

BYLAWS

**BLACK RIVER ELECTRIC
COOPERATIVE, INC.**

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Black River Electric Cooperative, Inc., may from time to time become the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture each of which provide that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is **K. Todd Carter, Chief Executive Officer**. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U. S. Department of Agriculture, Washington, D. C. 20250; or the Administrator, Rural Utilities Service, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

February 2015

ARTICLE I

MEMBERSHIP

ARTICLE I, SECTION 1 - Requirements for Membership:

Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Black River Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that (s)he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and the Bylaws of the Cooperative and any rules and regulations adopted by the Board of Trustees; and
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

ARTICLE I, SECTION 2 - Membership Certificates:

Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees. Such certificate shall be signed by the Chairman of the Board and by the Secretary of the Cooperative and the corporate seal shall not be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board of Trustees may prescribe.

ARTICLE I, SECTION 3 - Joint Membership:

A membership issued to a husband or wife shall be a joint membership unless otherwise specified and shall be subject to the compliance with the requirements as set forth in Section 1 of this Article. 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:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting a joint waiver of notice of the meeting.
- (b) The vote of either separately or both jointly shall constitute one joint vote.
- (c) A waiver of notice signed by either or both shall constitute a joint waiver.
- (d) Notice to either shall constitute notice to both.
- (e) Expulsion of either shall terminate the joint membership.
- (f) Withdrawal of either shall terminate the joint membership.
- (g) Either but not both may be elected or appointed as an officer or Trustee, provided that both meet the qualifications for such office.

ARTICLE I, SECTION 4 - Conversion of Membership:

Joint membership status may be terminated by (i) written agreement of the joint members, (ii) by specific direction set forth in a binding Property Settlement Agreement pursuant to a valid divorce proceeding or divorce decree, or (iii) by an Order of any Court of competent jurisdiction directing such termination and disposition thereof. The Cooperative shall continue to pay capital credits to the joint members until such time as such joint membership status is

terminated and other disposition thereof is entered on the books of the Cooperative in accordance with the foregoing conditions of termination.

ARTICLE I, SECTION 5 - Membership and Service Connection Fees:

The membership fee shall be five dollars, upon the payment of which a member shall be eligible for one service connection. Charges for additional services and construction shall be set by the Board of Trustees.

ARTICLE I, SECTION 6 - Purchase of Electric Energy:

Each member shall, as soon as the electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefore monthly or as specified by the Board of Trustees, at rates which shall from time to time be fixed by the Board of Trustees. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amounts per month or as specified by the Board of Trustees regardless of the amount of energy consumed, as shall be fixed by the Board of Trustees from time to time. Each member shall also pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable.

ARTICLE I, SECTION 7 - Termination of Membership:

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees of the Cooperative may, by the affirmative vote of not less than two-thirds of all the Trustees, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules and regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled

member may be reinstated by vote of the Board of Trustees or by vote of the members at any annual or special meeting. The membership of a member who for a period of six months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase electric energy from the Cooperative, may be cancelled by resolution of the Board of Trustees. In a joint membership situation, the Cooperative shall forward any refund to the person in whose name the account is listed.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.

In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him/her, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

ARTICLE II, SECTION 1 - Property Interest of Members:

Upon dissolution, after

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these Bylaws.

the remaining property and assets of the Cooperative shall be distributed among the members and former members in proportion which the aggregate patronage of each bears to the total of dissolution, unless otherwise provided by law.

ARTICLE II, SECTION 2 - Non-liability for Debts of the Cooperative:

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative.

ARTICLE III

MEETING OF MEMBERS

ARTICLE III, Section 1 - Annual Meeting:

The annual meeting of the members shall be held during the month of April or at such other time as the Board of Trustees deems appropriate of each year hereafter at such place within a County served by the Cooperative, as selected by the Board of Trustees and which shall be designated in the notice of meeting, for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

ARTICLE III, SECTION 2 - Special Meetings:

Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Board members, by the Chairman of the Board, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties.

