



**FAIRFIELD  
ELECTRIC  
COOPERATIVE, INC.**

Your Touchstone Energy® Partner 

# BYLAWS

Compiled through May 16, 2025

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**BYLAWS**  
**of**  
**FAIRFIELD ELECTRIC COOPERATIVE, INCORPORATED**

**ARTICLE I - MEMBERSHIP**

**Section 1.01. Eligibility**

- (a) Membership in the Fairfield Electric Cooperative, Inc. (hereinafter “Cooperative”) consists of natural members and organizational members.
- (b) Natural members are persons.
- (c) Organizational members are entities created or recognized by law such as associations, corporations, partnerships, business trusts, or political subdivisions or agencies of political subdivisions.
- (d) No natural or organizational member may hold more than one membership.
- (e) A person or entity is eligible to become a member of the Cooperative at any premises owned, occupied or used by the person or entity that receives electric service from the Cooperative at those premises.

**Section 1.02. Application for Membership; Renewal of Prior Application**

Application for membership - whereby the applicant agrees to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and Bylaws, and all rules, regulations and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations") shall be made in writing on such form as is provided therefore by the Cooperative, or shall be made in such manner as provided by the Cooperative as approved by the Board of Trustees, hereafter known as “the Board.” With respect to any particular classification of service for which the Board shall require it, such application shall be accompanied by a supplemental contract executed by the applicant on such form as is provided therefore by the Cooperative or such application shall be accompanied by a supplemental contract agreed to and binding on the applicant on such form or in such manner as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit,

contribution in aid of construction or executed supplemental contract 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 not approved. Any former member of the Cooperative may, by the act of paying a new membership fee and any outstanding account, plus accrued interest, at the South Carolina legal rate on judgments in effect when such account first became overdue, compounded annually, (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. For members with multiple accounts, the membership voting district assignment will correlate to the account which has the membership fee associated with it and shall be deemed the residence of the member.

### **Section 1.03. Membership Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction**

The membership fee shall be established from time-to-time by the Board. The membership fee (together with any service security deposit, service connection deposit or fee, facilities extension deposit, contribution in aid-to-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, a contribution in aid-to-construction or any combination thereof, if required by the Cooperative) shall be paid by the member for each additional service connection requested by the member.

### **Section 1.04. Joint Membership**

- (a) A husband and wife, or other legally recognized domestic partner, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, convert such membership into a joint membership. The words "member," "applicant," "person," "his" and "him," as used in these Bylaws shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally, and jointly to them. Without limiting the generality of the foregoing - the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote; notice to, or waiver of notice signed or otherwise effected by, either or both shall constitute, respectively, a joint notice or waiver of notice;

- (c) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (d) each, but not both concurrently, shall be eligible to serve as an officer or Trustee of the Cooperative but only if both meet the qualifications required therefore; and
- (e) neither will be permitted to have any additional service connections except through their one joint membership.

#### **Section 1.05. Acceptance into Membership**

Upon complying with the requirements set forth in Section 1.02, any applicant shall by Board resolution, be accepted into membership, and become eligible to receive electric service from the Cooperative, unless the Board shall determine that such applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be rejected for other good cause.

Provided, that any applicant whose application for sixty (60) days or longer, has been submitted to but not approved by the Board may, by filing written request with the Cooperative at least thirty (30) days prior to the next meeting of the members, have the application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be present and be heard.

#### **Section 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts**

The Cooperative shall use its best efforts to furnish its members with adequate and dependable electric service, although it cannot and does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by the member, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board may in writing waive such requirement and shall pay therefore at the time, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board, and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be established from time-to-time by the Cooperative. Each member shall also pay all other amounts owed by

him to the Cooperative as and when the same shall become due and payable. When the member has more than one service connection from the Cooperative, any payment for service to the member by the Cooperative shall be deemed to be allocated and credited on a pro rata basis to the member's outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

**Section 1.07. Excess Payments to be Credited as Member-Furnished Capital**

All amounts paid for electric service in excess of the costs thereof are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article VIII of these Bylaws.

**Section 1.08. Wiring of Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification**

Each member shall cause all premises receiving electric service to become and to remain wired in accordance with the specifications of the National Electrical Code, any applicable state code or local government ordinances, and of the Cooperative.

Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration of such service, each member shall be the Cooperative's bailee of such facilities, and shall desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use the member's best efforts to prevent others from so doing. 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 could have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including, but not limited to, the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from malfunctioning of its metering equipment, or any error

occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative extend beyond the point of delivery.

**Section 1.09. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs**

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

**Section 1.10. Law and Articles**

These Bylaws are subject to law and the Articles of Incorporation of the Cooperative, hereafter known as the "Articles." If, and to the extent that, a Bylaw conflicts with law or the Articles, then law or Articles control. "Law" includes applicable local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial.

**ARTICLE II - MEMBERSHIP SUSPENSION AND TERMINATION**

**Section 2.01. Suspension; Reinstatement**

Membership in the Cooperative will be suspended automatically upon the member's failure to pay the amounts due the Cooperative, or upon the failure to cease any noncompliance with the obligations of membership following the expiration of a period for payment or compliance specified in a notice to the member or contained in the Cooperative's rules and regulations.

