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Bylaws  
of  
Mid-Carolina Electric  
Cooperative, Inc.

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Amended and Restated as of  
April 4, 2014

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## **ARTICLE I**

### **Membership**

**Section 1. Requirements for Membership.** Any person, firm, association, corporation, or body politic or subdivision thereof, will become a member of Mid-Carolina Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided the prospective member has first:

- (a) Made 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 Bylaws of the Cooperative and any Service Rules and Regulations adopted by the Board of Trustees (hereinafter called the "Board"); and
- (d) Paid the membership fee hereinafter specified.
- (e) 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.

**Section 2. Joint Membership.** A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. 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 of 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 constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute as 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 Board member, provided that both meet the qualifications for such office.

### **Section 3. Conversion of Membership.**

- (a) A membership may be converted to a joint membership upon written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and Service Rules and Regulations adopted by the Board.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor, provided; however, that the estate of the deceased shall not be released from any debts due the Cooperative.

**Section 4. Membership Fees.** The membership fee shall be Fifteen (\$15.00) Dollars.

**Section 5. Purchase of Electric Energy.** Each member shall, as soon as 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 at rates which shall from time to time be fixed by the Board. 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 amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

## **Section 6. Termination of Membership.**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or Service Rules and Regulations adopted by the Board, but only if such member shall be given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, may be cancelled by resolution of the Board.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate. Any member who requests that the Cooperative terminate that member's electric service or has electric service terminated by the Cooperative shall cease to be a member. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative nor does it in any way forfeit, diminish or affect the patronage capital account of the terminated member.
- (c) 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, 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.

**Section 7. Mediation.** Each member of the Cooperative agrees by signing the Application for Service or accepting electric energy from the Cooperative that any dispute the member has with the Cooperative arising from or related to the receipt of electric energy from membership in the Cooperative, or arising out of or related in any way to these Bylaws or any agreements with or services provided by the Cooperative, if it cannot be resolved through the Cooperative's internal procedures, will be subject to binding, mandatory mediation. The mediation of such a dispute will be commenced by the member or former member sending a demand for mediation to the registered office of the Cooperative with a copy to the Cooperative's attorney. The mediation shall take place in the county of the member's service address as listed in the records of the Cooperative or, in the case of a former member, in the state capital of the former member's current state of residence. The mediation shall be conducted pursuant to the mediation procedures portion of the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association in effect at the time of the demand for mediation. The Cooperative agrees to pay all expenses of the mediator. Each member further agrees that no class action claim may be brought in such mediation or in any court.

## **ARTICLE II**

### **Rights, Liabilities and Obligations of Members**

**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 the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

**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 and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

**Section 3. Obligation to Grant Easements.** A member shall, upon request of the Cooperative, grant to the Cooperative or any designee of the Cooperative without charge any easements across such member's property as may be reasonably necessary or convenient to accommodate the installation and maintenance of distribution lines or other equipment or facilities related to the Cooperative's (or its designees') provision of electric, telecommunication, television, voice or data transmission, or similar services to the member or the Cooperative's other patrons.

### **ARTICLE III Meeting of Members**

**Section 1. Annual Meeting.** The annual meeting of the members shall be held during the months of April or May of each year at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Trustees, receiving reports for the previous fiscal year and transacting such business as may come before the meeting. It shall be the responsibility of the Board 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.

**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 (3) Trustees, by the President, or by ten (10) percent 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 served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

**Section 3. Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in case of 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 (10) days nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon 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 annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**Section 4. Quorum.** Five (5) percent of the members, present in person, shall constitute a quorum. 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. The minutes of each meeting shall contain a list of the members present in person.

**Section 5. Voting.** Each member present shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. No member may vote by proxy except that the spouse of an absent member may vote on behalf of that member. All questions shall be decided by a majority vote except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

**Section 6. Conduct of Business Meeting.** The President, or such other person as the members or the Board may designate shall preside at any meeting of the members. The members and, absent contrary action by the members, the Board, shall be entitled to make such rules or regulations for the conduct of meetings of members as they shall deem necessary, appropriate or convenient. Subject to such rules and regulations, if any, these Bylaws and applicable law, the presiding officer of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding officer, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation,

establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to members of record and their duly authorized and constituted proxies and such other persons as such presiding officer shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comment by participants, and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot.

