



Laurens Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

BYLAWS

Laurens Electric Cooperative, Inc.

LAURENS ELECTRIC COOPERATIVE INC

The aim of the Laurens Electric Cooperative, Inc. (hereinafter called the "Cooperative") is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I – MEMBERS

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 of, and, at one or more premises owned or directly occupied or used by such member, to receive electric service from, Laurens Electric Cooperative, Inc. (hereinafter called the "Cooperative") by:

- (a) filing a written application for membership therein;
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) agreeing to 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;
- (d) paying the membership fee hereinafter specified; and
- (e) maintaining an active account in good standing with the Cooperative as further defined hereinafter.

Provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board of Trustees or members. 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.

The applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be duly 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 therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (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), 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.

SECTION 1.03. MEMBERSHIP FEE.

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, may be accepted into joint membership or, if one of them is already a member, may

automatically 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 —

- (a) 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 one joint vote:
- (c) 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
- (d) 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 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. PROVIDED FURTHER, that any person whose application, for sixty (60) days or longer, has been submitted but not denied by the Board of Trustees and who has not been connected by the Cooperative for electric service may, by filing written request therefor with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the

vote of the members at such Meeting, at which the applicant shall be entitled to be present and be heard.

SECTION 1.06. CONVERSION OF MEMBERSHIP.

(A) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and 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.

(B) Upon the death of either spouse who is party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status; provided, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 1.07. PURCHASE OF ELECTRIC POWER AND ENERGY; POWER PRODUCTION BY MEMBER; APPLICATION OF PAYMENT 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, and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Trustees may in writing waive such requirement, and shall pay therefor at the times, and in accordance with the rules, regulations, rate classifications and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric

power and energy actually used) established by the Board of Trustees. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service 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 S.C. Fire Insurance Underwriters Association, the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member 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 5 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 of 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 therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point 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 or to conduct load research.

SECTION 1.11 – MEMBERSHIP CERTIFICATES

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 President and by the Secretary, and the seal shall be affixed thereto: PROVIDED, that the seal and signature of the President and the Secretary may be imprinted thereon by facsimile. 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. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Trustees may prescribe.

ARTICLE II MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. SUSPENSION; REINSTATEMENT.

Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall automatically be suspended; and he 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 his 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, he may, without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Trustees at any subsequently held regular or special meeting of the Board. 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.

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 to occupy or use the premises being furnished electric 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: 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 member's 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 remaining 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: 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 of Trustees, as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, 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 DEBT OF THE COOPERATIVE.

Private property of the members of the Cooperative shall be exempt from execution of the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

**ARTICLE III
MEETING 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 during the months of June through September of each year, 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: PROVIDED, that, for cause sufficient to it, the Board of Trustees may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for, and to encourage member attendance at, the annual meeting and 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 trustees, by the President 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, leasesale 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 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, as designated by the Board of Trustees, on such date, not sooner than forty-five (45) days after the call for such meeting is made or a petition therefor 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 President or the Secretary (or, in the case of a special meeting, at the direction of those calling the meeting). Any such notice delivered by mail may be included with member service billings or as integral part of or with the Cooperative's monthly newsletter and/or its monthly insert, if any, in "Living in South Carolina." 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 a simple majority of the members voting at any meeting of the members, shall be acted upon at any meeting of the members unless notice of such 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 the 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 this meeting to another time and date not less than thirty (30) days later and to the same location. 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, the Secretary shall annex to the meeting minutes, 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 Bylaws. Members may not cumulate their votes.

SECTION 3.05. 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 any 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 any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots 13 or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of trustees (including but not limited to the validity of petitions of nomination or the qualifications of candidates and 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 three (3) business days following the adjournment of, the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection

is filed. The Committee shall hear such evidence as is presented by the 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. GENERAL POWERS.

The business and affairs of the Cooperative shall be managed by a board of nine (9) trustees which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

SECTION 4.02. QUALIFICATIONS.