- (a) Electrical service will not be provided to a suspended member.
- (b) Payment of all amounts due the Cooperative, including any additional charges required for reinstatement and demonstration of compliance with membership obligations will result in an automatic reinstatement of membership which will thereafter cause the member to be eligible to receive electric service from the Cooperative.
- (c) No suspended member shall be eligible to vote in any election or other matter submitted to members for a vote.

## **Section 2.02. Termination by Expulsion; Renewed Membership**

- (a) In the event a membership is not automatically reinstated as provided in Section 2.01, the Board may, by resolution, expel the member; provided that a member may appeal the expulsion and request a hearing before the Board to contest an expulsion.
- (b) A member expelled from membership by the Board may appeal the expulsion at the next meeting of the members of the Cooperative.
  - (i) Notice of an appeal must be delivered in writing to the principal business office of the Cooperative not less than thirty (30) days prior to the next meeting of members.
  - (ii) The notice of appeal must be placed on the agenda for the next meeting of members, and the members may vote to sustain the expulsion or overrule the expulsion.
  - (iii) The member expelled may attend the meeting of members, make argument and offer evidence in support of the appeal.
  - (iv) At the meeting of members the Cooperative may make argument and offer evidence in support of the expulsion.
  - (v) The decision of the members shall be by a majority of those voting, and the decision of the members is final.
- (c) In the event the members overrule the expulsion, membership will be reinstated retroactively to the date of expulsion.
- (d) In the event the expulsion is sustained, the expelled member may not again become a member except upon a new application approved as provided for in Section 1.05.
- (e) In the event an expelled member shall apply for a subsequent membership, the Board may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to obtain the applicant's compliance with membership obligations.

## **Section 2.03. Termination by Withdrawal or Resignation**

A member may withdraw from membership upon such generally applicable conditions as the Board shall prescribe and upon either (a) ceasing to (or, with the approval of the Board, 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 specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

#### **Section 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners**

- (a) The death of an individual natural member automatically terminates that membership.
- (b) The cessation of the legal existence of an organizational member automatically terminates that membership.
- (c) If the organizational member is a partnership, its membership shall continue following the death or withdrawal of a partner or addition of a new partner provided the other conditions for membership continue to be satisfied. Neither the withdrawing partner nor the estate of a deceased partner will be released from any debt or obligation owed to the Cooperative.

#### **Section 2.05. Effect of Termination**

- (a) Upon the termination of membership, the member shall be entitled to receive a refund of the membership fee and any security deposit that has been paid less any amount due the Cooperative.
- (b) Termination of membership does not release the terminated member from any debt or obligation due the Cooperative.

#### **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 to occupy, control or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint; provided, that the other spouse shall not be released from any debts due the Cooperative.

#### **Section 2.07. Board Acknowledgment of Membership Termination; Acceptance of Members Retroactively**

Upon the termination of a person's membership for any reason, the Board, as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such member upon discovery that the Cooperative has been furnishing electric service to any property other than that owned by a member, it shall cease

furnishing such service unless the owner or occupier of the property receiving service applies for, and the Board approves, membership retroactively to the date on which the property first began receiving service, in which event, the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

### **ARTICLE III - MEETINGS OF MEMBERS**

#### **Section 3.01. Annual Meeting**

For the purpose 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 during May, June, July, or August of each year at such place in one of the counties, in South Carolina within which the Cooperative serves on such date and beginning at such hour as the Board shall from year to year fix.

The annual meeting may be conducted with members present or electronically without members present as the board may determine appropriate. In the event the meeting is conducted electronically, the Board must make arrangements to enable members to observe the proceedings by means of generally available technology.

It shall be the responsibility of the Board to make adequate plans and preparations for and to encourage member attendance at the annual meeting. Failure to hold the annual meeting at the designated time and place shall not constitute a forfeiture or dissolution of the Cooperative.

#### **Section 3.02. Special Meetings**

A special meeting of the members may be called by the Board, by the President, by any three (3) Trustees or upon the written petition of not less than ten percent (10%) of the members. It shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held in one of the counties in South Carolina within which the Cooperative serves, on such date, not sooner than sixty (60) days after the call for such meeting is made or a petition therefore is filed, and beginning at such hour as shall have been designated by him or those calling or petitioning for the same.

A special meeting may be conducted with members present or electronically without members present as the Board may determine. In the event the meeting is conducted electronically, the Board must make arrangements to enable members to observe the proceedings by means of generally available technology.

### **Section 3.03. Notice of Member Meetings**

In the event a special meeting, or an annual meeting is held where special business is to be transacted, a written or printed notice, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the person(s) calling the meeting shall be delivered personally or by mail to all members stating the place, day, time, and purpose(s) for which the meeting is called. If an election is to be held at the meeting this notice shall be transmitted to each member not less than thirty (30) days nor more than forty-five (45) days in advance of the meeting. If no election is to be held at the meeting, this notice shall be transmitted to each member not less than ten (10) days nor more than forty-five (45) days in advance of the meeting.

No item of business which requires the approval of members by at least a vote of the majority in attendance may be acted upon unless the notice of the meeting provides notice of the item of business to be brought before the members.