ARTICLE III, SECTION 3 - Notice of members' Meetings:

Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is to be

transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days, or thirty days if the meeting includes an election, nor more than forty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. 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 records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

ARTICLE III, SECTION 4 - Quorum:

A quorum shall be required as is under Section 33-49-430 of the Code of Laws of South Carolina (1976) as amended. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

ARTICLE III, SECTION 5 - Voting:

Each member shall be entitled to only one vote upon each matter submitted to a vote at the meeting of the members. All questions shall be decided by vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

ARTICLE III, SECTION 6 - Proxies:

Voting by mail or by proxy is not permitted.

ARTICLE III, SECTION 7 - Order of Business:

Business shall be conducted in accordance with the latest edition of Robert's Rules of Order. The order of business at the annual meeting of the members and, as far as possible, at all other meetings of the members, shall be essentially as follows:

- (a) Report the total number of registered members, the number required for a quorum and the approximate time quorum was met.
- (b) Reading the notice of the meeting and the proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (c) Reading the unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of reports of officers, Trustees and committees.
- (e) Election of Trustees.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

ARTICLE IV

BOARD MEMBERS

ARTICLE IV, SECTION 1-A - General Powers:

The business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all the powers of the Cooperative except such as are by law, the Articles of Incorporation of these Bylaws conferred upon or reserved to the members.

ARTICLE IV, SECTION 1-B - Trustee Districts:

The territories served by Black River Electric Cooperative, Inc., shall be divided into nine districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one Trustee. The original nine districts shall be as follows: District No. 1, District No. 2, District No. 3, District No. 4, District No. 5, District No. 6, District No. 7, District No. 8, District No. 9.

The composition of the said nine districts from which the Trustees are to be elected shall be reviewed every third year beginning with the year in which the first election of Trustees from separate districts shall occur. Upon such review if it should be found that the number of members in any one district shall exceed the number of members in any other district by more than ten (10%) percent, the Board of Trustees shall reconstitute the districts so that each shall contain as nearly as possible the same number of members and in any event the number of members in any district shall not exceed the number of members in any other district by more than ten (10%) percent. The Cooperative shall maintain a Board District Map at its corporate offices which shall fully delineate the nine districts, which map shall be updated from time to time as district lines are reconstituted in accordance with the mandates of this Section.

Should additional territory be added to the area served by the Cooperative, the Board of Trustees shall have the power and authority to make such interim amendments to the board district maps as are necessary to provide for the representation of said additional territory in the interim between the periodic three year examination as set forth above.

ARTICLE IV, SECTION 2 - Election and Tenure of Office:

The persons named as Board members in the Articles of Incorporation shall compose the Board until the first annual meeting or until their successors have been elected and shall have qualified. Three members of the Board shall be elected by ballot at each annual meeting of the members to serve for three years and until their successors have been elected and shall have qualified: subject, however, to the provision that at such time as the Bylaws dealing with election of trustees from numbered districts are adopted, the members of the Board of Trustees as it is then composed shall be appointed to represent the respective districts until the normal expiration of their terms. Thereafter, the following numbered districts shall elect trustees at normal three year intervals, beginning with the years set forth below:

1982 - Districts 1, 4, 7

1983 - Districts 2, 5, 8

1984 - Districts 3, 6, 9

If an election of Board members shall not be held on the day designated herein for the annual meeting, or any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Board members within a reasonable time thereafter. Board members shall be elected by a majority vote of the members voting in person, except if only one individual is nominated to run for election for a Trustee position scheduled for election by Members at the Member Meeting, then the individual presiding at the Member Meeting may announce that the nominated individual is elected by acclamation and no vote is required.

ARTICLE IV, SECTION 3 - Qualifications:

No person shall be eligible to become or remain a Board member of the Cooperative who:

- (a) Is not a member of the Cooperative and receiving service therefrom at his primary residential abode: PROVIDED, that the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall, notwithstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a 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, that no more than one (1) such person may serve on the Board at the same time. For the purposes of this Section, the terms 'primary residence' or 'principal residence' shall be determined according to South Carolina voter registration law.

