
Bylaws
of
Pee Dee Electric Cooperative, Inc.
Darlington-Marion, South Carolina

As Amended
October 28, 2017

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ARTICLE I MEMBERSHIP

SECTION 1.01. Eligibility. 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 or used by him, to receive electric service from, Pee Dee Electric Cooperative, Inc. (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative.

SECTION 1.02. Application for Membership; Renewal of Prior Application.

A. Application. 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 provisions of the Cooperative's Articles of Incorporation and bylaws, and all rules, regulations, and rate schedules, fees, charges, deposits or contributions 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"). The membership application shall be in such form as provided 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 therefor by the Cooperative. The membership application shall be accompanied by such fees, charges, deposits or contributions required by the Board of Trustees together with any signed supplemental contract that may be required by the Cooperative, any or all of which shall be refunded or canceled in the event the application is denied.

B. Renewal. Any former member of the Cooperative may, by the sole act of paying a new membership fee and paying such fees, charges, deposits or contributions, required by the Cooperative, together with any outstanding account, plus accrued interest at the South Carolina legal rate for judgments on the date the account became delinquent, compounded annually, owed by him to the Cooperative, renew and reactivate any prior application for membership to the same effect as though the application had been newly executed on the date of such payment(s).

C. Transferability. Membership in the Cooperative shall not be transferable.

D. The Williams Act. Notwithstanding the foregoing or Section 1.03, all consumers having contracts with the State Rural Electrification Authority of South Carolina, which have been assumed by the Cooperative up to and including 1940, under the Williams Act, shall remain members in accordance with the membership requirements of these bylaws prior to their amendment in 1974, but only for so long as such memberships, at one or more premises, are continuous from the time such consumers became such members; otherwise, upon reapplying for membership after any interim in which they have ceased being members, Sections 1.02 and 1.03 of these bylaws shall be fully applicable.

SECTION 1.03. Membership Fee; Service Security and Facilities Extension

Deposits; Contribution in Aid of Construction. The membership fee shall be fixed from time to time by the Board of Trustees. The membership fee together with any other fees, charges, deposits or contributions required by the Cooperative shall entitle the member to one service connection. Fees, charges, deposits or contributions, in such amounts as shall be prescribed by the Cooperative shall be paid by the member for each additional service connection requested by him.

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 "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 and a joint waiver or notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote: PROVIDED, that if both be present but in disagreement on such vote, the person listed on the membership list shall be entitled to vote.
 - (c) notice to, or waiver or 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; and
 - (e) each, but not both concurrently, shall be eligible to serve as an officer or trustee of the Cooperative, but only if both meet the requirements required therefor.

Whenever only one spouse representing premises to which the Cooperative has extended service attends and registers at a meeting of the members, it shall be assumed and deemed that the membership represented by that spouse is a joint membership and such spouse may accordingly vote at such meeting unless the assumption is duly challenged by another member and research of the Cooperative's membership records establish that it is not a joint membership.

SECTION 1.05. 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.

SECTION 1.06. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, or any requirement for non-member Patronship, any applicant shall be accepted into membership in or as a patron of, and become eligible to receive service from, the Cooperative, unless the Board of Trustees shall determine that such 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 rejected for other good cause: PROVIDED, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved by the Board of Trustees may, by filing written request therefor with the Cooperative at least thirty (30) days prior to the next Annual 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 1.07. Purchase of Electric Power and Energy. Purchase of Electric Power and Energy. The Cooperative does not, because it cannot, guarantee a continuous or unlimited supply of electric power and energy. However, subject to the availability of electric service to the Cooperative from its wholesale power vendor, the Cooperative shall use reasonable diligence to furnish its members with adequate and dependable service, 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 Trustees may in writing waive such requirement; and shall pay therefor at the times, and in accordance with the rules, regulations, 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 Trustees, 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 pro-ration.

SECTION I.08. Excess Payments to be Credited as Member-or-Patron-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members or non-member patrons as capital, and each member or patron shall be credited with the capital so furnished as provided in Article IX of these bylaws.

SECTION I.09. Wiring of Premises: Responsibility Therefor. Each member or patron shall cause all premises receiving electric service from the Cooperative to become and to remain wired in accordance with the specifications of the National Electric Code, its latest applicable edition, 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 or patron shall be responsible for and shall indemnify the Cooperative and any other person 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 without interference from hostile dogs or any other hostile source for meter reading, 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 doing so. 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 extend beyond the place where the cooperative wire delivers electricity to the meter provided for measuring electricity in the case of underground service and in the case of overhead service beyond the point of delivery at the weather head.

SECTION I.10. Member or Patron to Grant Easements to Cooperative if Required. Each member or patron shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement or rights-of-way over, under and on such lands owned by, leased by, leased to, mortgaged by or mortgaged to the member or patron 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 patrons 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.