Any notice required to be provided under these Bylaws shall be deemed delivered to the member when deposited in the United States mail with postage paid and addressed to the member's address as it appears on the records of the Cooperative.

In the event a meeting is to be conducted electronically, the notice of the meeting must state the means by which members may observe the proceedings by utilizing generally available technology.

The failure of any member to receive notice of a meeting does not invalidate any action taken by members at a meeting.

### **Section 3.04. Quorum**

At least five percent (5%) of the members of the Cooperative shall be required and registered to constitute a quorum for the transaction of business at any meeting of the members. A ballot cast by a member at an early voting site shall be counted to determine the existence of a quorum at the meeting. In the absence of a quorum, a majority of those attending in person or electronically may adjourn the meeting to another time and date, to be no sooner than sixty (60) days later, and to any place in one of the counties in South Carolina within which the Cooperative serves; provided, 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, regardless of the existence of a quorum, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those who were registered.

### **Section 3.05. Voting**

- (a) Each registered member in good standing shall be entitled to one vote upon each matter submitted to the members.
- (b) Voting by organizational members at a member meeting shall be allowed upon providing an authorized Delegate Form as prescribed by the Board to the Cooperative prior to registration. Only an authorized designee of the organizational member shall register and cast votes at member meetings. 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, the Articles or these Bylaws. Members may not cumulate their votes or vote by proxy or by mail.
- (c) When at least one of the elections for trustee is contested, the Board must provide a method by which members may cast a ballot in the election for trustee on a day other than, and in advance of, the date of the annual meeting.
  - (i) The Board may provide for multiple polling sites in the Cooperative's service territory.
  - (ii) Polling places must remain open for voting between the hours of 7:00 a.m. and 7:00 p.m.
  - (iii) Polling places should be configured to accommodate voting by members who are elderly, disabled or infirm.
  - (iv) The dates of operation and the locations for each polling place must be included in the notice of any meeting.
  - (v) A member casting a ballot at an early voting site will be counted for purposes of determining a quorum at a meeting.
- (d) The Board may enter into a contract with an election department of a county within the Cooperative's service area to conduct voting at any meeting.
- (e) The Board may provide for advance voting for meetings other than those in which there is a contested trustee election.

### **Section 3.06. Credentials and Election Committee**

#### **Section 3.06.1 Creation and Membership**

The Board shall, at least ten (10) days in advance of any meeting of members, appoint a Credentials and Election Committee.

- (a) The committee must have an uneven number of members between, five (5) and nineteen (19).
  - (i) To be eligible for appointment to this committee, the person may not be a current Cooperative employee, agent, officer, trustee, one who intends to run for trustee or a member of the household or family member of these persons.
  - (ii) Family members as used in this section are defined in Section 4.14.
- (b) Any trustee seeking re-election may not seek to influence the appointment of any member of this committee or its decisions.
- (c) In appointing members to this committee. The Board shall take into consideration the demographics and the communities in the service area.

### **Section 3.06.2 Operation of Committee**

- (a) The members of the committee shall select one of its members to chair the committee and preside at all meetings of the committee.
- (b) The members of the committee shall select one of its members as secretary to maintain records of the committee and its proceedings.
- (c) The Cooperative will provide facilities and personnel, including counsel if requested, to support the work of the committee.

### **Section 3.06.3 Meetings of Committee**

- (a) Meetings may be called by the chair by providing not less than forty-eight (48) hours advance notice to all members of the committee stating the date, time, and place of the meeting.
- (b) The notice must be provided to the office of the Chief Executive Officer of the Cooperative so that it can be posted at the Cooperative's principal place of business and on the Cooperative's website.
- (c) The chair shall include in the notice the agenda for the meeting.
- (d) A meeting may be convened only if a majority of the committee is present either in person or electronically.

### **Section 3.06.4 Jurisdiction of Committee**

- (a) In advance of any member meeting the committee may, subsequent to review of procedures and documents proposed by the Board make to the Board recommendations regarding registration procedures and the form of ballots to be used in conjunction with any member meeting.

- (b) At the close of any member meeting at which elections are conducted or questions are presented to members by ballot, the committee must meet in public to count the ballots and prepare an accounting of ballots cast.
- (c) A challenge to any ballot or any member casting a ballot must be filed in writing at the principal place of business of the Cooperative within three (3) days following the adjournment of the member meeting.
- (d) In the event any member shall file a challenge in accordance with the procedures established herein to any ballot or any person casting a ballot, the committee shall convene at the call of the chair not more than seven (7) days following the filing of a challenge to hear and rule upon the challenge.
- (e) The member filing the challenge may present evidence in support of the challenge in person, via counsel, or in writing. Any person opposing the challenge must be heard, and may present evidence in person, via counsel, or in writing.
- (f) Within a reasonable time, but not more than thirty (30) days following the hearing, the committee shall render its decision in writing.
  - (i) The committee may sustain or reject the challenge upon a majority vote of those committee members in attendance at the hearing.
  - (ii) In the event a challenge is sustained, the committee must then make a determination as to the effect the challenged action or ballot had on the outcome of the election or question before the member meeting.
  - (iii) If in the judgment of the committee the sustained, challenged action had a substantial and material effect on the outcome of the election or question, the committee may revise the outcome to incorporate its ruling or direct that a new vote be conducted.
  - (iv) The decision of the committee is final, and no appeal may be taken.

