

BYLAWS



NEWBERRY ELECTRIC COOPERATIVE, INC.

Newberry, South Carolina



Revised April 2013

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BYLAWS

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**BYLAWS
OF
NEWBERRY ELECTRIC COOPERATIVE, INC.**

**ARTICLE I
MEMBERSHIP**

SECTION 1.01. Eligibility. Any natural person, firm, association, corporation, business trust, partnership, Federal agency, State or political subdivision or agency thereof, or any body politic shall be eligible to become a member by using, receiving, purchasing any service, product, commodity, equipment, or facility from or through reasonably related to the Cooperative furnishing, or the person receiving any utility services. Any person seeking to become a member (applicant) must, within a reasonable time of using, receiving, or purchasing any Cooperative service, complete a written membership application provided by the Cooperative in which the applicant agrees in writing to:

- (a) comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Trustees.
- (b) pay the membership fee hereinafter specified; and
- (c) maintain an active account in good standing with the Cooperative as further defined hereinafter.

Unless the Board determines otherwise as provided in these Bylaws, upon completing the membership application for the Cooperative's satisfaction and using, receiving, or purchasing any Cooperative service, an Applicant automatically becomes a member of the Cooperative effective the date the Applicant begins using, receiving, or purchasing a Cooperative service. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable.

SECTION 1.02. Application for Membership; Renewal or Prior Application. An application for membership shall be accompanied by payment of the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit, or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is by Board resolution denied. Any former member of the Cooperative

may, by the sole act of paying a new membership fee and any outstanding account (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03. Membership Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. The membership fee shall be as fixed from time to time by the Board of Trustees. The membership fee, (together with any service security deposit, service connection deposit or fee, facilities extension deposit, contribution in aid of construction or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him.

SECTION 1.04. Joint Membership. A husband and wife, by specifically so requesting in writing or, if one of them is already a member, may automatically convert such membership into a joint membership. The word "member" as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing—

- (a) the presence at a meeting of either or both shall constitute the presence of one member and shall have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute one joint vote;
- (c) notice to, or waiver of notice signed by, either or both shall constitute a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute suspension or termination of the joint membership;
- (e) each, but not both concurrently, shall be eligible to serve as a trustee of the Cooperative, but only if both meet the qualifications required therefor; and
- (f) neither will be permitted to have any additional service connections except through their one joint membership.

SECTION 1.05. Conversion of Membership. A membership may be converted to a joint membership upon the request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws and rules and regulations adopted by the Board of Trustees. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

SECTION 1.06. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service; PROVIDED, that the Board of Trustees may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause.

SECTION 1.07. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

SECTION 1.08 Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

SECTION 1.09. Wiring of Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the South Carolina Fire Insurance Underwriters Association, the National

Electric Code, any applicable state code or local government ordinances, and for the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for—and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of—such premises and all wiring and apparatuses connected thereto or used thereon and resulting from the member's negligence or failure to comply with the governing documents. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile animals or any other hostile source for meter reading, bill collecting and for inspection, maintenance replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting there from and resulting from the member's negligence or failure to comply with governing documents, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure of defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

SECTION 1.10. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs. Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy to conduct load research.

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. Suspension; Reinstatement. Upon failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with membership obligations, a person's membership shall automatically be suspended; and such person shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. Termination by Expulsion; Renewed Membership. Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, such member may, without further notice, but only after due hearing if such is requested, be expelled by resolution of the Board of Trustees at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof in which latter event such person's membership shall be reinstated retroactively to the date of expulsion. After any

finally effective expulsion of a member, he may not again become a member except upon new application therefor duly approved as provided in Section 1.05. The Board of Trustees, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed Membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

SECTION 2.03. Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board of Trustees shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Trustees, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his Membership, or (b) except when the Board of Trustees specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises. Once a person fails, refuses or ceases to use electric energy, and any applicable membership fee or deposit is returned or credited to the account, the person shall cease to be a member of the Cooperative.

SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly occupy or use the premises being furnished Cooperative service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners; however, it is the responsibility of any remaining partner to notify the Cooperative of this change; PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

SECTION 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, such member or members estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither the member nor his estate, as the case may be, shall be released from any debts or other obligations then remain-

ing due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Trustees shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint; however, it is the responsibility of the husband and/or wife to notify the Cooperative of whose name in which the membership should continue: PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07. Board Acknowledgement of Membership Termination; Acceptance of Members Retroactively. Upon the termination of a person's Membership for any reason, the Board of Trustees, as soon as practicable after such termination is made known to it, shall by two-thirds vote of the Board of Trustees formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Trustees approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

SECTION 2.08. 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 individually liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III
MEETINGS OF MEMBERS

SECTION 3.01. Annual Meetings. For the purposes of electing trustees, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held each year, at such time as shall be determined by the Board of Trustees and at such place in one of the counties in South Carolina within which the Cooperative serves, and beginning at such hour, as the Board of Trustees shall from year to year fix. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for, and to encourage member attendance at, the annual meeting and at any special meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. Special Meetings. A special meeting of the members may be called by the Board of Trustees, by any three (3) trustees, by the Chairman or by petition signed by not less than twenty (20%) percent of the then-total members of the Cooperative, except in the case of a special meeting to consider a dissolution, lease, lease-sale by a petition of no less than fifty-one (51%) percent of the then total members of the Cooperative, and it shall thereupon be the duty of the Secretary to cause notice of such meeting and the purpose for such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held at such place in one of the counties in South Carolina within which the Cooperative serves, on such date, not sooner than forty-five (45) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall be designated by him or those calling or petitioning for the same.

SECTION 3.03. Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than twenty-five (25) days prior to the date of the meeting, either personally or by mail, by or at the direction of the Chairman or the Secretary. Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter and/or its monthly insert, if any, in the "Living in South Carolina" magazine. No matter the carrying of which, as provided by law or by the Cooperative's Articles of Incorporation or Bylaws requires the affirmative votes of more than simple majority of the members voting at any meeting of the members, shall be acted upon at any meeting of the members

unless notice of such matter shall have been contained in the notice of the meeting. 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 and postmarked at least ten (10) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive a notice deposited in the mail addressed to the member at his address as shown on the Cooperative's books shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person or by absentee ballot, if applicable, of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. Quorum. Business may not be transacted at any meeting of the members unless there are present in person at least five (5%) percent of then-total members of the Cooperative, except that, if less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date not less than thirty (30) days later and to any place in one of the counties in South Carolina within which the Cooperative serves; PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, or incorporate therein by reference, a list of those members who were registered as present in person.

SECTION 3.05. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these By-laws. Members may not cumulate their votes or vote by proxy or by mail.

SECTION 3.05A. Proxies. Except as may be provided by law no proxy, mail or absentee ballot shall be permitted.

SECTION 3.06. Credentials and Election Committee. The Board of Trustees shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of Cooperative members not less than five (5) nor more than nine (9) who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, trustees or known candidates for trustee, and who are not close relatives or members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and voting for the election of trustees and any other voting, to pass upon all questions that may arise with respect to the registration of members in person, to certify the election results, to rule upon any and all disputes that may arise relating to member voting and the election of trustees (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of trustees), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

SECTION 3.07. Order of Business. The order of business at the annual meeting of the members and, insofar as practicable or

desirable, at all other meetings of the members shall be essentially as follows.

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

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

ARTICLE IV

TRUSTEES

SECTION 4.01. Number and General Powers. The Cooperative shall have a Board consisting of nine (9) trustees. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, all Cooperative powers must be exercised by the Board, or under the Board's authority; and all Cooperative affairs must be managed under the Board's direction.

SECTION 4.02. Qualifications. No person shall be eligible to become or remain a trustee of the Cooperative who is a close relative of an incumbent trustee or of an employee of the Cooperative; or is not a member in good standing of the Cooperative; or has not been receiving electric service therefrom at his primary residential abode over the seven consecutive years immediately preceding nomination for election to the board of trustees; or is employed by the Cooperative or was employed by the Cooperative at any time during the preceding five (5) years: No person shall be eligible to become or remain a trustee of or to hold any other position of trust in the Cooperative who does not have the legal capacity to enter into a binding contract; or is in any way employed by or financially interested in a directly and substantially competing

enterprise, or a business selling electric energy or supplies to the Cooperative, or possessing a conflict of interest with the Cooperative. No person shall be eligible to become a trustee if he/she has ever been convicted of a felony or pled nolo contendere to a felony charge. Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent trustee shall lose eligibility to remain a trustee or to be re-elected as a trustee if he becomes a close relative of another incumbent trustee or of a Cooperative employee because of a marriage to which he was not a party. Upon establishment of the fact that a nominee for trustee lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Chairman of the Credentials and Election Committee to disqualify such nominee at such meeting which such nominee would otherwise be voted upon. Upon the establishment of the fact that any person being considered for, or already holding, a trusteeship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Trustees to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the trustees have an interest adverse to that of the Cooperative.