## **ARTICLE IV**

### **Board of Trustees**

**Section 1. General Powers.** The business and affairs of the Cooperative shall be managed by a Board of nine (9) members which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these Bylaws conferred upon or reserved to the members.

**Section 2. Election and Tenure of Office.** The persons named as Trustees at previous meetings of the members shall compose the Board until their successors have been elected and shall have qualified and shall be classified as Class "A", "B" and "C". Beginning with the annual meeting in 2008, Class "A" Trustees, consisting of three (3) members, one to be a resident of District One, one to be a resident of District Two, and one to be a resident of District Three, shall be elected by and from the members and shall serve for a term of three (3) years or until their successors have been elected and have qualified. At the annual meeting in 2009, Class "B" Trustees, consisting of three (3) members, one to be a resident of District Four, one to be a resident of District Five, and one to be a resident of District Six, shall be elected by and from the members and shall serve for a term of three (3) years or until their successors have been elected and have qualified. At the annual meeting in 2010 Class "C" Trustees, consisting of three (3) members, one to be a resident of District Seven, one to be a resident of District Eight, and one to be a resident of District Nine, shall be elected by and from the members and shall serve for a term of three (3) years or until their successors have been elected and have qualified. Thereafter, three (3) Trustees shall be elected at each annual meeting by and from the members to serve for a term of three (3) years. If an election of Trustees shall not be held on the day designated for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Trustees within a reasonable time thereafter. Trustees shall be elected by a plurality vote of the members at said meeting.

**Section 3. Qualifications.** A Trustee or Trustee candidate must comply with this Bylaw.

To become and remain a Trustee, a person must comply with the following qualifications:

- (a) be an individual member of the Cooperative receiving electric service from the Cooperative at a primary residence in the District he represents or seeks to represent;
- (b) have the capacity to enter legally binding contracts;
- (c) not be financially interested in nor an employee of any business selling supplies or services to the Cooperative nor any competing business selling electric energy;
- (d) while a Trustee, and during the ten years immediately before becoming a Trustee, not be convicted of, or plead guilty to (1) any felony or (2) any misdemeanor that involves an element of dishonesty, fraud or theft;
- (e) while a Trustee, and during the five years immediately before becoming a Trustee, not be employed by the Cooperative;
- (f) not have been previously removed or disqualified as a Trustee pursuant to Article IV Sections 6 or 7 of these Bylaws;
- (g) have a high school or more advanced degree;
- (h) have substantial business skills, experience or education that will allow him or her, with the assistance of counsel, accountants and other advisors, to understand financial statements, understand and interpret legal and financial documents and information so as to further the

- activities and affairs of the Cooperative, understand and apply federal and state laws, rules, regulations and judicial decisions as they apply to the Cooperative and its business;
- (i) agree to provide the Nominating and Qualifications Committee with authorization to obtain full academic transcripts, employment histories, arrest and conviction records, credit reports and references;
  - (j) not be a spouse, child, grandchild, parent, grandparent, brother, sister, by blood or marriage, of any Trustee serving at the time of nomination or of the Trustee who left the seat a Trustee candidate seeks to fill; and
  - (k) comply with any other reasonable qualifications determined by the Board.

**Section 4. Nominations.** During the month of September of each year, the Board of Trustees shall set the exact date on which the annual meeting will be held for the following year and shall post a statement thereof at the principal office of the Cooperative. The Board of Trustees shall also, at that time, inform the Nominating and Qualifications Committee of the upcoming annual meeting date and direct the Nominating and Qualifications Committee to meet and begin the process of selecting nominees for those Trustee Districts which will have a Board member elected at the upcoming meeting. A candidate for Trustee must be nominated by the Nominating and Qualifications Committee or by member petition and then qualified as a Trustee candidate as provided in this Section in order to appear on the ballot.