### **Section 3.07. Order of Business for Member Meetings**

The President, or such other person as the members of the Board may designate, who presides at any meeting of members shall first declare such meeting be open and in session at the place, day, and hour established for such meeting, as stated in the notice of the meeting delivered to the members.

After opening the meeting, the order of Business at any annual meeting of the members and, so far as possible, at all other meetings of the members, shall be:

1. Registration of members
2. Voting to elect the Board members
3. Receive report from the Secretary on the number of members present and registered to determine the existence of a quorum.

4. Reading of the notice of the meeting and proof of due publication or mailing thereof, or the waiver of notice of the meeting, as the case may be.
5. Reading of unapproved minutes of previous meetings of the members and taking necessary action thereon.
6. Presentation and consideration of information and reports by officers, trustees, and committees.
7. Unfinished Business
8. New Business
9. Adjournment

The Board may from time-to-time establish a different order of business.

## **ARTICLE IV- TRUSTEES**

### **Section 4.01. Number and General Powers**

The business and affairs of the Cooperative shall be managed by a Board of Trustees consisting of eleven (11) members. The Board shall exercise all of the powers of the Cooperative except such as are by law, the Articles or these Bylaws conferred upon or reserved to the members. The Board may not appoint or elect any committee to exercise the authority of the Board with the exception of committees created by these Bylaws. The Board may appoint or elect from its own membership one or more committees, each consisting of at least two Trustees, for the purpose of serving in an advisory capacity to the Board.

### **Section 4.02. Qualifications**

Only natural members shall be eligible to become or remain a Board member of the Cooperative. No natural member who is a family member of an incumbent trustee or employee of the Cooperative, or does not receive electric service at the person's primary residence is eligible to be a Trustee. For purposes of this Section, the terms "primary residence" or "principal residence" shall be determined according to South Carolina voter registration law. As used in these Bylaws, "family member" or "close relative" means a member of a person's household, or one related by blood, marriage, legal relationship, or custom. No person shall be eligible to become or remain a Trustee of or hold any other position of trust in the Cooperative who is not at least eighteen (18) years of age. A Trustee may not have or had a personal or professional business relationship with the Electric Cooperative that is distinct from or in addition to the Trustee's mandatory Cooperative membership within six (6) years of the date on which the election is to be held. No person who is an employee or becomes an employee of an organization that generates or provides electrical services, an organization that provides tangible material to the Cooperative, performs maintenance or construction services to the Cooperative, or seeks to influence legislation or regulations relating to electrical power may become or remain a Trustee, with such period of disqualification continuing for nine (9) years following

the cessation of this employment. A Trustee may not be or may not have been employed by the Cooperative as a regular employee within the last nine (9) years of the current election or has been convicted, in a state or Federal Court of record, of a crime punishable by imprisonment of more than one (1) year and their civil rights have not been restored by pardon or amnesty. A person is deemed as being convicted if found guilty by a jury, judge or guilty plea, or entered a plea of nolo contendere, to any crime that could carry a penalty of more than one (1) year.

#### **Section 4.02.1 Challenge to Eligibility of Trustee or Candidate for Trustee**

- (a) The qualifications and eligibility of any nominee for trustee may be challenged by a member at the close of nominations.
  - (i) A challenge must be made in writing and filed with the Board or the Chief Executive Officer of the Cooperative in advance of the commencement of voting for the position of trustee.
  - (ii) If a challenge is filed, the Chairman, or at the Chairman's direction, the Board, must conduct a hearing at a special meeting to make a determination on the merits of the challenge.
  - (iii) At a hearing the member filing the challenge may present evidence in support of the challenge. The nominee whose eligibility is challenged may appear and present evidence in opposition to the challenge.
- (b) Should it be determined the nominee lacks eligibility under this section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Chairman, or the Board if the question has been deferred to the Board by the Chairman in advance of the commencement of voting for the position of trustee to disqualify the nominee.
- (c) Should it be determined that a person serving as a trustee or other position of trust in the Cooperative lacks eligibility under this section, it shall be the duty of the Board to withhold the position from the person, or cause the person to be removed therefrom.
- (d) Nothing in this section contained shall or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

#### **Section 4.03. Election**

In respect of each of the nine single-member voting districts, one (1) trustee shall be elected in each district by the voting members residing therein. At each annual meeting of the members or in voting conducted in advance of the

annual meeting, trustees shall be elected by secret ballot by the members residing in that trustee's voting district. The two District At Large trustees shall be elected by secret ballot by all of the members.

At each annual meeting of the members or in voting conducted in advance of the annual meeting, Trustees shall be elected by the members from among natural members and the designees of organizational members; provided, that, when there is no contest for the representation of a particular trustee position, secret balloting may be dispensed with.

If only one individual is nominated to run for election for a Trustee position scheduled for election by Members, then the individual presiding at the Member Meeting may announce that the nominated individual is elected by acclamation and no vote is required.