SECTION 1.1.1. Privacy and Disclosure of Member-Owner/Consumer

Information. Member-owner/consumer information, also referred to as personally identifiable information, individual account information or member-owner/consumer account information, is entrusted to the cooperative by the member-owners/consumers, and, as such, is classified and protected by the cooperative as non-public information. Collectively, the various forms of data, records, and information which, in part or whole, constitute this information is the private information of the member-owner/consumer and the property of the cooperative. The cooperative shall utilize this information for operational and administrative purposes and maintain such information in the manner necessary to protect and serve the best interests of its member-owner(s)/consumer(s). Under no circumstance shall this information be released to a third party, in whole or in part, without prior written approval of the member-owner/consumer; and, should such need arise, in each and every case, the request/approval shall be for a specific purpose. Further, in part, only the following elements of personally identifiable information shall be released under any circumstance. These are: (1) name of customer of record; (2) billing and service address; (3) phone number; and (4) account number.

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 non-compliance with his membership obligations, a person's membership or a person's contract for service shall automatically be suspended and he shall not during such suspension be entitled to receive electric service from the Cooperative or, if a member, 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 non-compliance with his membership or patron obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership or patron contract, in which event the member or patron shall thereafter be entitled to receive electric service from the Cooperative and, if a member, to vote at meetings of its members.

SECTION 2.02. Termination by Expulsion, Renewed Membership or Patronship. Upon the failure of a suspended member or patron to be automatically reinstated, as provided in Section 2.01, he may, without further notice but only after due hearing before the Board of Trustees if such is requested by him, be expelled by the affirmative votes of not less than a majority of the entire Board of Trustees 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 annual or special meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion by the Board of Trustees. After any final effective expulsion of a member or cessation of service to a non-member patron, he may not again become a member or patron except upon new application therefor, duly approved as provided for in Section 1.06. The Board of Trustees, upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership or patronage as it determines to be reasonably necessary to assure the applicant's compliance with all his membership or patron obligations.

SECTION 2.03. Termination By Withdrawal or Resignation. A member may withdraw from membership and a patron may withdraw his patronage upon such generally applicable conditions as the Board of Trustees shall prescribe if the member or patron is in good standing at the time of withdrawal and upon paying all amounts then owing to the Cooperative and upon either: (1) ceasing to (or with approval of the Board of Trustees, resigning his membership or Patronship in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service through the membership or patronage contract, or (2) 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 or Patronage Contract in a Remaining or New Partner. Except as provided in Section 1.05, the death of an individual human member or patron shall automatically terminate a membership or patronage contract. 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 withdrawal or addition of any individual partner, such membership or patronage contract shall continue to be held by such remaining partner or partners, or patrons, as the case may be, as were parties to the original membership or patronage contract, and including any new 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 or patronage contract, he or his estate, as the case may be, shall be entitled to refund of his membership fee and any service security deposit he has paid the Cooperative, less any amounts due the Cooperative; but neither he nor his estate, as the case may be, nor any former partner or a partnership member or patron or 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 or patron, as provided for in Section 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Trustees shall expressly so elect, constitute such release of such person from his membership or patron obligations as to entitle him to receive 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 or patronage.

SECTION 2.06. Board Acknowledgment of Membership or Patron Termination; Acceptance of Members or Patrons Retroactively. Upon the termination of a person's membership or patronage for any reason, the Board of Trustees, as 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, or a person with a patron contract, it shall cease furnishing such service unless such person applies for, and the Board of Trustees approves, membership or a patronage contract 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 patron records and all related records accordingly.

ARTICLE III MEETINGS OF MEMBERS

SECTION 3.01. Annual Meeting. 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 on the fourth Saturday of the month of October of each year, at such place in one of the counties in which the Cooperative serves, and beginning at such hour as the Board of Trustee shall from year to year Fix; PROVIDED, that for good cause the Board may fix a different date for such annual meeting not more than sixty (60) days prior or subsequent to the date established for such meeting in this Section. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for, and to

encourage member attendance at, the Annual Meeting. Failure to hold the Annual Meeting at the designated time and place shall not work as 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 of Trustees or upon written request signed by any three (3) trustees or by at least ten (10%) percent of the members or by the President, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03A. Such a meeting shall be held at such place in one of the counties in which the Cooperative serves, on such date, and beginning at such hour as shall have been designated by those calling the same.

SECTION 3.03. Notice of Member Meetings.

A. Notice of Special Meetings. Written or printed notice of a special meeting of the members, stating the place, day and hour of the meeting, and, the purpose or purposes of the meeting shall be delivered to each member not less than seventy (70) days before the date of the meeting, (except as provided for in Section 11.01 of these bylaws), either personally or by mail, by or at the direction of the Secretary or, upon the Secretary's default in this duty, by those calling the meeting.