- (b) Is in any way employed or financially interested in a competing enterprise or a business selling electric energy, or supplies to the Cooperative or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; or
- (c) Has not been a member and consumer of the Cooperative for a minimum of three (3) consecutive years, and a duly qualified elector of the State of South Carolina.
- (d) Is a close relative of an incumbent trustee or is employed by the Cooperative or was employed by the Cooperative at any time during the preceding five (5) years.
- (e) Has a prior conviction, in a State or Federal Court of record, of a crime punishable by imprisonment for more than one (1) year and their civil rights have not been restored by pardon or amnesty. For the purpose of this subsection, a person is deemed to have been convicted if they are found guilty by a jury, judge, or pled guilty or nolo contendere, to any crime that could carry a penalty of more than one (1) year.

In addition, to be eligible to serve as a Trustee, a person must have received a high school diploma or an equivalent education and must agree in writing to take such time as may be necessary to participate in training programs and/or seminars of the Rural Utility Service as may be deemed necessary by the remaining members of the Board of Trustees to become fully qualified to perform all of the duties and responsibilities of a Trustee. Decisions on qualifications must be made by the Cooperative legal counsel.

ARTICLE IV, SECTION 4 - Removal:

If any Trustee fails to comply with or meet any Trustee qualification established by these Bylaws, then, unless otherwise determined by the Board for good cause, the Board may disqualify the Trustee and the individual is no longer a Trustee:

(a) If the Board notifies the Trustee in writing of the basis for, and provides the Trustee an opportunity to comment regarding, the Board's proposed disqualification; and

(b) Within thirty (30) calendar days after the Board notifies the Trustee of the proposed disqualification, the Trustee neither complies with nor meets the Trustee qualifications.

ARTICLE IV, SECTION 5 - Nominations:

It shall be the duty of the Board to appoint, not less than fifty days nor more than one hundred twenty days before the date of a meeting of the members at which Board members are to be elected, a committee on nominations consisting of not less than three nor more than nine members who shall be selected from different districts so as to insure equitable representation. No member of the Board may serve on such committee. Incumbent trustees seeking reelection shall not directly or indirectly influence the nomination or credentials process. Said Trustees shall recuse themselves from participation in appointing the Committee, and Cooperative members on the Committee from their Trustee Districts shall be selected without their input or participation. Trustees may not appoint, direct, or cause a family member to become a member of the Committee. For purposes of this Section, "family member" includes a spouse, parent, brother, sister, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild, and a member of the individual's immediate family. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least forty days before the meeting a list of nominations of Board members. The Secretary shall be responsible for mailing at least ten days before the date of the meeting, a statement of the number of Board members to be elected and the names of the candidates nominated by the committee on nominations. The members of any one district acting together, provided the members from said district total in number at least one percent of the entire Cooperative membership, may make other nominations by Petition and the Secretary shall post such nominations at the same place where the list of nominations made by the

committee is posted. Nominations made by petition, if any, received at least forty days before the meeting shall be included on the official ballot.

Petitions received less than forty days prior to the meeting, shall not be allowed. The Board shall, by policy, adopt a process allowing petition signatures to be collected electronically according to procedures or standards approved by the Board. The Cooperative legal counsel will make final decisions on the qualifications of petition candidates.

ARTICLE IV, SECTION 6 - Removal of Trustees by Members:

A Trustee may be removed with or without cause by a vote of two-thirds of the members voting at a duly called meeting of the members. The Trustee involved shall have the opportunity to be represented by counsel and to be heard at said meeting.

ARTICLE IV, SECTION 7 - Vacancies:

Except as otherwise provided in these Bylaws, if a position of Trustee becomes vacant for any reason, then, the vacancy shall be filled by the membership at the next annual meeting for the remainder of the unexpired term. However, if the vacancy occurs more than six months from the next annual meeting, a Nominations Committee may be appointed by the Board of Trustees to choose an Interim Trustee to serve until the next annual meeting. At the next annual meeting, the Interim Trustee may run for the remainder of the unexpired term. In exercising its authority pursuant to this provision, the Nominations Committee may not appoint a family member of the Trustee whose departure created the vacancy. For purposes of this Section, “family member” means a spouse, parent, brother, sister, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild, and a member of the individual’s immediate family. Additionally, the Nominations Committee may not appoint an individual associated with the Trustee whose departure created the vacancy. For purposes of this Section, “associated” includes an individual with whom the person or a member of their immediate family mutually has an interest in any business of which the person or a

member of their immediate family is a director, officer, owner, employee, compensated agent, or holder of stock worth one hundred thousand dollars or more at fair market value and which constitutes five percent or more of the total outstanding stock of any class. Any Interim Trustee or successor Trustee must be from the same trustee District as the Trustee whose office was vacated.

