

# 84th Annual Meeting of Members

## Official Notice of 2023 Annual Meeting

The 2023 Annual Meeting of Members of Fairfield Electric Cooperative, Inc. will be held as it was last year.

There will be several days of early drive-thru registration and voting prior to the business meeting portion. The business meeting will be broadcast (livestreamed) on the cooperative's website. Only the board of trustees, committee representatives and key staff will be present for the meeting.

### Drive-Thru Registration and Voting

The Drive-Thru Registration and Voting portion of the Annual Meeting of Fairfield Electric Cooperative, Inc. will begin at 7:00 a.m. on Monday, May 15, 2023 and conclude at 12:00 noon on Friday May 19, 2023.

- **Chester County –**  
**Monday, May 15, 2023** (7 a.m. to 7 p.m.)  
Faith and Love Christian Center  
540 Great Falls Highway, Chester, SC 29706
- **Kershaw County –**  
**Tuesday, May 16, 2023** (7 a.m. to 7 p.m.)  
Trinity Baptist Church  
1062 Ridgeway Road, Lugoff, SC 29078
- **Richland County –**  
**Wednesday, May 17, 2023** (7 a.m. to 7 p.m.)  
Fairfield Electric Cooperative's Blythewood Office  
701 Blythewood Road, Blythewood, SC 29016
- **Fairfield County –**  
**Thursday, May 18, 2023** (7 a.m. to 7 p.m.)  
Fairfield Electric Cooperative's Winnsboro Office  
3129 Highway 321 North, Winnsboro, SC 29180
- **Fairfield County –**  
**Friday, May 19, 2023** (7 a.m. to 12 noon)  
Fairfield Electric Cooperative's Winnsboro Office  
3129 Highway 321 North, Winnsboro, SC 29180

### Business Meeting

The Business Meeting portion of the Annual Meeting of Fairfield Electric Cooperative, Inc. will be held Friday, May 19, 2023 at 6:00 p.m. Members will not attend in person. The meeting will be broadcast (livestreamed) on the cooperative's website where members will receive reports from the cooperative's leadership. A recording of the meeting will also be posted to the website for those unable to view it live.

### Early Registration and Voting Procedures

Registration is designed so that you never have to leave your vehicle.

**To register, bring the enclosed Official 2023 Annual Meeting Registration Form which includes your name and address and a Picture ID with you to a registration site.**

Please note that cooperative members that are not natural persons, such as corporations or partnerships must designate a person to cast votes for the member at member meetings.

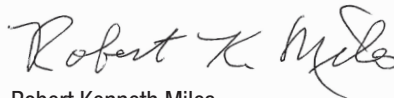
The Organization Voting Designee form can be found at [fairfield.coop/voterdesigneeform](http://fairfield.coop/voterdesigneeform).

**The Fairfield County Voters Registration and Elections Commission will oversee the registration and voting of members.** A member may only register and vote once.

**After voting, each registered member will receive a LED Lantern/Flashlight.**

### Prize Drawing

Registered members will also be eligible for the prize drawing. The Grand Prize is a used 2013 Chevrolet Silverado, the Second Prize is a Husqvarna 42-inch Riding Lawn Mower and the Third Prize is a \$500 Electric Bill Credit. Additional prizes will be awarded including gift cards and electric bill credits. The prize drawing will be held at the end of the Business Meeting and the winners will be notified.



Robert Kenneth Miles  
Secretary, Board of Trustees

**All registered members will be entered into the prize drawings.**

### Registration Gift



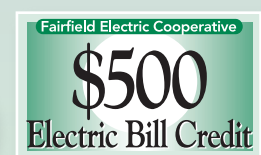
Each member who registers and votes will receive a **LED Lantern/Flashlight.**



**Grand Prize**  
2013 Chevrolet Silverado



**Second Prize**  
Husqvarna 42-inch Riding Lawn Mower



**Third Prize**  
\$500 Electric Bill Credit

Dear Member,

On behalf of the Board of Trustees of Fairfield Electric Cooperative, I want to encourage you to participate in the 84th Annual Meeting of Members. Your Board of Trustees has made the decision to hold this year's meeting using the same format as the past few years. We have received many positive comments about the registration process and feel the extended hours and multiple locations give members more opportunities to participate. This year, you are being asked to approve changes to the cooperative's bylaws. These proposed amendments seek to eliminate confusing language in the existing bylaws, bring the bylaws into compliance with changes in state law, and provide a way to insure representation that best serves the needs of members. Your Board strongly encourages a favorable vote on the amendments. In keeping with our fiscal goals and objectives, the cooperative is in good financial condition. Included in this report, you will find the cooperative's financial statement. Please take time to review the information. Your Board of Trustees is committed to serving you. We recognize our responsibility to you and the objective of every decision we make is always directed toward what is best for our members. Throughout our history, the true strength of Fairfield Electric Cooperative has been the support of our membership. Please support your cooperative this year by participating in the 2023 Annual Meeting. We sincerely hope you will participate.