#### **Section 4.04. Tenure**

The persons named as Board members, 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 **2022**, Class "A" Board members, shall be elected by members of their district and shall serve a term of three (3) years or until their successors have been elected and qualified. The Class "A" Board members shall consist of four (4) members:

- one to be a resident of District 1;
- one to be a resident of District 2;
- one to be a resident of District 3; and
- one to be a District at Large member

At the Annual Meeting in 2023, Class "B" Board members shall be elected by members of their district and shall serve a term of three (3) years or until their successors have been elected and qualified. The Class "B" Board members shall consist of four (4) members:

- one to be a resident of District 4;
- one to be a resident of District 5;
- one to be a resident of District 6; and
- one to be a District at Large member

At the Annual Meeting in **2024**, Class "C" Board members shall be elected by members of their district and shall serve a term of three (3) years or until their successors have been elected and qualified. The Class "C" Board members shall consist of three (3) members:

- one to be a resident of District 7;
- one to be a resident of District 8; and

one to be a resident of District 9

Thereafter, at each annual meeting of the members, Directors shall be elected for three (3) year terms with respect to the directorships, which are expiring, and therefore will need to be filled at such meeting. 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 regular meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships 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 entire territory served by the Cooperative shall be divided by the Board of Trustees into nine (9) Trustee Districts to be implemented and used for trustee elections at the annual meeting of members beginning in 2022 known as: District 1, District 2, District 3, District 4, District 5, District 6, District 7, District 8, and District 9. The Districts at Large consists of the entire area served by the Cooperative.

District 1 will consist of the area served and designated as District 1 on the map of the service area served by the Cooperative;

District 2 will consist of the area served and designated as District 2 on the map of the service area served by the Cooperative;

District 3 will consist of the area served and designated as District 3 on the map of the service area served by the Cooperative;

District 4 will consist of the area served and designated as District 4 on the map of the service area served by the Cooperative;

District 5 will consist of the area served and designated as District 5 on the map of the service area served by the Cooperative;

District 6 will consist of the area served and designated as District 6 on the map of the service area served by the Cooperative;

District 7 will consist of the area served and designated as District 7 on the map of the service area served by the Cooperative;

District 8 will consist of the area served and designated as District 8 on the map of the service area served by the Cooperative; and

District 9 will consist of the area served and designated as District 9 on the map of the service area served by the Cooperative.

For specific reference as to the description and boundaries of each of the nine

(9) districts, reference is made to the map which bears the signed approval of the Board and filed in the office of the Chief Executive Officer of the Cooperative.

Trustee District descriptions, at every six (6) year intervals, the Board not less than one hundred twenty (120) days prior to the earliest date on which the annual member meeting may be scheduled by these Bylaws to be held, shall review and alter as necessary the Districts to adjust substantial inequitable factors regarding the residence of the members, the geographic locations, or other equitable considerations and shall change and re-describe one or more Districts accordingly, in which event, the map describing the boundaries of each of the Districts as re-described and bears the signed approval of the Board may be examined by any member in the office of the Chief Executive Officer of the Cooperative.

After such redefinition of the Districts, these Bylaws shall have been effectively amended accordingly, except that the areas embraced within such Districts may be changed by amendment of these Bylaws by the members from time-to-time in order to establish the most equitable and geographical representation of the Board; 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 directors at the annual meeting of the members first held in accordance with such changes effectuated by the Board; provided further that no such change, may take effect so as to compel the vacancy of any director's office prior to the time that director's term would normally expire.

#### **Section 4.06. Nominations for Trustees**

Nominations for Trustees to be elected shall be as follows:

##### **(a) Nomination by Committee on Nominations**

- (i) The Board must name a Committee on Nominations not less than ninety (90) or more than one hundred twenty (120) days before the date of the meeting of the members at which trustees are to be elected.
- (ii) The Committee on Nominations must have eleven (11) members of the Cooperative, none of whom may be an existing Cooperative employee, agent, officer, trustee or known candidate for trustee.
- (iii) An incumbent Trustee seeking re-election may not influence in any way or by any action the nomination process. An incumbent Trustee seeking re-election-must be recused from participation in appointing the Committee. Members from the district of an incumbent trustee seeking re-election must be selected without the input or participation of the incumbent trustee. No Trustee may appoint, direct, or cause a family member to become a member of the Committee. As used in these Bylaws, "family member" or "close relative" means a member of a person's household, or one related by blood, marriage, legal relationship, or custom.

- (iv) Nominating Committee members must be appointed so that each of the Cooperative's nine (9) Single Member Trustee Districts shall have at least one (1) and the District At Large shall have at least two (2) members on the Committee.
- (v) The Committee shall prepare and post at the principal office of the Cooperative at least sixty (60) days before the meeting of the members or for the same period in advance of the time established for early voting a list of nominations for trustees to be elected, listing separately the nominee or nominees with respect to each district from which a trustee is to be elected and listing any nominee or nominees for Trustee-at-Large to be elected.
- (vi) The Committee on Nominations may nominate more candidates than there are trustees to be elected, with the nomination specifying in which district or at-large seat the nomination is made.