B. Notice of Meeting. Written or printed notice of a meeting of the members, stating 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) nor more than thirty-five (35) days before the date of the meeting, (except as provided for in Section 11.01 of these bylaws), either personally or by mail, by or at the direction of the Secretary or, upon the Secretary's default in this duty, by those calling it in the case of a special meeting which time, place and date have actually been fixed by the Board of Trustees. In making such computation, the date of the meeting shall not be counted.

C. Notice By Mail. 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 before the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental failure of any member to receive such notice 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 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 such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter and/or its monthly insert, if any, in Living in South Carolina, or its successor publication. No matter the carrying of which, as provided by law, the Cooperative's Articles of Incorporation of Bylaws requires the affirmative votes of 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 matters shall have been contained in the notice of the meeting. 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 five (5%) percent of the total connected members of the Cooperative shall be required for the transaction of business at any meeting. If quorum is not met, all business scheduled to be heard shall carry-over to the next annual member meeting at which a quorum is present. 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 who were present in person.

SECTION 3.05. Credentials and Election Committee. The Board of Trustees shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15), who are not members of the nominating committee, or employees or officers who are not close relatives or members of the same household of, existing trustees or known candidates for trustees to be elected at such meeting. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative. It shall be the responsibility of the Committee to pass upon all questions that may arise with respect to the registration of members, to count all ballots cast in any election or in any other ballot vote taken, and to rule upon the effect of any ballots irregularly marked, 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, 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 protester(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 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 decisions on all such matters shall be final. Only members of the Cooperative shall serve on this Committee.

SECTION 3.06. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. A member which is an association, corporation, business trust or body politic may be present in person and vote at such a meeting by and through a duly designated representative, qualified as such upon registering for the meeting. 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 bylaws.

SECTION 3.07. Order of Business. The order of business at the annual meeting of the members and, insofar as possible, 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 mailing 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 any necessary action thereon.
- (4) Presentation and consideration of reports of officers, trustees and committees.
- (5) Election of Trustees.
- (6) Unfinished business.
- (7) New business.
- (8) Adjournment.

Notwithstanding the foregoing, the Board of Trustees 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, that 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. General Powers. The business and affairs of the Cooperative shall be managed by a Board of Trustees consisting of not less than nine (9) nor more than eleven (11) Trustees. The Board shall set and adjust the number of districts according to the factors established in Section 4.05.

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 who is not a member in good standing of the Cooperative and receiving service therefrom at his primary residential abode; PROVIDED, that the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc. or its designee, shall, not withstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a trustee if (1) he 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 the area served by the Cooperative; PROVIDED FURTHER, that if such person is running for a district trusteeship, such premises must be located in the district from which he is running; AND PROVIDED FINALLY that no more than two (2) such persons may serve on the Board of Trustees at the same time.

No person shall be eligible to become or remain a trustee of, or to hold any position of trust in, the Cooperative: (1) who is in any way employed by or financially interested in a competing enterprise, or in a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies or wiring to, among others, the members of the Cooperative; (2) who is or has been employed by the Cooperative as a regular or temporary employee; (3) who does not have the capacity to enter legally binding contracts; (4) who holds any public office which is popularly elected; (5) who is being, or has been, convicted of a felony; or is pleading, or has pled, guilty to a felony; or, (6) after becoming a trustee, is found in violation of any part of the Board of Trustees Policy Bulletin No. 305, Conflict of Interests; (7) fails to comply with the policy and terms of Board of Trustees Policy Bulletin No. 304, Confidentiality of Cooperative Information; (8) within three (3) years of becoming a trustee has not received a credentialed cooperative director designation or certificate from the National Rural Electric Cooperative Association; or (9) who has been a member-owner of the Cooperative for less than one (1) year prior to the date set for nominations or petitions of candidates for election as trustees as provided for in Section 4.06, infra.; or (10) who has not completed the Pee Dee Electric Cooperative Board candidate educational seminar on Cooperative history, operations, finance, and governance.

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 position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Trustees to withhold such position from such person, or to cause him to be removed therefrom, whichever be the case. Upon the establishment of the fact that a trustee is holding office in violation of this Section, it shall be the duty of the remaining trustees on the Board to remove such trustee from office. 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 Trustees, 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 affected 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; PROVIDED, that 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, balloting may be dispensed with in respect of the District, and voting may be conducted in any other proper manner. Trustees shall, unless the members determine otherwise in advance of the initial balloting, be elected by a plurality vote of the members. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04. Trustees Staggered Terms.

A Trustee's term is three years or until a successor Trustee is elected or appointed. The Board shall stagger Trustee terms by dividing the total number of authorized Trustees into groups of approximately equal number. Members must annually elect an approximately equal number of Trustees.