ARTICLE IV, SECTION 8 - Compensation:

Board members shall not receive any salary for their services as such, except that the Trustees may authorize a fixed sum for such day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. Board members may also be compensated for travel, expenses, and other benefits as may be established by the Board meeting in session. If authorized by the Board, Trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Trustee shall be employed by the Cooperative or receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of the Trustee receive compensation for serving the Cooperative.

ARTICLE V

MEETINGS OF BOARD

ARTICLE V, SECTION 1 - Regular Meetings:

Regular meetings of the Board shall be held monthly at such time and place as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

ARTICLE V, SECTION 2 - Special Meeting:

Special meetings of the Board may be called by the Chairman of the Board or by any three Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman of the Board or Board members calling the meeting shall fix the time and place for the holding of the meeting, to be held during normal business hours. During special meetings, the Board may not act regarding rates, fees, charges, Board composition, or Board compensation.

ARTICLE V, SECTION 3-B - Notice of Board Meetings:

Written notice of the time, place, and purpose of any regular meeting of the Board of Trustees shall be posted on the Cooperative's website and at the Cooperative's principal place of business at least ten days in advance of the regular meeting. Written notice of the time, place and purpose of any special meeting of the Board shall be posted on the Cooperative's website and at the Cooperative's principal place of business at least twenty-four hours in advance of the regular meeting. Such special meeting notice shall be delivered not less than two days previous thereto, by written, oral, or electronic means, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting, to each Trustee. 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 records of the Cooperative, with postage thereon prepaid.

ARTICLE V, SECTION 4 - Quorum:

A majority of the Board of Trustees shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of

the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

ARTICLE VI

OFFICERS

ARTICLE VI, SECTION 1 - Number:

The officers of the Cooperative shall be Chairman of the Board, Vice Chairman of the Board, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

ARTICLE VI, SECTION 2 - Election and Term of Office:

The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his/her successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

ARTICLE VI, SECTION 3 - Removal of Officers and Agents by the Board:

Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members or 300, whichever is lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect

of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. In the event the Board does not have such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

ARTICLE VI, SECTION 4 - Chairman of the Board:

The Chairman of the Board shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board.
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, 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 Chairman of the Board and such other duties as may be prescribed by the Board from time to time. The Chairman of the Board also carries the title of President.

ARTICLE VI, SECTION 5 - Vice Chairman of the Board:

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

ARTICLE VI, SECTION 6 - Secretary:

The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) the safekeeping of the corporate books and the records and the seal of the Cooperative and affixing the seal of the Cooperative 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 the Bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the Chairman of the Board, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- (f) keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the Bylaws and of all amendments thereto to any member upon request; and
- (g) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board.

ARTICLE VI, SECTION 7 - Treasurer:

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board.

ARTICLE VI, SECTION 8 - Chief Executive Officer:

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

ARTICLE VI, SECTION 9 - Bonds of Officers:

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

ARTICLE VI, SECTION 10 - Compensation:

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a Board member and close relatives of a Board member.

ARTICLE VI, SECTION 1 - 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. Such reports shall set forth the condition of the Cooperative at the close of the fiscal year.

ARTICLE VII

COOPERATIVE OPERATION / PATRONAGE CAPITAL,

UNCLAIMED MEMBERSHIP FEES AND CONSUMER DEPOSITS

ARTICLE VII, SECTION 1 - Nonprofit and Cooperative Operation

The Cooperative:

- (a) Shall operate on a non-profit basis;

- (b) Shall operate on a cooperative basis for the mutual benefit of all Members; and
- (c) May not pay interest or dividends on capital furnished by Members.