**(b) Nomination by Petition of Members**

- (a) Members of the Cooperative, acting not less than sixty (60) days prior to the meeting of the members, or the commencement of early voting may make by petition additional nominations.
  - (i) A nominating petition must be signed by not fewer than one percent (1%) of the members of the Cooperative as determined by a census of members on the first business day of the calendar year in which the election is to be held.
  - (ii) The petition in addition to containing the signatures of the required number of members shall also contain the printed or typed name of the member and the address at which the member receives electrical service from the Cooperative.
- (b) Upon verification that the petition contains the requisite number of valid signatures of the members of the Cooperative and verification that the candidate is qualified as provided in Section 4.02 by the Chairman of the Board, or his designee, the candidate nominated by petition shall be added and listed as a nominee.
- (c) The Chairman of the Board, or his designee, shall add and list a candidate nominated by petition upon:
  - (i) Verification that the petition contains the requisite number of valid signatures one percent (1%) or more of the members of the Cooperative and
  - (ii) Verification that the candidate meets the qualifications provided in Section 4.02.

(iii) The Board of Trustees shall by policy, adopt a process allowing petition signatures to be collected electronically.

(iv) A nominating petition must designate what trustee district the nomination is made for or if the nomination is for an “at large” district nomination. The petition must contain a statement indicating that the member signing the petition is in support of the nomination.

(v) Any person signing on behalf of an organizational member must demonstrate the authority as the person to sign on behalf of the organizational member.

**(c) Information for Background Check and Potential Conflicts of Interest**

A person seeking nomination for a trustee position must submit to the Board, not less than ten (10) days of the meeting of the Nominating Committee, whether through the Nominations Committee or by petition information sufficient to enable a back ground check to be conducted and any information relating to the person’s eligibility to serve as a Trustee.

**(d) Notification of Members of Nominee or Nominees**

The Chief Executive Officer of the Cooperative shall mail to the members with the notice of the member meeting, or separately, but at least ten (10) days before the date of the member meeting or the commencement of early voting for the meeting, a statement listing the name and address of each nominee.

(i) The statement must identify those candidates nominated by the Committee on Nominations and those nominated by petition, if any.

(ii) The statement must identify the seat, whether district or at-large, for which the nomination is made.

**(e) Statement of Economic Interests**

Each person at the time of submitting a notice of, or application for candidacy for a seat on the Board of Directors must file with the office of the cooperative a statement of economic interests utilizing a form prescribed by the Board of Directors. The information required to be submitted must include:

(i) Name, address, and telephone number of filer; Source (salary, wages, dividends, and the like) of income received by the filer and by any member of the filer’s immediate family for the twelve

(12) month period preceding filing;

- (ii) Description, value, and location of any real property owned by the filer or a member of the filer's immediate family (1);
- (iii) Name and address of each organization which paid for or reimbursed any expenses of the filer during the twelve (12) months preceding filing; and,
- (iv) A statement signed by the filer acknowledging that the filing is complete and accurate, and that the filer understands and agrees that the information may be disclosed to a member of the Cooperative.

**(f) Campaign practices**

- (i) No person who is a candidate for a seat on the Board of Directors may accept any contribution from any person or entity having or seeking a personal or business relationship with the Cooperative;
- (ii) No person who is a candidate for a seat on the Board of Directors may accept any contribution having a value in excess of \$25.00 from any individual or entity;
- (iii) Each person who is a candidate for a seat on the Board of Directors must file with the Cooperative one (1) week prior to the date on which voting commences and within thirty (30) days following the close of, voting a report disclosing the name and address of each person or entity making a contribution to the candidate's campaign, and the type and value of any contribution;
- (iv) The only expenditures permitted by or on behalf of a candidate are for the printing and distribution of campaign literature, signs promoting a candidate, media advertisement, and favors for voters, such as candy or snacks at a polling location, provided that the value of any favor given to a voter may not exceed \$5.00, and
- (v) The disclosure of campaign contributions and expenditures filed by a candidate must include a statement signed by the candidate acknowledging that the disclosures are complete and accurate, and that the candidate understands and agrees that the information in the disclosure may be made available to members of the Cooperative.

**The statement**

**Section 4.07. Election of Board Members**

The Secretary shall be responsible for providing ballots which may include electronic balloting to be used in the election of the Board members at each annual meeting of the members. The ballots shall list only the names of those candidates who were duly nominated either by the Nominating Committee or nominated by Petition.

Each member of the Cooperative who registers at an annual meeting of the members within a minimum of four (4) hours after the opening of the meeting or appears at an early voting site during the hours of operation of the early voting site shall be entitled to vote for one candidate from the member's voting district and District At Large (when applicable), at the meeting. Each member shall cast his votes by marking his ballot. At any annual meeting of the members at which the total number of members registering at such meeting or voting at an early voting site should equal or exceed the number of members required for a quorum, as defined by these Bylaws, then the election of Board members held at that meeting shall be valid and the candidate from each district, or District at Large, 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 four (4) hours after the opening of such meeting or cast a ballot at an early voting site should be fewer than the number of members required for a quorum as defined by these Bylaws, then all votes cast at such meeting shall be void and no members shall be elected at the meeting. No Board members shall be elected at any meeting of the members unless the number of members sufficient to constitute a quorum, as defined by these Bylaws, shall be registered at such meeting or shall have cast a ballot at an early voting site.

#### **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 the petition signed by not less than ten percent (10%) of the total membership of the Cooperative, which petition calls for a special member meeting thereon and specifies the place, time and date thereof not less than sixty (60) nor more than sixty-five (65) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than sixty (60) nor more than ninety (90) 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), and 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 and of the member(s) filing the charge(s) 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 only twenty (20) of the names (in alphabetical order) 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 charges after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) is (are) to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel, or by any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such trustee(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor.

