same is in excess of the amounts necessary to discharge or to provide for the discharge of the Cooperative's liabilities, shall be distributed to, or if such be the case allocated and assigned to, the patrons or former patrons of the Cooperative in the manner provided for in the Articles of Incorporation, Bylaws or applicable law.

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, or provision made therefore, shall, to the extent practicable as determined by the Board, not inconsistently with the provisions of S.C. Code Ann. Section 33-49-1070 and of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority but on a patronage basis among all persons who are or have been members of the Cooperative at any time during the seven (7) years next preceding the date of filing of the certificate of dissolution; PROVIDED, HOWEVER, if in the judgment of the Board the amount 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 non-profit charitable or educational organizations that are exempt from Federal income taxation.

Article XII Fiscal Year

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

Article XIII

Rules of Order

Notes

Parliamentary procedure at all meetings of the members, of the Board, of any committee provided for in these Bylaws and of any other committee of the members or Board 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 Articles 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 thereon the name of the Cooperative and the words "Corporate Seal, South Carolina."

Article XV

Amendments

These Bylaws may be altered, amended or repealed by a majority of the members voting thereon at any regular or special member meeting; PROVIDED, the notice of the member meeting shall have contained a copy of the proposed alteration, amendment or repeal or an accurate summary explanation thereof.