Sincerely,

*Mitchell D. Rabon*

Mitchell D. Rabon, President  
Board of Trustees

## Fairfield Electric Cooperative Board of Trustees



**Mitchell D. Rabon**  
District 3  
President



**Robert Entzminger**  
District at Large  
Vice President



**Robert Kenneth Miles**  
District 6  
Secretary



**John E. Roberts, III**  
District 7  
Treasurer



**Cynthia Able**  
District 2



**William M. Good**  
District 8



**Bruce Honeycutt**  
District 9



**Timothy L. Hopkins**  
District at Large



**Keith Lewis**  
District 1



**Derial Ogburn**  
District 5



**Peggy Swearingen**  
District 4



## Credentials and Elections Committee Report

The Credentials and Election Committee of Fairfield Electric Cooperative, Inc. met on April 10, 2023.

### Members of the committee are:

Keith Bailey, Willie Belton, Al Bozard, Sheila Bracey, Jody Brazell, Sarah Coleman, William Coleman, Joseph B. (Ben) Connell, Randy Frick, Ronald Friday, Samuel Henry, Thomas Martin, Tommy Raines, Jim Stroman, Creighton Taylor, Willie Thompson, J.C. Trapp, John Trapp, Francis Jane Wright.

The committee approved the early registration and voting locations as approved by the Board of Trustees.

The committee also approved the use of the Fairfield County Voter Registration and Elections Office to oversee the registration and voting of members.

This year elections will be held for the District 4 seat, District 5 seat, District 6 seat and one of the District at Large seats. Members will also vote on recommended bylaw changes.

## Committee on Nominations Report

In accordance with the Bylaws of Fairfield Electric Cooperative, Inc. a meeting of the Committee on Nominations was held on March 14, 2023. The following are members of the Committee on Nominations: Al Bozard, Lonnie Campbell, Brad Douglas, William Ingram, Jimmy Jackson, John Kubin, Henry Long, Carlton Payne, Sheryl Ray, David Smith, and Creighton Taylor.

The following members were nominated as candidates for Trustees:

**District 4** **Peggy Swearingen**, 218 Oakview Drive, Blair, SC 29015

**District 5** **Derial Ogburn**, 384 Wildwood Lane, Lugoff, SC 29078

**District 6** **Robert Kenneth Miles**, 2182 Fort Jackson Road, Lugoff, SC 29078

**At-Large** **Robert Entzminger**, 1503 Lorick Road, Blythewood, SC 29016



A Touchstone Energy® Cooperative

## Financial Statements

For Year Ending December 31, 2022

### ASSETS

#### UTILITY PLANT:

Electric Plant in Service .....	\$ 181,573,470
Construction Work in Progress .....	8,613,582
	<u>\$ 190,187,052</u>

Accumulated Provision for Depreciation .....	(73,126,392)
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**\$ 117,060,660**

#### OTHER PROPERTY AND INVESTMENTS:

Non-Utility Property.....	\$ 997
Investments in Associated Organizations.....	7,419,710
Restricted Cash.....	<u>3,300,000</u>

**\$ 10,720,707**

#### CURRENT ASSETS:

Cash.....	\$ 2,885,696
Temporary Cash Investments.....	8,200,000
Accounts Receivable Net.....	1,778,651
Accrued Utility Revenue.....	3,051,864
Materials and Supplies.....	1,352,665
Other.....	<u>217,868</u>

**\$ 17,486,744**

#### DEFERRED DEBITS:

	<u>93,719</u>
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**TOTAL ASSETS..... \$ 145,361,830**

### EQUITIES AND LIABILITIES

#### EQUITIES:

Memberships.....	\$ 135,125
Patronage Capital.....	34,757,267
Other Equities.....	<u>18,069,429</u>
	<b>\$ 52,961,821</b>

#### LONG TERM DEBT:

RUS.....	\$ 28,713,205
FFB.....	\$ 35,751,809
NRUCFC.....	<u>4,882,242</u>
	<b>\$ 69,347,256</b>

#### OTHER LONG-TERM LIABILITIES:

	<u>\$ 513,669</u>
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**\$ 513,669**

#### CURRENT LIABILITIES:

Mortgage Notes-Current.....	\$ 3,678,408
Accounts Payable.....	6,697,135
Consumer Deposits.....	1,566,058
Accrued Interest.....	13,116
Accrued Taxes.....	3,819,109
Other Current and Accrued Liabilities.....	586,956
Postretirement Benefit Obligation Current.....	<u>13,329</u>