No person shall be eligible to become or remain a Trustee or to hold any position of trust in the Cooperative who:

- (a) is not a member in good standing of the Cooperative for at least two (2) years and a bona fide resident of the particular district which he/she is to represent; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; or
- (c) is or has been employed by the Cooperative as a regular employee during the five years immediately preceding the appointment of the Committee on Nominations; or
- (d) holds any public office which is popularly elected; or

- (e) has been convicted in a state or federal court of record of a crime punishable by imprisonment for more than one year and not having had the civil rights restored by pardon or amnesty; or
- (f) has a close relative who is either a regular employee of the Cooperative or an incumbent trustee. As used in these bylaws, "close relative" means a person who is related to the principal person, by consanguinity or affinity, to the second degree or less – that is, a person who is either a spouse, child, grandchild, parent, grandparent, brother or sister, by blood or in law, of the principal.

Notwithstanding any of the foregoing provisions of this section dealing with close relationships, no incumbent trustee shall lose eligibility to remain a trustee or 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 presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or 16 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 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 in conflict 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 provision 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 District, 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 plurality of the votes cast unless the members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this Bylaw provision shall be drawn to the attention of the members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04. TENURE.

Trustees shall be so nominated and elected that one trustee from or with respect to each of Trustee Districts Nos. 5, 6, and 8 shall be elected for three year terms at an annual member meeting; one trustee from or with respect to each of Trustee Districts Nos. 4, 7 and 9 shall be elected for three year terms at the 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 the 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 nine trustee districts. Notwithstanding the number of Districts, District descriptions and number of District trustees presently provided for in this section and in other sections of this Article IV, every year the Board of Trustees, not less than ninety (90) days prior to the first day on which the annual member meeting may be scheduled pursuant to these Bylaws to be held, shall review the Districts 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 of geographic locations 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 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 to the members not less than ten (10) days prior to the date on which the Committee on Nominations for the next annual 18 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 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 sixty (60) nor more than ninety (90) days prior to the date of a meeting of the members at which trustees are to be elected, a Committee on Nominations, consisting of five to nine 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 fifteen (15) or more members of the Cooperative, acting together, may make additional nominations in writing over their signatures, listing their nominee(s) in like manner, not less than twenty (20) 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. The Secretary shall mail to the members with the notice of the meeting, or separately, by at least ten (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 Board may set up and maintain districts or zones of Board representation to further this purpose in such manner that each Trustee will represent an area approximately equal in size in membership and

succeeding nominees must come from such assigned areas.

**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 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 thirtyfive (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 signator'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 with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: PROVIDED, that the question of the removal of a trustee shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected trustee shall be from or with respect to the same Trustee District as was the trustee whose office he succeeds and shall serve the unexpired portion of the removed trustee's term.

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 in the Board of Trustees shall be filled by the 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 4.10. COMPENSATION; EXPENSES.

Compensation shall not be paid except for actual attendance upon activities authorized by the Board. The Board may also provide for travel, expenses and other benefits of trustees. No close relative of a trustee shall be employed by the Cooperative and no trustee shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or the service of such director 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 4.11. RULES, REGULATIONS, RATE SCHEDULES AND CONTRACT.

The Board of Trustees shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, 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 4.12. 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 4.13. 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, "Living In 23 South Carolina," the annual subscription price for which shall be not less than \$1.50 nor more than \$5.00 and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

SECTION 4.14. "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, uncle, of the principal.

ARTICLE V MEETING OF TRUSTEES SECTION

5.01. REGULAR MEETINGS.

A regular meeting of the Board of Trustees shall be held, without notice, immediately after the adjournment of 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 meetings 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 therefor is established by the Board, the President 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 Board of Trustees may be called by the Board of Trustees, by the President or by any three (3) trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The Board, the President, or the trustees calling the meeting shall fix the date, time and place for the meeting, which shall be held in one 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 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 one 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 twothirds (2/3) of the members of the Board of Trustees.