Provided, that the question of 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.

#### **Section 4.09. Vacancies**

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring on the Board must be filled by the membership at the next annual meeting for the remainder of the unexpired term. However, if the vacancy occurs more than six (6) months from the next annual meeting, incumbent members of the Board may choose an interim trustee to serve until the next annual meeting. At the next annual meeting, the interim trustee may be a candidate for the remainder of the unexpired term. Any interim trustee chosen by the Board must meet the qualifications for board members established by the Bylaws. An interim trustee may not be a family member or close relative to an incumbent board member. As used in these Bylaws, "family member" or "close relative" means a member of a person's household, or one related by blood, marriage, legal relationship, or custom. Any interim trustee chosen by the Board must be from the same trustee District as the Trustee whose office was vacated.

#### **Section 4.10. Compensation; Expenses**

Trustees shall, as determined by a resolution of the Board, receive on a per diem basis a fixed fee, which may include insurance benefits, (a) for attending meetings of the Board and, when such has had prior approval of the Board (b) for the performance of other Cooperative business. Trustees shall also receive advancement or reimbursement of such travel and out-of-pocket expenses as are actually, necessarily, and reasonably incurred in attending such meetings and performing such business.

#### **Section 4.11. Rules, Regulations, Rate Schedules and Contracts**

The Board shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules and 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 4.12. Accounting System and Reports**

The Board shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting 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 4.13. Subscription to Cooperative's Newsletter or Magazine**

For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy and governance and operation of the cooperative, the Board is authorized, on behalf of and for circulation to the members and patrons periodically, to subscribe to Cooperative's newsletter, if any, and at the Board's discretion to subscribe to and communicate by magazine or newsletter subscription to its members and patrons.

#### **Section 4.14. "Family Member" Defined**

As used in these Bylaws, "family member" or "close relative" means a member of a person's household, or one related by blood, marriage, legal relationship or custom.

### **ARTICLE V - MEETINGS OF TRUSTEES**

#### **Section 5.01. Regular Meetings**

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

### **Section 5.02. 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 provided in Section 5.04. The President or the Trustees calling the meeting shall fix the time and place.

### **Section 5.03 Emergency Meetings**

Emergency meetings of the Board may be called when appropriate to deal with extraordinary circumstances, but at an emergency meeting the Board may not make decisions regarding rates, fees, charges, composition of the Board or compensation for members of the Board.

### **Section 5.04. Notice of Trustee Meetings**

Written notice of the time, location, and purpose of a nonemergency meeting of the Board shall be posted on the Cooperative's website and at the Cooperative's principal place of business in a manner that is accessible and visible to members at least ten (10) days in advance of the meeting. Written notice of emergency meetings of the Board must be posted at a location accessible and visible to the Cooperative membership on the Cooperative's website and at the Cooperative's principal place of business at least twenty-four (24) hours before the meeting. Notice of an emergency meeting must be provided to members of the Board in a manner calculated to provide actual notice of the meeting as soon as is practicable, but not less than twenty-four (24) hours in advance of the emergency meeting.

### **Section 5.04. Quorum**

The presence in person of a majority of Trustees in office shall be required for the transaction of business, and the affirmative votes of at least 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; 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 absent Trustees to be duly and timely notified of the time, date and place of such adjourned meeting.

## **ARTICLE VI – OFFICERS, MISCELLANEOUS**

### **Section 6.01. Number and Title**

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

### **Section 6.02. Election and Term of Office**

The officers named in Section 6.01 shall be elected by secret, written ballot, annually and without prior nomination, by and from the Board at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, 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 duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of the Trustees by the members and to the removal of officers by the Board. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board may from time-to-time deem advisable.

### **Section 6.03. Removal**

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

### **Section 6.04. Vacancies**

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

### **Section 6.05. President, also Known as Chairman**

The President, also known as Chairman, shall:

- a) preside at all meetings of the Board, and unless determined otherwise by the Board, at all meetings of the members;
- b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these ByLaws to some other officer, or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

- c) in general perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time-to-time.

#### **Section 6.06. Vice President, also known as Vice Chairman**

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

#### **Section 6.07. Secretary**

The Secretary shall:

- a) keep, or cause to be kept, the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;
- b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- c) be custodian of the corporate records and of the seal of the Cooperative, and see that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws or is required by law;
- d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- e) have general charge of the books of the Cooperative in which a record of the members is kept;
- f) keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative, together with all amendments thereto, which copies shall always be open to the inspection of any member, and at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto to any member upon request and
- g) in general, perform all duties incident to the Office of Secretary and such other duties as from time-to-time may be assigned to him by the Board.

### **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 all 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 securities as shall be selected in accordance with the provisions of these Bylaws; and
- c) in general perform all duties incident to the office of Treasurer and such other duties as from time-to-time may be assigned to him by the Board.

### **Section 6.09. Delegation of Secretary's and Treasurer's Responsibilities**

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Section 6.07 and 6.08, the Board by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of 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 either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

### **Section 6.10. Office of the Corporation / Chief Executive Officer**

The Board shall appoint a Chief Executive Officer 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 may from time-to-time require and shall have such authority as the Board may from time-to-time vest in him.