ARTICLE VII, SECTION 2. Allocating and Crediting Capital

In operating the Cooperative:

Patron. A Cooperative patron (“Patron”) is a:

- (a) Member; or
- (b) Non-Member Person or Entity who purchases any electrical service from the Cooperative.

Patronage Capital The Cooperative shall determine on an annual basis the amount by which its electric revenues exceed its cost of doing business which shall be deemed its Patronage Capital for that year.

On an annual basis, patronage capital credits shall be allocated on the books of the Cooperative to each Member based upon and in proportion to:

- (a) the revenue from each Member or group of similar Members;
- (b) the contribution of each Member or group of similar Members to the Cooperative’s overall Patronage Capital; or
- (c) any combination of (a) and (b) as determined by the Board of Trustees.

Assignment and Notification Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits may be assigned or transferred only upon:

- (a) A Member delivering a written assignment or transfer to the Cooperative;
- (b) The Member complying with any other reasonable requirement determined by the Board; and
- (c) The Board approving the assignment or transfer.

The Cooperative shall annually notify each Member in writing of the dollar amount of Capital Credits allocated or credited to the Member during the applicable fiscal year.

Joint Memberships Upon the termination, conversion, or alteration of a Joint Membership, and upon the Cooperative receiving written notice and adequate proof of the Joint Membership termination, conversion or alteration:

For any Joint Membership comprised of two married Joint Members that is:

- (a) Terminated or converted through the death of one (1) Joint Member, the Cooperative shall re-allocate and re-credit to the surviving Joint Member all Capital Credits previously allocated and credited to the Joint Membership; or
- (b) Otherwise terminated or converted, and unless otherwise instructed by a court or administrative body of competent jurisdiction, the Cooperative shall re-allocate and re-credit to each Joint Member one-half ($\frac{1}{2}$) of the Capital Credits previously allocated and credited to the Joint Membership.

For any Joint Membership comprised of two (2) or more non-married Joint Members that is terminated, converted, or altered through the death of a Joint Member, or failure of a Joint Member to reside at the same location, the Cooperative shall re-allocate and re-credit to the deceased or departing Joint Member a pro rata portion of the Capital Credits allocated and credited to the Joint Membership during the time the deceased or departing Joint Member was a Joint Member.

ARTICLE VII, SECTION 3. Retiring and Refunding Capital Credits

At any time prior to the Cooperative's dissolution or liquidation, and if the Board determines that the Cooperative's financial condition will not be adversely impacted, the Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund Capital Credits to Members and former Members. The Board shall determine the manner, method, and timing of retiring and refunding Capital Credits. Before retiring and refunding any Capital Credits the Cooperative may deduct from the Capital Credits any amounts owed to the

Cooperative by the Member or former Member, including any reasonable compounded interest and late payment fee determined by the Board.

ARTICLE VII, SECTION 4. Unclaimed Patronage Capital

If the Cooperative takes reasonable measures to notify any Member or former Member of retired or refunded Capital Credits, and if the Member or former Member fails to claim the retired or refunded Capital Credits within seven (7) years, such unclaimed amount shall become unclaimed or abandoned Patronage Capital. The Cooperative shall, nonetheless, pay any validated claims of Members or former Members for unclaimed or abandoned Patronage Capital. With respect to abandoned Patronage Capital, the Cooperative shall follow the procedures contained in Subsection G of Section 33-49-460 of the Code of Laws of South Carolina, 1976, as amended.

ARTICLE VII, SECTION 5. Unclaimed Membership Fees and Consumer Deposits

When a Member or former Member fails to collect his membership fee or consumer deposit upon such Member's withdrawal or termination of membership with the Cooperative and such amount(s) remains unclaimed for a period of one (1) year from the date on which the same became due and payable and the Member or former Member or his legal representative cannot be found after diligent search, such unclaimed amount(s), reduced for lawful charges owing from the Member or former Member to the Cooperative, shall be presumed abandoned and shall be subject to the custody of the State of South Carolina as unclaimed property in accordance with the provisions of the Uniform Unclaimed Property Act as set forth in Title 27, Chapter 18 of the Code of Laws of South Carolina, 1976, as amended and shall be dispersed by the Cooperative to the State Treasurer in accordance with the provisions thereof.