SECTION 4.03. Election. At each annual meeting of the members, trustees shall be elected by secret written ballot by the members and, except as provided in the first proviso of Section 4.02 of these Bylaws, from among those members who are natural persons: PROVIDED, that, when the number of nominees does not exceed the number of trustees to be elected from a particular Trustee Force, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Trustees shall be elected by a majority of the votes cast.

SECTION 4.04. Tenure. Trustees shall be divided into three (3) classes. Trustees shall be so nominated and elected that one trustee from or with respect to each of Trustee Districts Nos. 1, 2 and 3 shall be elected for three-year terms at next succeeding annual member meeting; and one trustee from or with respect to each of Trustee Districts Nos. 1, 2 and 3 shall be elected for three-year terms at next succeeding annual member meeting, and so forth: PROVIDED, that the terms of no two trustees from the same

Trustee District shall coincide. Upon their election, trustees shall, subject to the provisions of these Bylaws with respect to the removal of trustees, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of trustees shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose trusteeships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.05. Trustee Districts. The territory served by the Cooperative shall be divided into 3 Trustee Districts. Each district shall be represented by the number of Trustees, and the districts as described as follows:

Trustee District No.	Description	Number of Trustees
One	As shown on Designated Map	3
Two	As shown on Designated Map	3
Three	As shown on Designated Map	3

Notwithstanding the foregoing number of Districts, District description and number of District trustees presently provided for in this section and in other section of this Article IV, every year the Board of Trustees, not less than ninety (90) days prior to the first date on which the annual member meeting may be scheduled pursuant to these Bylaws to be held, shall review the District and trustees. If the Board determines that the boundaries or number of Districts should be altered or that the number of District trustees should be increased or reduced, so as to correct any substantially inequitable factors regarding the residences of members, the number or geographic location of Districts or the number of District trustees, the Board shall amend these Bylaws accordingly and may, after such amendments become effective, appoint any additional trustees provided for by such amendments, and may fix their respective initial terms, not to exceed three (3) years. The Board of Trustees shall cause all such amendments and the names, addresses, and initial terms of any such newly appointed additional trustees to be noticed in writing the members not less than ten (10) days prior to the date on which the Committee on Nominations for the next annual member meeting shall first convene, and shall

also, in timely advance of such Committee meeting, inform the members of the names, addresses and telephone numbers of the members of the Nominating Committee and of the date, hour and place of that Committee's first meeting.

From and after the date of the notice of amendments, these Bylaws shall have been effectively amended accordingly, except that such Districts and/or the number of District trustees may also be changed by amendment of these Bylaws by the members from time to time: PROVIDED, that any change so made by action of the Board shall be in full force and effect until at least the completion of the election of trustees at the annual meeting of the members first thereafter held; AND PROVIDED FURTHER, that no such amendment by the Board shall become effective so as to cause the vacancy of any trustee's office prior to the time his term would normally expire, unless he consents thereto in writing.

SECTION 4.06. Nominations. It shall be the duty of the Board of Trustees to appoint, not less than ninety (90) nor more than one hundred twenty (120) days prior to the date of a meeting of the members at which trustees are to be elected, a Committee on Nominations, consisting of not less than five (5) nor more than eleven (11) members of the Cooperative who are not existing Cooperative employees, agents, officers, trustees or known candidates for trustees, who are not close relatives or members of the same household thereof, and who are so selected that each of the Cooperative's Trustee Districts shall have representation thereon in proportion to the number of authorized trustees from or with respect to such District. The Committee shall prepare and post at the principal office of the Cooperative at least thirty (30) days prior to the meeting a list of nominations for trustees to be elected, listing separately the nominee(s) for each Trustee District from or with respect to which a trustee must, pursuant to this Article, be elected at the meeting. The Committee may include as many nominees for any trustee to be elected from or with respect to any Trustee District as it deems desirable. Any 50 signatures of the members residing in the District for which a candidate is to be nominated, acting together, may make an additional nomination in writing over their signatures, listing their nominee in like manner, not less than one hundred twenty days (120) days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. To be qualified by the Credentials and Election Committee as valid, each petition must be submitted on an official Cooperative Nomination Petition Form. Said form must be completed and have permanently affixed the name and member account number of the person being nominated as a candidate for election. Furthermore,