A. Terms of Office. 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 term expires 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 Sections 3.01 and 3.03, such election may be held at an adjournment of such meeting or at a subsequently-held special or regular meeting of the members, and the required number of trustees shall be elected for the remaining portions of the terms for which previously scheduled elections were to have been held. If a quorum is not present at an annual meeting of members, the board members who would have been voted on will hold over until the next annual meeting of members where a quorum is present; provided that, not more than four (4) board members can be elected in any year, and in the event of a hold-over period, the election of subsequent board members shall be extended in a like manner for like periods and in regular and customary sequence thereafter.

B. Emeritus Trustees. Any trustee who shall have served at least ten (10) years on the Board of Trustees but remains or shall have remained eligible for reelection and declines or shall have declined to be renominated to, or resigns or shall have resigned from, such trusteeship permanently, shall become and shall thereafter remain an Emeritus Trustee for not more than thirteen (13) years. Upon becoming such, an Emeritus Trustee shall make himself available for consultation with, advise to, and guidance of the Board of Trustees and who may attend meetings of the Board of Trustees or its committees accordingly. For such services, an Emeritus Trustee shall receive a fee of Ten (\$10) Dollars per month for his attending any such meeting for which his attendance has been requested by the Board of Trustees, plus the expenses he hereby incurs, such expenses to be paid on the same basis as paid to regular trustees. He shall be obligated to attend any such meeting if so requested by the Board of Trustees. In addition to such Ten (\$10) Dollars monthly fixed fee, he shall also be entitled to participate in the insurance programs of the Cooperative in the same manner, to the same extent and on the same basis as that of regular trustees. The provisions of this paragraph shall be effective with respect to members of the Board serving in 1975 and all trustees elected at the 1975 annual meeting and thereafter

SECTION 4.05. Trustee Districts. Based on geographic, regional, population, membership, subdivision, economic development, permanent or full residency, seasonal or partial residency, or other equitable consideration determined by the Board, the Board shall divide the general area in which the Cooperative provides service into districts that equitably represent the individual members. Each Trustee District shall be represented by one Trustee who resides in that district. A map, prepared and maintained by the Cooperative, showing the geographic areas served by the Cooperative, the locations of its electric lines, and the boundaries of each Trustee district, is on file at the Cooperative's main office and is available for inspection by any Member upon request during the Cooperative's normal business hours. Based upon geographic, regional, population, membership,

subdivision, economic development, permanent or full residency, seasonal or partial residency, or other equitable consideration determined by the Board, the Board shall revise the Trustee Districts to ensure that the Trustee Districts provide equitable representation on the Board from throughout the Cooperative Service Area. 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.

SECTION 4.06. Nominations. It shall be the duty of the Board of Trustees to appoint, not more than one hundred (100) days, nor less than seventy (70) days, before the date of a meeting of the members at which trustees are to be elected, a nominating committee, consisting of not less than five nor more than eleven members, or spouses of members, who shall be selected from the districts from which trustees are to be elected; PROVIDED, that no such Committee member shall be an incumbent Trustee or a close relative of such incumbent Trustee, or a known candidate or close relative of a known candidate for the Board of Trustees. In making such computation, the date of the meeting shall not be counted. The committee shall meet, and at such meeting a majority in number thereof shall constitute a quorum. They shall select the nominees and shall prepare and post at the principal office of the Cooperative and at any branch of division office thereof, at least sixty-five (65) days before the meeting, a list of nominations for trustees to be elected, listing separately the nominee or nominees with respect to each Trustee District from which a trustee is to be elected at the meeting. The Committee may include more nominees than there are to be elected, but shall show clearly which nominees are opposed with respect to the same Trustee District. Any fifty (50) or more members of the Cooperative, acting together over their signatures may make additional nominations, in like manner listing separately the nominees with respect to the Trustee Districts from which they are nominated, on the official form prepared by and obtained through the Cooperative. The completed form must be submitted and received by the Cooperative, not less than sixty (60) days prior to the meeting, and the Secretary shall post such nominations at the same place(s) 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 meeting, a statement of the nominees and the total number of trustees to be elected and the respective Trustee Districts from which they are to be elected, together with their respective addresses. With the same mailing, the Secretary shall give notice to the members of any nominations which have been made by petition as above provided for, giving the same information for each such nominee and showing clearly that such nominee(s) were nominated by petition. If after the nomination by the Nominating Committee or by petition and before the next meeting of the Cooperative, should any nominee resign, die or otherwise be incapable of acting to serve if elected, the election for that position shall be postponed until the next meeting of the Cooperative.

SECTION 4.07. Voting for Trustees; Validity of Board Action. In the election of trustees, each member shall be entitled to cast one vote for each trustee to be elected from each trustee district but no member may cumulate his votes. Ballots marked in violation of the foregoing restrictions with respect to any Trustee District shall be invalid and shall not be counted with respect to that District. Notwithstanding the provisions contained in this Section and in Section 4.06, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Trustees after the election of trustees.

SECTION 4.08. Removal of Trustees.