- (a) The Nominating and Qualifications Committee shall consist of nine members. All members of the Committee must agree to keep the personal information of Trustee candidates confidential. Members serving on the Committee must have at least a high school education, must not be past due on any obligation to the Cooperative, and cannot be employed by the Cooperative nor have a spouse, parent or child employed by the Cooperative. Each member of the Committee must have a primary residence in the Trustee District which the member represents.
  - (1) The members of the Committee shall initially be appointed by the Board after the 2012 annual meeting. One Committee member shall come from each Trustee electoral district. The Committee members from Districts 1, 2 and 3 shall be designated as CLASS A and their terms expire at the 2013 annual meeting. The Committee members from Districts 4, 5 and 6 shall be designated as CLASS B and their terms expire at the 2014 annual meeting. The Committee members from Districts 7, 8 and 9 shall be designated as CLASS C and their terms expire at the 2015 annual meeting.
  - (2) Thereafter, the elected members of the Committee shall serve for three years. At least 90 days prior to each annual meeting after 2012, the Board shall nominate at least one member of the Cooperative to be presented to the membership for election to the Committee for each District whose member's terms is expiring. The names and addresses of these candidates shall be included in the notice of annual meeting. Any (50) members of the Cooperative may, by written petition signed by each and delivered to the principal office of the Cooperative at least 90 days prior to an annual meeting, nominate a member for a place on the Nominating and Qualifications Committee. The name and address of any petition candidate shall also be included in the notice of annual meeting.
  - (3) Members of the Nomination and Qualifications Committee shall receive their expenses and a reasonable per diem fee for each meeting of the Committee, as set by the Board.
  - (4) The attorney/general counsel of the Cooperative shall be a non-voting member of the Committee to provide information, advice and counsel.
  - (5) The CEO of the Cooperative shall be a non-voting member of the Committee to provide information, data and advice.
- (b) The Nominating and Qualifications Committee shall give public notice of the Board seats up

for election at the upcoming annual meeting at least 120 days prior to the annual meeting.

(1) The Committee shall provide to all candidates who submit their names for consideration as a Trustee candidate the required qualifications to be a Trustee stated in these Bylaws and any additional requirements established by the Board pursuant to these Bylaws.

(2) The Committee shall receive information from and gather information about each person who submits his or her name for consideration as a Trustee candidate so that the committee can investigate the candidate's ability to meet the qualifications enumerated in Article IV, Section 3 of these Bylaws and additional qualifications enacted by the Board pursuant to Article IV, Section 3(k) of these Bylaws.

(3) The Committee will interview each candidate.

(4) After gathering and considering information on each candidate and the interviews, the Committee shall determine each candidate to be either qualified or unqualified to meet the qualifications enumerated in Article IV, Section 3 of these Bylaws and additional qualifications enacted by the Board pursuant to Article IV, Section 3(k) of these Bylaws. From the qualified candidates, at least 45 days before the annual meeting, the committee shall select and post the name(s) of at least one person nominated for each district up for election.

(c) Any 50 members of the Cooperative may, by written petition signed by each and delivered to the principal office of the Cooperative at least 90 days prior to an annual meeting, nominate a member in good standing to be considered by the Nominating and Qualifications Committee to be a Trustee candidate for any Board seat being filled by election at the upcoming annual meeting. The Nominating and Qualifications Committee shall interview the petition candidate, gather and receive information relevant to the petition candidate's ability to meet the qualifications enumerated in Article IV, Section 3 of these Bylaws and additional qualifications enacted by the Board pursuant to Article IV, Section 3(k) of these Bylaws. At least 45 days prior to the annual meeting, the committee will find the petition candidate qualified or unqualified. If the petition candidate is found qualified then the Committee will list the petition candidate as one of its nominations for that petition candidate's district of residence.