ARTICLE VI OFFICERS

SECTION 6.01. NUMBER.

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

SECTION 6.02. ELECTION AND TERM OF OFFICE.

The four 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.

Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Trustees for the unexpired portion of the term.

SECTION 6.05. PRESIDENT.

The President 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 President and such other duties as may be prescribed by the Board of Trustees from time to time.

SECTION 6.06. VICE-PRESIDENT.

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

SECTION 6.07. SECRETARY.

The Secretary shall

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board of Trustees in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of 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 President, 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 Cooperative's 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 and 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 the Treasurer herein before provided in Sections 6.07 and 6.08, the Board of Trustees by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's 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. GENERAL MANAGER; EXECUTIVE VICE PRESIDENT.

The Board of Trustees may appoint a General Manager, who may be, but who shall not be required to be, a member of the Cooperative, and who shall be designated Executive Vice President, President and Chief Executive Officer. Such officer shall perform such duties 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 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 General Manager (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 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 Cooperatives 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 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.

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 pay 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, upon request being made, advise such patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as 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 that period, insofar as is practicable, as determined by the Board of Trustees 33 before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital prior to July 1, 1989, 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 July 1, 1989, and thereafter, the Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. PROVIDED, however, that the Board of Trustees 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 power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification of the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions 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. 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 patron's premises served by the Cooperative, unless the Board of Trustees, acting under policies of general application, shall determine otherwise. 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. 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 offices.

SECTION 8.03. PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES.

In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the 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 8.04. UNCLAIMED MEMBERSHIP FEE AND/OR DEPOSITS - UNCLAIMED PATRONAGE CAPITAL.

In compliance with the South Carolina Uniform Unclaimed Property Act, (Title 27, Chapter 18 of South Carolina Code of Laws), Unclaimed Patronage Capital will be submitted to the State Treasurer of South Carolina, and notice of unclaimed property will be administered in the manner prescribed by South Carolina Law. The Cooperative may regularly impose a reasonable dormancy or service charge for each year an owner fails to claim property held by the Cooperative.

ARTICLE IX WAIVER OF NOTICE

SECTION 9.01.

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 AND PLEDGING OF PROPERTY: DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 10.01. DISPOSITION AND PLEDGING OF PROPERTY.

- (a) 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 thetotal 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 36 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, leasesale, exchange, transfer or other disposition, it shall first cause three (3) independent, nonaffiliated 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 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 is in the best interest of the Cooperative and should be submitted for consideration by the members, it shall first give Saluda River Electric Cooperative and the Saluda System Compact and other compactmember 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 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 thereon, which meeting shall be held not less 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 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 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 satisfied and discharged shall, to the extent practicable as determined by the Board of Trustees, not inconsistently with the provisions of S.C. 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 years next preceding the date of filing of the certificate of dissolution:

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

ARTICLE XI FISCAL YEAR

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

ARTICLE XII 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 XIII 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 XIV MEMBERS IN OTHER ORGANIZATIONS

The Cooperative shall not become a member of any organization without an affirmative vote of the members at a meeting called as provided in these Bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business, provided, however, that the Board of Trustees shall have full power and authority to authorize the Cooperative to purchase stock in or become a member of any corporation or cooperative organized on a non-profit basis for the purpose of engaging in rural electrification.

LAURENS ELECTRIC COOPERATIVE, INC.
P.O. Box 700 • Laurens, SC 29360

STATEMENT OF NONDISCRIMINATION

Laurens Electric Cooperative, Inc., is the recipient of Federal financial assistance from the Rural Electrification Administration, 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 nondiscrimination compliance efforts is the Personnel Director. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural Electrification Administration, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

LEC **Laurens Electric
Cooperative, Inc.**

A Touchstone Energy[®] Cooperative 

P.O. Box 700 • Laurens, SC 29360