### **Section 6.11. Bonds**

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

### **Section 6.12. Compensation; Indemnification**

The compensation, if any, of any officer, agent or any person who is a family member of a Trustee shall be determined, as provided in Section 4.14 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefore approved by the Board. The Cooperative shall indemnify trustees, officers, including the Chief Executive Officer, (and / or, if so titled, the Executive Vice President), 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 judgments 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 in these Bylaws, the Board may authorize any Cooperative officer, agent or employee to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

### **Section 7.02. Checks, Drafts, and Other Orders for Payment**

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time-to-time be determined by resolution of the Board.

### **Section 7.03. Deposits; Investments**

All funds of the Cooperative shall be deposited or invested from time-to-time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board may select.

## **ARTICLE VIII - NON-PROFIT OPERATION**

### **Section 8.01. 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 8.02. Patronage Capital in Connection with Furnishing Electric Energy**

Not inconsistently with South Carolina Code Ann. Section 33-49- 460, 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 nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to allocate, by credits, to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account.

Provided, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

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

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding Capital Credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members.

Provided, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during the period insofar as is practicable as determined by the Board, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to the patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. After May 16, 1995, and thereafter, the Board shall determine the method, basis, priority, and the order of retirement, if any, for all amounts furnished as capital.

Provided, that the Board shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts, and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year. 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 instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Cooperative unless the Board acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the Capital Credits of a patron, which assignee was a

natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application to situations of like kind, and such legal representatives shall agree upon.

Provided, that the financial condition of the Cooperative will not be impaired thereby. The Cooperative, before retiring any capital credited to any patrons account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the South Carolina legal rate on judgments in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles 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 8.03. Patronage Capital – Right of Recoupment**

The right to receive capital credit payments is dependent upon the member's compliance with member obligations, including the payment of all service and other charges due from the member to the Cooperative. In the event that the member is delinquent or in default in payment of charges due to the Cooperative, or the member has otherwise breached or failed to comply with the Cooperative's member obligations, the Cooperative will withhold payment of capital credit payments to the member until such time as the member has cured the payment default or the breach of member obligations.

In the event a member owes a delinquent account indebtedness or other debt obligation to the Cooperative, the Cooperative will apply any capital credit payments that would be due to the member as payment (full or partial payment, as may result from the payment) of the account indebtedness or other debt obligation, as a recoupment based upon member rights and obligations. This right of recoupment shall exist without regard to the age of the unpaid indebtedness and without regard to any bankruptcy discharge of the member, as a requirement of member rights with regard to capital credit payments to members.

## **ARTICLE IX - 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 X

### DISPOSITION OF PROPERTY, DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

#### Section 10.01. Disposition of Property

- a) Not inconsistently with the provisions of South Carolina Code Ann. Sections 33-49-260 and 33-49-270 or subsection (b) hereof, the members of the Cooperative may authorize the sale, lease, lease-sale, exchange, transfer, other disposition of all or substantially all of the Cooperative's property and assets by the affirmative votes at a duly held meeting of the members of at least two-thirds (2/3) of the total members of the Cooperative. The Board without authorization of the members 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 property or assets as security therefore, and (3) to sell, lease, lease-sell, exchange, transfer or otherwise dispose of less than substantially all of the Cooperative's property and assets.
- b) Supplementary to the foregoing subsection and (a) any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of the Cooperative's property and assets to any other entity shall be authorized except in conformity with the following:
  1. If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent 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 or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the Judge of the Court of Common Pleas for the Judicial Circuit of South Carolina in which the Cooperative's headquarters are located.

If the Board after receiving such appraisals (and other terms and conditions which are recommended, if any) determines that the proposal should be submitted for consideration by the members, it shall first give every other electric Cooperative corporately sited and operating in South Carolina (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric Cooperatives, which notice shall be attached to a copy of the proposal that the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such Cooperatives 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.

2. 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 so notify the members not less than sixty (60) days before calling a meeting of the members thereon, expressing in detail every proposal it has received, and shall call a special meeting of the members for consideration thereof, which meeting shall be held not less than twenty-five (25) days after the giving of notice thereof to the members; provided, that consideration thereof 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 than twenty-five (25) days after the giving of notice thereof.
3. Any fifty (50) or more members, by so petitioning the Board not less than twenty (20) days before the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the recommendation that the Board has made.

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

#### **Section 10.02. Distribution of Surplus Assets on Dissolution**

Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been discharged and satisfied, or provision made thereof, shall, to the extent practicable as determined by the Board of Trustees and not inconsistently with the provisions of South Carolina Code Ann. Section 33-49-1070 and of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority but on a patronage basis among all persons who are or who have been members of the Cooperative at any time during the seven (7) years preceding the date of filing the certificate of dissolution.

Provided, however, that, in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

## **ARTICLE XI - FISCAL YEAR**

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

## **ARTICLE XII - RULES OF ORDER**

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

## **ARTICLE XIII - 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 XIV - AMENDMENTS**

These Bylaws may be altered, amended or repealed by the members at any regular or special member meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.