(d) The Secretary shall be responsible for mailing to the members with the notice of the annual meeting, or separately, but at least ten (10) days before the date of the meeting, a statement of the total number of Trustees to be elected at the meeting. This statement shall include a list of the names and addresses of the candidate or candidates from each district nominated by the Committee, including those petition candidates found qualified. Nothing in this statement shall indicate a difference between candidates nominated by petition and those nominated directly by the Nominating and Qualifications Committee.

**Section 5. Election of Board of Trustees.** The Secretary shall be responsible for preparing ballots to be used in the election of Trustees at each annual meeting of the members. The ballots shall list the candidate or candidates from each district nominated by the Committee, including those petition candidates found qualified in accordance with Article IV, Section 4 of these Bylaws.

Each member of the Cooperative who registers at an annual meeting of the members within two (2) hours after the opening of the meeting shall be entitled to vote for one candidate from each district from which a Board member is to be elected at that particular meeting.

If the total number of members registered at the meeting within two (2) hours after the opening thereof should be less than the number required for a quorum, then the time for registration and voting shall automatically extend until such time as a quorum of members shall have registered at said meeting; provided however, in no event shall the time for registration and voting be open for more than three (3) hours after the opening of the meeting.

At any annual meeting of the members at which the total number of members registering at such meeting should equal or exceed the number of members required for a quorum, as defined in these



Bylaws, then the election of Trustees held at that meeting shall be valid and the candidate from each district receiving the highest number of votes shall be duly elected to the Board.

If the total number of members who register at an annual meeting of the members within three (3) hours after the opening of such meeting should be less than the number of members required for a quorum, as defined in these Bylaws, then all votes cast at such meeting shall be void and no Trustees shall be elected at that meeting. No Trustees shall be elected at any meeting of the members unless a number of members sufficient to constitute a quorum, as defined in these Bylaws, shall register at such meeting.

**Section 6. Removal of Board Member by Members.** Any member may bring charges against a Board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten (10) percent of the members or 400 members, whichever is lesser, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

**Section 7. Suspension of a Board Member.** The Board may suspend any Trustee by a two-thirds affirmative vote of the Board until the next annual or special meeting of the members. At that meeting, the membership may remove the suspended Trustee for cause from the Board by an affirmative vote of a majority of the members present and voting. In the event the membership refuses to vote to remove the Trustee, he must be reinstated immediately with all the powers of his office and continue to serve for the remainder of his term. Cause for suspension or removal of a Trustee means failure to meet the qualifications established in Article IV Section 3 of these Bylaws, fraudulent or dishonest acts or gross abuse of authority in the discharge of duties to the Cooperative and must be established after written notice of specific charges and opportunity to meet and refute those charges.

**Section 8. Vacancies.** Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of a Trustee by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term.

**Section 9. Compensation.** Trustees shall not receive any salary for their services as such, except that the Board may authorize a fixed sum for each 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. The Board of Trustees, may, by resolution, provide for the travel, expenses and other benefits of Trustees and retired Trustees. In no event may compensation be paid except for actual attendance upon business activities of the Cooperative authorized by the Board of Trustees. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any spouse, father, mother, son, daughter, brother, sister, aunt or uncle of a Board member, receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the members, or the service by such person shall have been certified by the Board as an emergency measure.

**Section 10. District Division of Territory Served by the Cooperative.** The entire territory served by the Cooperative shall be divided into nine districts known as District One, District Two, District Three, District Four, District Five, District Six, District Seven, District Eight and District Nine.