A. 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 (10%) 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 trustees are recalled, to elect their successor(s), and which petition specifies the place, time and date thereof not sooner than twenty-five (25) 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 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) has(have) been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of 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, 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 charges(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 the person(s) bringing the charge(s) shall have the same opportunity, but must 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 removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: Provided that 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.

B. By Trustees. When it has been established that an elected trustee is holding office in violation of the provisions of Section 4.02, it is incumbent upon the Board of Trustees to remove, from the board, the trustee(s) in violation. The trustee(s) against whom such charges have been brought shall be informed in writing of the charges at least five (5) days prior to a meeting of the board, such meeting being in accordance with the provisions of Article V, Meetings of Trustees, of the bylaws. Therein, the charges shall be considered and the trustee(s) shall have the opportunity, at that meeting, to be heard in person or by counsel, and to present evidence in respect of the charges. The question of removal shall then be considered and voted on by the remaining trustees attending that meeting, provided the requirement for quorum has been met. Such quorum count, for this purpose, shall not be inclusive of the attendance of the charged trustee(s). An affirmative vote of at least two-thirds of the members of the board is required to remove the trustee(s).

SECTION 4.09. Vacancies. Subject to the provisions of the bylaws with respect to the filling of vacancies caused by the removal of trustees by the members, or removal of trustees by the Board of Trustees, consistent with the provisions of Section 4.08, such vacancy(ies) occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining trustees. The individual thus elected shall serve out the unexpired term of the trustee whose office was originally vacated. Such individual must meet the qualifications specified in Section 4.02 of these bylaws and that person's primary residential abode or premises, as provided for in Section 4.02, must be in the same district as the trustee to whose office he or she succeeds. Further, no person who is a close relative of any board member, or the close relative of the removed board member, shall be nominated to fill such vacancy.

In the event a vacancy is created by the untimely death of a trustee, such vacancy may be filled by the affirmative vote of a majority of the remaining trustees, subject to the provisions of these bylaws. In such case, no person who is a close relative of any board member, or close relative of the board member whose death created the vacancy, shall be nominated to fill such vacancy. The individual thus elected shall serve out the unexpired term of the deceased trustee. Such individual must meet the qualifications specified in Section 4.02 of these bylaws and that person's primary residential abode or premises, as provided for in Section 4.02, must be in the same district as the deceased trustee to whose office he or she succeeds.

For the purposes of this section, Section 4.16 of these bylaws provided the criteria which defines "close relative". Restrictions to filling vacancies, due to termination or death, do not prohibit a "close relative" from being nominated by a nominating committee, or by petition, to run for election at the time and place of an annual meeting where the election of trustees by the membership is appropriate, as provided for in these bylaws.

SECTION 4.10. Compensation. Trustees shall, as determined by resolution of the Board of Trustees, receive, on a per diem basis, a fixed fee, which may include insurance benefits, including such as are required by law, for attending meetings of the Board of Trustees, and 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, that 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 to which he was not a party. PROVIDED FURTHER, participation by the trustees in any of the insurance programs of the Cooperative prior to the 1975 annual member meeting is hereby ratified and approved.

SECTION 4.11. Committees. The Board of Trustees shall have the right and power, to be exercised if it so wishes by a resolution adopted by a majority of the full Board of Trustees, to designate from among its members an executive committee and other committees and to delegate to such committee or committees so much of the authority of the Board of Trustees as is permitted by law.

SECTION 4.12. Rules, Regulations, Rate Schedules and Contracts. The Board of Trustees shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, fees, charges, deposits and 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. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.13. Accounting System and Reports. The Board of Trustees shall cause to be established 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 operations during, and financial conditions as of the end of, such year. An accurate summary of such audit reports shall be submitted to the members at or prior to the ensuing annual meeting of the members.

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 of Trustees shall be empowered and authorized, on behalf of and for circulation

to the individual members and patrons of the Cooperative, to subscribe to "South Carolina Living" or any successor publication or any cooperative newsletter. The yearly subscription rate per member or patron for such magazine shall be paid for each member by the Cooperative from any funds accruing in each member's or patron's favor, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

SECTION 4.15. Indemnification of Trustees, Officers and Employees. To the maximum extent permitted by law every present and former trustee, officer, or employee of the cooperative shall be indemnified by the cooperative against all damages, judgments, settlements, defense costs, charges and expenses (excluding salaries of officers or employees of the cooperative) incurred in the defense of actions, suits or proceedings, and appeals therefrom, resulting from claims made against such trustee, officer or employee as a result of a Wrongful Act.

The term Wrongful Act shall mean any actual or alleged error, misstatement, misleading statement, omission, neglect or breach of duty by such trustee, officer or employee while acting in his capacity as an authorized representative of the cooperative, including conduct with respect to an employee benefit plan. Provided, that the term Wrongful Act shall not include any conduct involving or arising out of the willful, wanton or grossly negligent actions of a trustee, officer or director, and the cooperative shall not indemnify such individual against any claim or liability resulting therefrom. The cooperative may purchase insurance to cover its indemnification obligation set forth herein.