ARTICLE VII, SECTION 6. Member Agreement

Each Member agrees that:

- (a) Neither Capital Credits, nor similar amounts are securities under state or federal law;

- (b) A Member's right to receive Capital Credits or similar amounts vests, accrues, and becomes payable only upon the Cooperative retiring or refunding Capital Credits, or similar amounts as provided in these Bylaws, and not upon the Cooperative allocating or crediting the Capital Credits, or similar amounts; and
- (c) To the extent required by state or federal law, each Member will:
 - 1. Report to the appropriate taxing authorities, credited, retired or refunded Capital Credits and similar amounts;
 - 2. Pay to the appropriate taxing authorities, any tax or similar amount on allocated, credited, retired or refunded Capital Credits.

ARTICLE VII, SECTION 7. Non-Member Patrons

As a condition of purchasing electrical service from the Cooperative and unless otherwise determined by the Board:

- (a) To the same extent as Members, Patrons who are not Members ("Non-Member Patrons") shall abide by and be bound to:
 - 1. All the duties, obligations, liabilities and responsibilities imposed by the Governing Documents upon Members; and
 - 2. These Bylaws, unless otherwise provided in these Bylaws.
- (b) Non-Member Patrons shall have none of the rights granted by the Governing Documents to Member Patrons.

ARTICLE VII, SECTION 8. Reasonable Reserves

Regardless of any contrary Bylaw and in order to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet operating expenses ("Reasonable Reserves"). The Cooperative shall keep records necessary to determine, at any time, each Member's rights and interest in any Reasonable Reserves.

ARTICLE VIII

DISPOSITION OF PROPERTY

ARTICLE VIII, SECTION 1 - SALE:

A sale (which term shall include a sale, lease, exchange or any other disposition of assets, except a mortgage of or other security interest in the assets) of all, or substantially all, the property and assets, with or without the good will, of this Cooperative may be made upon such terms and conditions and for such consideration which may consist in whole or in part of money or property, real or personal, including shares of any other corporation, domestic or foreign, as shall be authorized in the following manner:

- (a) The Board of Trustees shall adopt a resolution recommending such sale, and directing the submission thereof to a vote at a meeting of members, which may be either an annual or special meeting.
- (b) Written or printed notice shall be given to each member of record entitled to vote at such meeting with the place, day and hour provided for in the notice of meetings of members. Whether the meeting be an annual or a special meeting, said notice shall state that the purpose, or one of the purposes of the meeting is to consider the proposed sale.
- (c) At such meeting the members may authorize such sale, and may fix, or may authorize the Board of Directors to fix, any or all of the terms and conditions thereof and the consideration to be received by the Cooperative therefore each member of the Cooperative shall be entitled to vote thereon. Such authorization shall require the affirmative vote of at least two-thirds of all the members of the Cooperative, voting in person.

After such authorization by a vote of members, the Board of Trustees nevertheless, in its discretion may abandon such sale of assets, subject to the rights of third parties under any contracts relating thereto, without further action or approval by members.

ARTICLE VIII, SECTION 2 - Mortgage:

A mortgage or pledge of or other security interest in all or any part of the assets of this Cooperative, whether or not in the usual regular course of its business, may be made by authority of the Board of Trustees of the Cooperative without authorization of the members.

ARTICLE IX

SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, State of South Carolina".

ARTICLE X

FINANCIAL TRANSACTIONS

ARTICLE X, SECTION 1 - Contracts:

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

ARTICLE X, SECTION 2 - Checks, Drafts, etc.:

All checks 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 and/or

countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

ARTICLE X, SECTION 3 - Deposits:

All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

ARTICLE X, SECTION 4 - Change of Rates:

A complete listing of rates will be available at the Cooperative headquarters and updated when applicable. The South Carolina Public Service Commission may be furnished rates from time to time.

ARTICLE X, SECTION 5 - Fiscal Year:

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI

MISCELLANEOUS

ARTICLE XI, SECTION 1 - Membership in Other Organizations:

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however that the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification, financing same, including but not limited to purchase of stock in the Cooperative Finance Corporation, or any other corporation for the purpose of acquiring electric facilities.