The Board of Trustees shall establish the nine districts so that each district has approximately the same number of resident active accounts, with no difference between districts greater than two percent of the total Cooperative active accounts, at the time of approval by the Board of Trustees. Divisions of the total Cooperative territory will be indicated as follows:

- District Number One to consist of the area served and designated as District One and colored in Dark Blue upon that map of the Service Area of the Cooperative.
- District Number Two to consist of the area served and designated as District Number Two, colored Brown and shown upon the map of the Service Area of the Cooperative.
- District Number Three to consist of the area served and designated as District Number Three, colored in Green upon the map of the Service Area of the Cooperative.
- District Number Four to consist of the area served and designated as District Number Four, colored in Light Blue upon the map of the Service Area of the Cooperative.
- District Number Five to consist of the area served and designated as District Number Five, colored in Yellow upon the map of the Service Area of the Cooperative.
- District Number Six to consist of the area served and designated as District Number Six, colored in Lavender upon the map of the Service Area of the Cooperative.
- District Number Seven to consist of the area served and designated as District Number Seven, colored in Pink upon the map of the Service Area of the Cooperative.
- District Number Eight to consist of the area served and designated as District Number Eight, colored in Purple upon the map of the Service Area of the Cooperative.
- District Number Nine to consist of the area served and designated as District Number Nine, colored in Peach upon the map of the Service Area of the Cooperative.

For specific reference as to description and boundaries constituting each of the nine districts, you will refer to the map filed with the important documents of the Cooperative which bears the signed approval of the Board of Trustees. The Trustees shall review the map and the number of active accounts in each district every five years beginning in July 2012 to determine if adjustments should be made to the district boundaries prior to the following Annual Meeting. Any adjustments to the district description and boundaries shall be made by the September Board Meeting, so that changes to the districts can be effected for the following Annual Meeting.

## **ARTICLE V**

### **Meetings of Board**

**Section 1. Regular Meetings.** A regular meeting of the Board shall be held without notice, immediately after, and at the same place, as the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

**Section 2. Special Meetings.** Special meetings of the Board may be called by the President or by any three (3) Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Trustees calling the meeting shall fix the time and place for the holding of the meeting.

**Section 3. Notice of Board Meetings.** Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally, by United States Postal Service or by electronic mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

**Section 4. Quorum.** A majority of the Board 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 member of the time and place of such adjourned meeting. The act of a majority of the Board of Trustees 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**

**Section 1. Number.** The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer and such other officers as may be determined by the Board from time to time. The officers of Secretary and Treasurer may be held by the same person. The President and the Vice President may also be known or referred to as the "Chairman of the Board" and "Vice Chairman of the Board" respectively.

**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 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.

**Section 3. Removal of Officers and Agents by the Board.** Any officers 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 (10) percent of the members or 400 members, whichever is the 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 (10) 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 shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

**Section 4. President.** The President shall:

- (a) be the principal 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; and
- (b) sign any deed, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time. In the documents of the Cooperative other than its articles and these Bylaws, the President shall be referred to as "President and Chairman of the Board" or "Chairman of the Board".

**Section 5. Vice President.** In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

**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 records and the seal of the Cooperative 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;
- (d) keeping a register of the names and post office addresses of all members;
- (e) 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
- (f) 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 by the Board.

**Section 7. Treasurer.** The Treasurer shall be responsible for;

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and 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 by the Board.

**Section 8. Manager.** The Board of Trustees may appoint a Manager who shall perform such duties and shall exercise such authority as the Board may from time to time vest in him. The Manager may also be known or referred to as the "President and Chief Executive Officer". Any reference to "President" standing alone in these Bylaws refers to the President and Chairman of the Board, not the Manager.

**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 as 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.

**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.

**Section 11. 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 such fiscal year.

## ARTICLE VII

### Non-Profit Operation

**Section 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**Section 2. Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, 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 its patrons, members and non-members

alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. 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 the patrons' accounts may be retired in full or in part. After May 6, 1977, the Board shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.