each page of the petition must, in the forepart thereof, state the name(s), member account number, and address(es) of the member(s) signing such petition. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state signatory's address as the same appears on such billings. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least (10) days prior to the date of the meeting, a statement of the names and addresses of all nominee(s) for each Trustee District from or with respect to which one or more trustees must be elected, showing clearly those nominated by the Committee and those nominated by petition, if any. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Trustees after the election of trustees. The Cooperative has always been dedicated to area wide service with trustees to represent all areas of its operations. The Board may set up Districts of Board representation to further this purpose and in such manner that each trustee will represent an area approximately equal in size and membership and succeeding nominees must come from such assigned area.

SECTION 4.07. Voting for Trustees; Validity of Board Action. In the election of trustees, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of trustees to be elected, but no member may vote for more nominees than the number of trustees that are to be elected from or with respect to any particular Trustee District. Ballots marked in violation of the foregoing restriction with respect to one or more Trustee Districts shall be invalid and shall not be counted with respect to such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Trustees after the election of trustees.

SECTION 4.08. Removal of Trustees by Members. Any member may bring one or more charges for cause against any one or more trustees and may request the removal of such trustee(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten (10%) percent of the then-total members of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more trustees are recalled, to elect their successor(s), and which specifies the place, time and date thereof not sooner than thirty-

five (35) days after the filing of such petition or requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held not sooner than thirty-five (35) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the trustee(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the trustee(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same trustee(s). Such trustee(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such trustee(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance the foregoing provisions with respect to nominations, except that nominations shall be made from the floor; PROVIDED, that the question of the removal of a trustee shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected trustee shall be from or with respect to the same Trustee District as was the trustee whose office he succeeds and shall serve the unexpired portion of the removed trustee's term.

SECTION 4.09. 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 the majority of the members present and voting. In the event the membership refuses to vote to remove the Trustee, he or she must be reinstated immediately with all of the powers of his or her office and continue to serve for the remainder of his or her term. Cause for suspension or removal of a Trustee means failure to meet the qualifications established by these ByLaws, fraudulent or dishonest acts or a gross abuse of authority in the discharge of duties to the Cooperative. It must be established after written notice of specific charges and opportunity to meet and refute those charges.

SECTION 4.10. Vacancies. Subject to the provisions of these Bylaws with respect to the filing of vacancies caused by the removal of trustees by the members, a vacancy occurring in the Board of Trustees shall be filled by an affirmative vote of majority of remaining Board of Trustees. A trustee thus elected shall serve out the unexpired term of the trustee whose office was originally vacated and until a successor is elected and qualified: PROVIDED, that such a trustee shall be from or with respect to the same Trustee District as was the trustee whose office was vacated.

SECTION 4.11. Compensation; Expenses. Trustee shall, as determined by resolution of the Board of Trustees, receive, on a per diem basis, a fixed fee, which may include insurance benefits, for attending meetings of the Board of Trustees, and, when such has had the prior approval of the Board of Trustees, for the performance of other Cooperative business. Trustees shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in performing their duties. No close relative of a trustee shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or the service of such trustee is temporary and shall be specifically authorized by a vote of the members upon their resolved determination that such was an emergency measure: PROVIDED, that a trustee who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Trustees; AND PROVIDED FURTHER, that an employee shall not lose eligibility to continue in the employment of the Cooperative if he becomes a close relative of a director because of a marriage to which he was not a party.

SECTION 4.12. Rules, Regulations, Rate Schedules and Contracts. The Board of Trustees shall have power to make adopt, amend, abolish and promulgate such rules, regulations, rate clas-

sifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.13. Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.14. Subscription to Cooperative's Newsletter; Subscription to Statewide Publication. For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Trustees shall be empowered on behalf of and for circulation to the members periodically, to subscribe to the statewide publication, "South Carolina Living."