**\$ 16,374,111**

#### DEFERRED CREDITS:

	<u>6,164,973</u>
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**TOTAL EQUITIES AND LIABILITIES..... \$ 145,361,830**

## 2022 STATEMENT OF OPERATIONS

**OPERATING REVENUE: \$ 77,476,263**

#### OPERATING EXPENSES AND INTEREST:

Cost of Power.....	\$ 52,654,155
Distribution Operations.....	1,534,761
Distribution Maintenance.....	5,432,915
Consumer Accounts.....	1,724,775
Consumer Service and Information.....	692,406
Administrative and General.....	3,630,351
Depreciation.....	5,792,686
Property Taxes.....	3,819,109

Other Taxes.....	209,716
Interest-Expense.....	<u>1,543,946</u>
	<b>\$ 77,034,820</b>

#### NET OPERATING MARGINS:

**\$ 441,443**

#### NON OPERATING MARGINS:

Non Operating Margins Other.....	\$ 60,346
Interest Income.....	\$ 282,011
Generation and Transmission Capital Credits	\$ 430,560
Other Capital Credits.....	<u>\$ 417,429</u>

**NET MARGINS: \$ 1,631,789**

## Notice of Proposed Bylaw Changes

The Board of Trustees have proposed amendments to the Cooperative's bylaws. Members will vote on the proposed changes on the 2023 Annual Meeting Official Ballot. Attorney Jay Bender has provided an explanation of the proposed amendments and the proposed language for each section is provided for your review.

### EXPLANATION OF PROPOSED BYLAW AMENDMENTS

By Jay Bender, Baker, Ravenel & Bender, L.L.P.

*My review of the existing bylaws led me to the conclusion that there were provisions that were ambiguous, redundant, confusing or that diluted the authority of the board. Throughout I have sought to make certain references gender neutral, and to eliminate awkward grammar and inexplicable capitalization.*

#### ARTICLE I—MEMBERSHIP

*The categories of membership were designated as natural for human beings, and organizational for entities recognized in the law. The previous reference to "non-human" members was unnecessarily confusing.*

#### ARTICLE II—MEMBERSHIP SUSPENSION AND TERMINATION

*Section 2.01 governing suspension and reinstatement is simplified without altering the substance of the section.*

*Section 2.02 governing termination by expulsion and renewed membership is presented in a format that states more clearly the procedure for expulsion, appeal and reinstatement. The substance of the section is not altered.*

*Section 2.04 deals with changes in the composition of partnerships and continuing liability for dissolved or reconstituted partnerships. The change is principally in format with some modification of language to reflect partnership law generally.*

*Section 2.05 governs the effect of the termination of membership and the proposed amendments seek to make the language more easily understood. The substance is not changed.*

#### ARTICLE III—MEETINGS OF MEMBERS

*Section 3.01 deals with the annual meeting of members and the proposed amendment*

*provides for remote attendance.*

*Section 3.02 deals with special meetings of members and the proposed amendment provides for remote attendance.*

*Section 3.03 establishes notice requirements for member meetings and the proposed amendment sets forth requirements for providing notice regarding remote access to member meetings.*

*Section 3.04 proposes an amendment to bring the quorum requirement into conformity with state law and bylaw provisions which allow for ballots cast in early voting to be counted toward the establishment of a quorum.*

*Section 3.05(a) contains a proposed amendment which simplifies voting eligibility.*

*Section 3.05(b) provides a proposed amendment by which a person can demonstrate the authority to cast a vote on behalf of an organizational member.*

*Section 3.05(c) establishes a procedure for early voting.*

*Section 3.05(d) authorizes the engagement of a county election department to conduct voting for any meeting.*

*Section 3.05(e) authorizes advance voting for meetings other than those in which there is a contested trustee election.*



Section 3.06 deals with the credentials and election committee, and given the confusion around the role of that committee in the most recent election the proposed amendments seek to clarify the eligibility requirements for appointment to the committee, limit influence by board members, and require the members appointed to the committee to reflect the demographics and diversity of the membership.

Section 3.06.2 carves out of the very broad language of Section 3.06 procedures for organizing the committee. The proposed change is not substantive.

Section 3.06.3 establishes notice and agenda requirements. There is no significant substantive change.

Section 3.06.4 does propose a substantive change which directs the jurisdiction of the committee to reviewing in advance ballots prepared under the direction of the board with the authority of the committee to recommend, but not adopt, changes in ballots. The committee's jurisdiction is also directed to hearing post-election challenges to ballots cast or persons casting ballots. In this new focus the committee will act much as an election commission does to hear and resolve challenges after an election or vote is held. This revised jurisdictional scope should eliminate the conflict that existed previously regarding the authority of this committee to determine the eligibility of candidates for board positions. Under the existing bylaws that authority rests squarely with the board and could not be delegated to this committee.

Section 3.07 simply specifies that the order of business contained in the section relates to member meetings.