The amount of any Capital Credit of any patron retired at any time shall be applied first to any indebtedness or other liability owed to the Cooperative by such patron, and the balance, if any, shall be paid to the appropriate distributee. In the event of a Capital Credit retirement occurring earlier than the time scheduled by the Board, the amount of the Capital Credit may be discounted to present value in accordance with applicable accounting standards and as the Board of Trustees may determine in order to establish the amount to be received by the distributee in respect of such early retirement. Should any Capital Credit retired by the Board remain unclaimed by the owner for seven years after the date of retirement, the Board may elect to use the unclaimed but retired Capital Credit amount for any purpose allowed by law.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in all or a part of such patron's premises served by the Cooperative unless the Board of Trustees, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these Bylaws, the Board of Trustees, at its discretion, acting upon the policies of general application, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representative of his estate shall request in writing the Capital Credit to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire a Capital Credit to any such patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representative of such patrons' estate shall agree upon; provided however, that the financial condition of the Cooperative will not be impaired thereby. Dissolution of a corporation, partnership, firm, association, body politic or subdivision thereof shall not be deemed

to be death of a patron within the purview of this paragraph. Capital Credits upon such a dissolution may be assigned on the books of the Cooperative as hereinbefore provided.

Notwithstanding any other provision of these Bylaws, in the case of a patron that is more than six (6) months delinquent in the payment of any amount due and owing to the Cooperative, the Board of Trustees, at its discretion, acting upon the policies of general application and otherwise upon such terms and conditions as the Board of Trustees shall determine, may retire Capital Credits of such patron in an amount sufficient to satisfy such delinquency in whole or in part and apply the proceeds of such retirement for such purpose.

Notwithstanding any other provisions of these Bylaws, when the Cooperative receives notice of a patron filing for bankruptcy protection, the Board of Trustees, at its discretion, acting upon policies of general application and otherwise upon such terms and conditions as the Board of Trustees shall determine, may retire prior to the time such capital would otherwise be retired under the provisions of these Bylaws, the Capital Credits of such patron and pay the discounted amount to the bankruptcy estate or as otherwise directed by the bankruptcy court of applicable law.

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

**Section 3. Patronage Refunds in Connection with Furnishing Other Services.** In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishings of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

## ARTICLE VIII Disposition of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting. Provided, however, that notwithstanding anything herein contained, or any other provisions of law, the Board of Trustees, of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging 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 incomes therefrom, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to a national financing institution, organized on a cooperative plan for the purpose of financing its members, projects and undertakings, in which the Cooperative holds membership, also to do any and all things as provided in the Amendment to Section 12 - 1035.1, Code of Laws of South Carolina, 1962, relating to the requirements for sale, mortgage or lease of property of electric cooperatives, so as to authorize the creation of security interests by Cooperative Trustees, as approved by the Governor of South Carolina on March 4, 1970; provided further that the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property

to another Cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.

## **ARTICLE IX Seal**

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

## **ARTICLE X Financial Transactions**

**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.

**Section 2. 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 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.

**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.

**Section 4. Change in Rates.** Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

**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 Indemnification**

**Section 1. Scope.** The Cooperative shall indemnify, defend and hold harmless the Cooperative's Trustees and officers to the fullest extent permitted by law, and in accordance with the Act. This indemnification undertaking shall constitute a binding agreement of the Cooperative for the benefit of the Trustees and officers as consideration for their services to the Cooperative, and may be modified or terminated by the Board of Trustees only prospectively. Such right of indemnification shall not be exclusive of any other right which such Trustees or officers may have or hereafter acquire under any agreement, insurance policy, provision of law, or otherwise. Indemnification of a Trustee or officer under this Section in connection with a particular matter or proceeding shall not be effective until twenty (20) days after effective written notice of such indemnification is given to the South Carolina Attorney General, as set forth in Section 33-31-855(d) of the Act.

**Section 2. Insurance.** The Board of Trustees may cause the Cooperative to purchase and maintain insurance on behalf of any person who is or was a Trustee or officer of the Cooperative, or is or was serving at the request of the Cooperative as a Trustee or officer of another corporation, or as its representative in a partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Cooperative would have the power to indemnify such person.

## **ARTICLE XII**

### **Miscellaneous**

**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 non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of Rural Development Utilities Programs (RDUP), of any other corporation for the purpose of acquiring electric facilities.

**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.

**Section 3. Policies, Rules and Regulations.** The Board shall have 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.

**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 Administrator of the Rural Development Utilities Programs of the United States of America. 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 at the next following annual meeting.

**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 XIII**

### **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.