SECTION 4.15. "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, or uncle of the principal.

ARTICLE V MEETINGS OF TRUSTEES

SECTION 5.01. Regular Meetings. A regular meeting of the Board of Trustees shall be held, without notice, immediately after adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the Board of Trustees shall also be held monthly at such date, time and place in one of the counties in South Carolina within which the Cooperative serves as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED that any trustee absent from any

meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER that, if a policy therefore is established by the Board, the Chairman may change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days' notice thereof to all trustees.

SECTION 5.02. Special Meetings. A special meeting of the of Board of Trustees may be called by the Board of Trustees, by the Chairman or by any three (3) trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The Board, the Chairman, or the trustees calling the meeting shall fix the date, time and place for the meeting, which shall be held in one (1) of the counties in South Carolina within which the Cooperative serves, unless all trustees consent to its being held in some other place in South Carolina or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the trustees at the time of such a telephone conference meeting, if all the trustees consent thereto.

SECTION 5.03. Notice of Trustees Meetings. Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board, and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each trustee not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any trustee in the case of a meeting whose date, time and place have already been fixed by the Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a trustee at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of anyone or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04. Quorum. The presence in person of a majority of the trustees in office shall be required for the transaction of business and the affirmative votes of a majority of the trustees

present and voting shall be required for any action to be taken: PROVIDED that a trustee who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of trustees in office or present; AND PROVIDED FURTHER that, if less than a quorum be present at a meeting, a majority of the trustees present may adjourn the meeting from time to time, but shall cause the absent trustees to be duly and timely notified of the date, time and place of such adjourned meeting. EXCEPT AS OTHERWISE PROVIDED BY LAW PROVIDED that when the Board considers a sale, lease, lease-sale exchange, transfer, dissolution or other disposition of all or substantially all of the Cooperative's assets approval must be by two thirds (2/3) of the members of the Board of Trustees.

ARTICLE VI

OFFICERS: MISCELLANEOUS

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

SECTION 6.02. Election and Term of Office. The four (4) officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Trustees at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of trustees and to the removal of officers by the Board of Trustees. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Trustees may from time to time deem advisable.

SECTION 6.03. Removal. Any officer, agent or employee elected or appointed by the Board of Trustees may be removed by the Board whenever in its judgement the best interests of the Cooperative will thereby be served.

SECTION 6.04. Vacancies. A vacancy in any office elected or appointed by the Board of Trustees shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05. Chairman. The Chairman shall—

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

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

SECTION 6.07. Secretary. The Secretary shall—

- (a) keep or cause to be kept, the minutes of meetings of the members and of the Board of Trustees in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal is affixed to all certificates of membership prior to the issue thereof and to all document the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or is required by law;
- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative, by such member;
- (e) sign, with the Chairman, certificates of membership the issue of which shall have been authorized by resolution of the Board of Trustees;

- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the Cooperatives Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents of all amendments thereto upon request to any member; and
- (h) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 6.08. Treasurer. The Treasurer shall—

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board of Trustees by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular and routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not trustees. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities, and authorities.

SECTION 6.10. President; Chief Executive Officer. The Board of Trustees may appoint a President, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Chief Executive Officer. Such officer shall perform such duties as the Board of Trustees may from time to time require and shall have such authority as the Board of Trustees may from time to time vest in him.

SECTION 6.11. Bonds. The Board of Trustees shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12. Compensation; Indemnification. The compensation, if any, of any officer, agent or employee who is also a trustee or close relative of a trustee shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed, or a plan therefor approved by the Board of Trustees. The Cooperative shall indemnify present and former trustees, officers, including the President (or, if so titled, the Chief Executive Officer) agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgements in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

SECTION 6.13. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. Contracts. Except as otherwise provided by law or these Bylaws, the Board of Trustees may authorize any Cooperative officer, agent or employee to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 7.02. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative,

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

SECTION 7.03. Deposits; Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Trustees may select.