SECTION 4.16. "Close Relative" Defined. Wherever used in these bylaws, the term "close relative" or "close relatives" means a person who, by blood or in-law, including half, foster, step and adoptive kin, is the spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal who is affected.

ARTICLE V MEETINGS OF TRUSTEES

SECTION 5.01. Regular Meetings. A regular meeting of the Board of Trustees shall be held, without notice, immediately after the adjournment of and at the same place as the annual meeting of the members. A regular meeting of the Board of Trustees shall also be held monthly at such date, time and place as the Board of Trustees may provide by resolution. Except when business to be transacted shall require special notice, such regular monthly meetings may be held without notice other than such resolution fixing the date, time and place thereof: PROVIDED, that any trustee absent from any meeting of the Board at which such a resolution 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.

SECTION 5.02. Special meetings. Special meetings of the Board of Trustees may be called by the President or by any four (4) Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as may be reasonably required under the circumstances. The President or the trustees calling the meeting shall fix the date, time and place of such meeting. The Board of Trustees may meet at any place, including any place outside the State of South Carolina. Special meetings, (upon proper notice as otherwise provided in Section 5.03) may also be held via telephone conference call or related audio or video communications, without regard to the actual location of the trustees at the time of such a telephone conference meeting.

SECTION 5.03. Notice of Trustees' Meetings. Written notice of the date, time and place of any regular or annual meeting of the Board shall be delivered to each trustee not less than five (5) days prior thereto either personally or by mail. 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 postage thereon prepaid and postmarked at least five (5) days before 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 on the grounds that the meeting shall not have been lawfully called or convened.

SECTION 5.04. Quorum. The presence of a majority of the trustees in office shall be required for the transaction of business and, except where a higher vote is required otherwise in these bylaws, the affirmation votes of a majority of the trustees in office shall be required for any action to be taken: PROVIDED, that a trustee who, by law or these bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of an action upon that matter, be counted in determining the number of trustees in office or present: AND PROVIDED FURTHER, that, 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 any absent trustees to be duly and timely notified of the time and place for the holding of such adjourned meeting.

ARTICLE VI OFFICERS

SECTION 6.01. Number and Title. The officers of the Board of the Cooperative shall be a President, who also may be known as Chairman of the Board of Trustees, Vice President, who also may be known as Vice Chairman of the Board of Trustees, Secretary, Treasurer and such officers as may from time to time be determined by the Board of Trustees. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. Election and Term of Office. The officers listed in Section 6.01 shall be elected by ballot and without nominations being made, annually, by and from the Board of Trustees at the first meeting of the Board held after each 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 trustees by the members and to the removal of officers by the Board of Trustees. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Trustees may from time to time deem advisable. Tie votes shall be resolved by the drawing of lots.

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

SECTION 6.05. President. The President shall:

- (a) be the principal executive officer of the Board of the Cooperative, who also may be known as the Chairman of the Board of Trustees, unless the Board of Trustees determine otherwise, preside at all meetings of the members and of the Board of Trustees
- (b) sign, with the Secretary, any deeds, mortgages, deed of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees 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 Trustees from time to time.

SECTION 6.06. Vice President. The Vice President shall:

- (a) in the absence of the President of the Board, who also may be known as the Chairman of the Board of Trustees, or in the event of his inability or refusal to act, the Vice President of the Board, who also may be known as the Vice Chairman of the Board of Trustees, shall perform the duties of the President, and when so acting have all the powers of and be subject to the restrictions upon the President; and
- (b) 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 of Trustees 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 sign all documents and see that the seal of the Cooperative is affixed 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 post office addresses of each member, which address shall be furnished to the Cooperative by such member;
- (e) have general charge of the books of the Cooperative in which record of the members is kept
- (f) keep on file at all times a complete copy of the Cooperative's articles 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, furnish a copy of such documents and of all amendments thereto to any member requesting the same; and
- (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.

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 all such monies in the name of the Cooperative in such bank, banks, or federal savings and loan associations, or invest the same in such securities, as shall be selected in accordance with the provisions of these bylaws; or by resolution of the Board of Trustees; 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 Trustees.

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 Trustees 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 trustees. 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. President and Chief Executive Officer. The Board of Trustees may appoint a President and Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The President and Chief Executive Officer shall perform such duties

as the Board of Trustees may from time to time require of him and shall have such authority as the Board of Trustees may from time to time vest in him.

SECTION 6.11. Bonds of Officers. The Board of Trustees 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 such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees 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 cost of all such bonds shall be borne by the Cooperative.

SECTION 6.12. Compensation. 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 by the Board of Trustees.