ARTICLE XI, SECTION 2 - Waiver of Notice:

Any member or Board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member, except in case a member or Board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XI, SECTION 3 - Policies, Rules and Regulations:

The Board shall have the power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative. These Bylaws are subject to Law and the Articles of Incorporation of the Cooperative. If, and to the extent that, a Bylaw conflicts with Law or the Articles, then the Law or Articles control.

ARTICLE XI, SECTION 4 - Accounting System and Reports:

The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Federal Energy Regulatory Agency. The Board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members.

ARTICLE XI, SECTION 5 - Area Coverage:

The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII
AMENDMENTS

These Bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

ARTICLE XIII
INDEMNITY OF TRUSTEES, OFFICERS AND EMPLOYEES

ARTICLE XIII, SECTION 1:

Any present or former trustee, officer or employee of the Cooperative, or any person who, at the request of the Cooperative, may have served as a trustee or officer of another corporation in which it owns shares or of which it is a creditor, shall be entitled to reimbursement of expense and other liabilities, to the extent provided by this article, in any action or proceeding to which (s)he is a party by reason of being or of having been a trustee, officer or employee.

ARTICLE XIII, SECTION 2:

Indemnity shall be granted, and the amount thereof fixed by order of the court entered in the action or proceeding to which the person is a party or in a separate proceeding. The court may permit or direct reimbursement for:

- (1) Expenses including attorney's fees, actually and reasonably incurred by the person sued in his defense of any such action, if
 - (a) (s)he is successful in whole or in part on the merits of the proceeding to which (s)he is a party is settled with the approval of the court, and the court finds that the person sued has not been guilty of negligence or misconduct in the performance of his/her duty to the Cooperative, or

(b) notwithstanding the foregoing limitations, the court finds that the person sued fairly and equitably merits indemnification.

(2) Any amount paid by the person sued in discharge of a judgment against him/her or paid by him/her in a settlement approved by the court, if the court finds that indemnification of such amounts would be fair and equitable.

ARTICLE XIII, SECTION 3:

Application for indemnity under this article may be made either by the person sued or by his/her attorney or other person rendering services to him/her in connection with his/her defense. The court may, in its discretion, order fees and expenses to be paid directly to the attorney or other persons not a party to the proceeding. Notice of the application for such indemnity shall be served upon the Cooperative (or its trustee or receiver as the case may be), and upon the other parties to the proceeding in respect of which indemnity is sought, and the court may, if it deems it necessary, also order appropriate notice be given to stockholders.

ARTICLE XIII, SECTION 4:

The right of indemnity shall insure to the estate, executor, administrator, heirs, legatees, or devisees of any person entitled to indemnification hereunder.

ARTICLE XIV

ECONOMIC DEVELOPMENT

It has long been the established policy of the Cooperative to encourage favorable economic development of the general areas in or near to which it serves. Such development enhances the quality of life as well as the financial standard of living of the people in whose communities such development takes place: Jobs are thereby created; new homes and other establishments are built; the tax base to support public services is enlarged; and new helpful community institutions and services come into being.

This Cooperative's economic well-being is inseparably connected to the economic well-being of the consumers, including the institutional, commercial and industrial consumers, served by it. It is therefore in the Cooperative's best interests to give strong encouragement and promotion, financial and otherwise, to such economic development.

We hereby ratify and strongly endorse, encourage and approve activities by the Cooperative to promote the economic development of the general area in or near to which the Cooperative serves, including financial and other support for such development.

Among such activities hereby ratified and strongly endorsed, encouraged and approved are the following:

- a. Membership in, or ownership of securities of, other organizations engaged in promoting such economic development, and reasonable investments in such organizations in support of their development programs;
- b. The acquisition, through purchase, option or otherwise, of land and other properties for resale, lease or sublease to prospective institutional, commercial and industrial enterprises; and the sale, lease, or sublease of such land and properties otherwise when such is in the Cooperative's best interests; and
- c. The promotion of economic development through advertising, joint activities with others, training, programs, leadership development projects and other activities and programs.