ARTICLE VIII

MEMBERSHIP CERTIFICATES

SECTION 8.01. Certificate of Membership. Membership in the Cooperative may, if the Board so resolves be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the Board, shall be signed by the Chairman and by the Secretary, and the seal shall be affixed thereto: PROVIDED, that the seal and the signatures of the Chairman and the Secretary may be imprinted thereon by facsimile.

SECTION 8.02. Issue of Membership Certificates. No membership certificate shall be issued for less than the membership fee fixed by the Board of Trustees nor until such membership fee, any required service security deposits, facilities extension deposits, service connection fees, or contributions in aid of construction have been fully paid.

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

ARTICLE IX

NON-PROFIT OPERATION

SECTION 9.01. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 9.02. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In

order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative shall provide for patronage capital contributions, allocations, and retirements in the manner provided for by S.C. Code #33-49-460.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative.

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.

SECTION 9.03. Patronage Refunds in Connection with Furnishing Other Services. In the event the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Trustees shall determine.

SECTION 9.04. Unclaimed Membership Fee and/or Deposits-Unclaimed Patronage Capital. Unclaimed property will be administered in the manner prescribed by South Carolina law. The Cooperative may regularly impose a reasonable administrative fee for each year an owner fails to claim property held by the Cooperative. Should any patronage capital retired by the Board remain unclaimed, the Board may elect to use the retired but unclaimed patronage capital amount for any purpose allowed by law.

ARTICLE X

WAIVER OF NOTICE

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

ARTICLE XI

DISPOSITION AND PLEDGING OF PROPERTY: DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 11.01. Disposition and Pledging of Property.

(a) Not inconsistently with S. C. Code Ann. 33-49-260 and 33-49-270 and subsection (b) hereof, the Cooperative may authorize the sale, lease, lease-sale, exchange, transfer dissolution or other disposition of all or substantially all of the Cooperative's properties and assets only upon the affirmative votes of two-thirds of the then-total members of the Cooperative at a duly held meeting of the members. However, the Board of Trustees shall have full power and authority (1) to borrow monies from any source and in such amounts as the Board may from time to time determine, (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefor; and (3) to lease, lease-sell, exchange, transfer or otherwise dispose of merchandise, property no longer necessary or useful for the operation of the Cooperative, or less than substantially all of the Cooperative's properties and assets.

(b) Supplementary to the first sentence of the foregoing subsection (a) and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer dissolution or other disposition of all or substantially all of the Cooperative's properties and assets shall be authorized except in conformity with the following:

- (1) If the Board of Trustees looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer dissolution or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer dissolution or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be appointed by the Board of Trustees.
- (2) If the Board of Trustees, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the members, it shall first give Central Electric Power Cooperative and the Central System Compact (Compact) with the Central and other compact member cooperatives an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be

attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such electric cooperative shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall adopt a resolution recommending the sale and directing the submission of the proposal to a vote of the members at a duly held member meeting, and shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereof, which meeting shall be held not less nor more than twenty-five (25) days after the giving of notice thereof to the members: PROVIDED, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held not less nor more than twenty-five (25) days after the giving of notice of such meeting.
- (4) Any fifty (50) or more members, by so petitioning the Board not less than twenty (20) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer, dissolution or other disposition to one or more other electric cooperatives or commitment to make such disposition if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric cooperatives.

SECTION 11.02. Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Trustees, not inconsistently with the provisions of S. C. Stat. Ann. Section 33-49-1070 and of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority but on a

patronage basis among all persons who are or have been members of the Cooperative during the seven (7) years next preceding the date of filing of the certificate of dissolution: PROVIDED, HOWEVER, that, is in the judgement of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE XII

FISCAL YEAR

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

ARTICLE XIII

RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Trustees, of any committee provided for in these Bylaws and of any other committee of the members of Board of Trustees which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

ARTICLE XIV

SEAL

The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, "Corporate Seal, South Carolina."

ARTICLE XV

AMENDMENTS

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

ARTICLE XVI

MEMBERSHIP IN OTHER ORGANIZATIONS

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 RUS, of any other corporation for the purpose of acquiring electric facilities.

STATEMENT OF NONDISCRIMINATION

Newberry Electric Cooperative, Inc. is 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 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 non-discrimination compliance efforts is G. Keith Avery, President and CEO. 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, DC 20250; or the Administrator, Rural Utilities Service, Washington, DC 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