SECTION 6.13. Reports. The officers of the Cooperative shall submit, at each annual meeting of the members, such reports as may be necessary 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 Trustees may authorize any officer or 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 by such officer, officers, agent or agents, employee, or employees of the Cooperative in such manner as shall from time to time be determined by resolution of the Board of Trustees.

SECTION 7.03. Deposits and Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank, banks, federal savings and loan associations, or other institutions or securities as the Board of Trustees may select, or by resolution may provide for and by such person as the Board of Trustees may direct.

ARTICLE VIII MEMBERSHIP CERTIFICATES

SECTION 8.01. Certificates of Membership. Certificates of Membership. Membership in the Cooperative may 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 Trustees not contrary to, or inconsistent with, the Cooperative's articles of incorporation or bylaws.

SECTION 8.02. Issue of Membership Certificates. No membership shall be issued for less than the fees, charges, deposits or contributions fixed under the authority of these bylaws, nor until such have been fully paid in cash.

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 members or patrons.

SECTION 9.02. Patronage Capital in Connection with Furnishing and Receiving Electric Energy.

A. Accounting. Notwithstanding, but not inconsistently with, Section 33-49-460. Code of Laws of South Carolina, 1972, or its successor section, in furnishing of electric energy, the Cooperative's operations shall be so conducted that all members and 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 members and 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 members and patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each member and 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 member and patron is clearly reflected and credited in an appropriate record to the capital account of each member and patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member and patron of the amount of capital so credited to his account; PROVIDED, that individual notices of such amounts furnished to 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 member or patron shall have the same status as though they had been paid to the member or patron in cash in pursuance of a legal obligation to do so and the member or patron had then furnished the Cooperative corresponding amount of 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 members and patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of members and patrons, as herein provided.

B. Payment on Dissolution or Liquidation. 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 the 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 Trustees before any payments are made on account of property rights of members.

C. Payment Generally. If at any time prior to dissolution or liquidation the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' account may be retired in full or in part. Any such retirements of capital prior to December 31, 1987, 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 the first retired. After December 31, 1987, and thereafter, the Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least twenty five per cent (25%) of the total assets of the Cooperative. 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, however, that the Board of Trustees shall have the power to adopt rules providing for the separate retirement of that portion (affiliated organization portion) of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by any affiliated organization furnishing electric or any other type of service to the Cooperative. Such rules shall (a) establish a method for determining the affiliated organization portion(s) of capital credited to each patron for each applicable fiscal year; (b) provide for separate identification on the Cooperative's books of such portion(s) of capital credited to the Cooperative's patrons; (c) provide for appropriate notifications to patrons with respect to such portion(s) of capital credited to their accounts; and (d) preclude a general retirement of such portion(s) 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.

D. Assignment. Capital credited to the account of each member or 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 member's or patron's premises served by the Cooperative, unless the Board of Trustees, acting under policies of general application, shall determine otherwise.

E. Unclaimed Property. 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.

F. Payment on Death. Notwithstanding any other provision of these bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any human member or patron, if the legal representatives of the estate shall request in writing that the capital credited to any such member or patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such member or patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representatives of such member's or patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

G. Payment following Divorce. In the event the parties to a joint membership are separated or divorced capital credits shall be retired to the person who continues to occupy or use the premises covered by such membership unless and until the Cooperative is notified by the parties or a court of competent jurisdiction to the contrary.

H. Application of Capital Credits to Accounts Receivable. 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.

SECTION 9.03. Patronage Refunds in Connection with Furnishing Other

Services. In the event 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 furnishings of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons and members from whom such amounts were obtained at such time and in such order of priority as the Board of Trustees may determine.

The members and 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 member or patron, and both the Cooperative and the members or patrons are bound by such contract, as fully as though each member or patron had individually signed a separate instrument containing such terms and provisions.

ARTICLE X WAIVER OF NOTICE

SECTION 10.01. Waiver of Notice. Any member or trustee may waive, in writing, any notice of meetings required to be given by these bylaws.

ARTICLE XI DISPOSITION OF PROPERTY; BORROWING, DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 11.01. Disposition or Encumbering of Property; Borrowing.

A. Sale. Not inconsistently with S.C. Code Ann. 33-49-260 and 33-49-270 and subsection (b) hereof, the Cooperative may authorize the 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 of the then-total members of the Cooperative at a duly held meeting of the members. However, the Board of Trustees 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 therefor as set forth in C. hereafter; (3) to lease, lease-sale, exchange, transfer or otherwise dispose of merchandise, property no longer necessary or useful for the operation of the Cooperative, or less than substantially all of the Cooperative's properties and assets.