#### ARTICLE IV—TRUSTEES

Section 4.01 confirms that the board cannot delegate its responsibility to committees except those created by the bylaws.

Section 4.02 addresses eligibility of those allowed to serve as trustees, and with respect to the issue of a business relationship between a candidate for trustee and the Cooperative the proposed amendment describes a disqualifying business relationship as either "personal or professional," and eliminates the ambiguous modifier "direct" before business relationship. The proposed amendment also provides for a six year period of disqualification following the termination of a personal or professional business relationship between a candidate and the Cooperative other than the relationship attendant to receiving electric service. In contrast the existing bylaws disqualify a former employee of the Cooperative for a period of twelve (12) years, but the proposed change reduces this period of disqualification to nine (9) years. The proposed amendment also eliminates trustees who are not members, but who are designated as the representative of an organizational member. Allowing only natural members to serve as trustees promotes continuity of leadership that might be diminished by having representatives of organizational members who might be transferred, retire or otherwise become ineligible. The current bylaws do not require the designee of an organizational member to reside in the service area, and this seems likely to diminish the connection between board members and those they serve.

Section 4.02.1 proposes a process by which the qualifications of a nominee for a trustee position may be challenged. This proposed change eliminates confusion that has previously existed with respect to the power to disqualify a candidate for a trustee position. The proposed amendment seeks to clarify the language regarding the disqualification of a sitting board member, but this change is not substantive.

Section 4.03 provides language authorizing advance voting and specifies the documentation necessary for a person to cast a vote for an organizational member.

Section 4.06 separates the elements of the nominating process to make it more accessible. No substantive change was proposed.

Section 4.06(b) seeks to simplify the language describing the process of nominating a candidate by petition. No substantive change is made.

Section 4.06(c) incorporates early voting timing into the notice of candidacy requirements.

Section 4.07 incorporates early voting timing.

Section 4.09 eliminates confusing language regarding the selection of interim trustees in the event of vacancies. The proposed amendment allows interim trustees to be chosen by incumbent board members in the event of a vacancy occurring more than six (6) months prior to an annual meeting. The existing language created an uncertainty as to the power to make an appointment. If the existing language is read to provide that incumbent trustees have the authority to select interim trustees, no substantive change is proposed. On the other hand, if the authority to appoint an interim trustee was vested elsewhere, clarifying that the authority rests with the remaining trustees would constitute a substantive change.

Section 4.14 contains a detailed description of who is a "family member." The proposed amendment seeks to make the definition comprehensive while simplifying the language. The inclusion of "member of household" and relationship by custom may be considered substantive changes, but the goal is to restrict the opportunity for nepotism and self-dealing.

#### ARTICLE V—MEETINGS OF TRUSTEES

Section 5.02 removes a limitation on the power of the board to act at a special meeting as that limitation is by state law applicable only to emergency meetings and not special meetings.

Section 5.03 corrects what the Office of Regulatory Staff indicates is a concern and that is an express limitation on the authority of the board to act in an emergency meeting. The proposed language is a substantive change that incorporates state law limitations on actions that may be taken in emergency meetings.

Section 5.04 includes notice requirements for emergency meetings and requires notice to be provided to members of the board in a manner calculated to provide actual notice of the meeting. This language is a substantive change to comply with state law.

**The proposed language for each section to be amended follows. For a complete version of the proposed changes with the removed language (~~striketrough~~) and added language (underlined), go to [www.fairfield.coop/proposedbylaws2023](http://www.fairfield.coop/proposedbylaws2023).**

#### 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

*(The underlined portion below has been added to the end of the first sentence)*

.....or shall be made in such manner as provided by the Cooperative as approved by the Board of Trustees, hereafter known as "the Board."

##### 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 1.05. 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 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 1.08. 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.

### **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 2.04. 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. 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 current election or has been convicted, in a state of Federal Court of record, of a crime punishable by imprisonment of more than one (1) year and their civil rights has not been restored by pardon or amnesty. A person is deemed as being convicted if found guilty by a jury, judge, or plead guilty, or entered 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 4.05. Trustee Districts**

*(The proposed language for the last three paragraphs of this section are as follows:)*

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 background 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.

**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 4.09. 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 4.14. "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 5.02. 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, place, and purpose of any regular meeting of the Board shall be posted on the Cooperative's website and at the Cooperative's principal place of business at least ten days (10) in advance of the regular meeting. Written notice of the time, place, and purpose of any special meeting of the Board shall be posted on the Cooperative's website and at the Cooperative's principal place of business at least twenty-four (24) hours in advance of a special meeting. Such special meeting notice shall be delivered not less than two days (2) previous thereto, by written, oral, or electronic means, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting, to each Trustee. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid. Written notice of emergency meetings of the board of trustees 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.