B. Procedure. Notwithstanding the foregoing or any other provisions of these bylaws, no sale, exchange or other disposition, lease or lease-sale of all or a substantial part of the Cooperative's assets to any other entity shall be authorized except in conformity with the following

1. If the Board of Trustees, looks with favor upon any proposal for such sale, exchange or other disposition, lease or lease-sale shall first cause three (3) independent appraisers, expert in such matters, to render their individual opinion as to the value of the Cooperative if a sale, exchange or other disposition, lease or lease-sale is involved, and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the Judge of the Court of Common Pleas for the Fourth Judicial Circuit of South Carolina. If such Judge refuses to make such designations, they shall be made by the Board of Trustees.
2. If the Board of Trustees, after receiving such appraisals (and other terms and conditions which are recommended, if any), and taking into account all other relevant factors, determines that the proposal should be submitted for consideration by the members, it shall first give every other electric cooperative corporately sited and operating in the state (which has not made such an offer for such sale, lease, lease-sale, exchange or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative which notice shall be attached to a copy of the proposal which the Cooperative has already received and a copy of the report(s) of the three (3) appraisers. Such electric membership corporations shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
3. If the Board then determines that favorable consideration should be given to one or more proposals which have been submitted to it, it shall so notify the members, expressing in detail each of any such proposals, and call a special meeting of the members for consideration thereof, which meeting shall not be held sooner than twenty-five (25) days after the giving of such notice to the members. The Board may provide that such proposals shall be considered at the next annual meeting of the members instead of a special meeting, provided that the annual meeting is not held sooner than ninety (90) days after the giving of the notice herein required.
4. Any fifty (50) or more members, by so petitioning the Board not less than ten (10) days before the date of such special or annual meeting, may cause the Cooperative, with the cost

to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or recommendations that the Board has made. The terms "sale", "lease" and "lease-sale" exchange or other disposition, as used in this Section, shall not include in their meaning a proposed merger or consolidation with another electric cooperative.

C. Mortgage. The Board of Trustees of the Cooperative shall have the right and power to borrow money on behalf of the Cooperative for all proper corporate purposes. To secure any money so borrowed, a mortgage or pledge of or other security interest in all or any part of the assets of the cooperative, whether or not in the usual and regular course of its business, may be made by authority of the Board of Trustees of the Cooperative without authorization of the members, and, in order to consummate such mortgage or pledge or other security interest, the Board of Trustees of the Cooperative shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust and a security interest or interests upon and in, or the pledging and encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, and of a note or notes or other instrument evidencing the indebtedness secured thereby, all upon such terms and conditions as the Board of Trustees of the Cooperative shall determine.

SECTION 11.02. Property Rights on Merger or Consolidation. In the event the Cooperative merges with or consolidates into another electric cooperative, the plan of such merger or consolidation may, notwithstanding the Cooperative's subsequent dissolution, provide that all debts, liabilities, and other obligations shall be assumed by the merging or consolidating cooperative, including obligations for capital furnished through patronage, and that the property rights of the members shall thereafter be determined in accordance with the provisions for dissolution contained in the bylaws of the cooperative into which the Cooperative has merged or consolidated.

SECTION 11.03. Distribution of Surplus Assets on Dissolution and Liquidation. 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 Trustees, not inconsistently with the provisions of S.C. Stat. Ann. Section 33-49-1070 and Section 9.02 of these Bylaws, be distributed among its members in proportion to the aggregate patronage of each such member of the Cooperative during the seven years next preceding the date of such filing of the certificate of dissolution: PROVIDED, HOWEVER, that, 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 nonprofit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE XII FISCAL YEAR

SECTION 12.01. 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 unless the Board determines another fiscal year is to the advantage of the Cooperative.

ARTICLE XIII RULES OF ORDER

SECTION 13.01. Rules of Order. Parliamentary procedure at all meetings of the members, of the Board of Trustees, of any Committee provided for in these bylaws and of any other committee of the members or Board of Trustees 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

SECTION 14.01. 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 MISCELLANEOUS

SECTION 15.01. Membership in Other Organizations. Membership in Other Organizations. The Cooperative shall not become a member of any other organization without an affirmative vote of the members at a meeting which shall specify that action is to be taken upon such proposed membership as an item of business, provided, however, that the trustees shall have full power and authority on behalf of the Cooperative to purchase stock in or to become a member of, any corporation or cooperative organized on a non-profit basis for the purpose of promoting rural electrification.

SECTION 15.02. Rules and Regulations. The Board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 15.03. Bad Debts. The Board of Trustees shall have the right and power, in their discretion, to charge off as worthless any indebtedness owing to the Cooperative if, in the judgment of the Board, such indebtedness is uncollectible.

ARTICLE XVI AMENDMENTS

SECTION 16.01. Amendments. These bylaws may be altered, amended or repealed by resolution duly adopted by the members, but only if a copy of an accurate summary explanation thereof is mailed as a part of, or otherwise accompanies, the notice of the meeting at which the members are to consider and act thereon. Such an alteration, amendment or repeal proposal shall be so noticed for action to the members upon recommendation of the Board of Trustees.