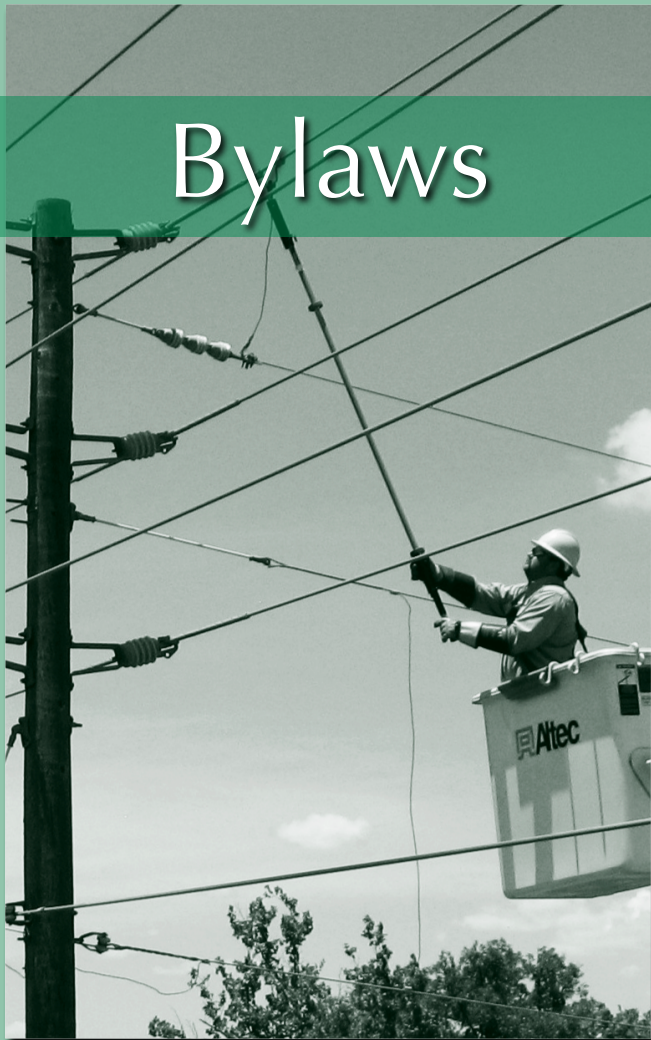


Bylaws



Your Touchstone Energy® Partner



TABLE OF CONTENTS
BY-LAWS
Compiled Through May 15, 2012

ARTICLE I	
Membership	2
ARTICLE II	
Membership, Suspension and Termination	7
ARTICLE III	
Meeting of Members	11
ARTICLE IV	
Trustees	15
ARTICLE V	
Meeting of Trustees	25
ARTICLE VI	
Officers; Miscellaneous	27
ARTICLE VII	
Contracts, Checks and Deposits	32
ARTICLE VIII	
Membership Certificates	33
ARTICLE IX	
Non-Profit Operation	33
ARTICLE X	
Waiver of Notice	37
ARTICLE XI	
Disposition of Property; Distribution of Surplus Assets on Dissolution	37
ARTICLE XII	
Fiscal Year	40
ARTICLE XIII	
Rules of Order	40
ARTICLE XIV	
Seal	40
ARTICLE XV	
Amendments	40

**BY-LAWS
OF
FAIRFIELD ELECTRIC COOPERATIVE,
INCORPORATED**

**ARTICLE I
MEMBERSHIP**

Section 1.01. Eligibility

Any natural person, firm, association, corporation, business trust, partnership, Federal agency, state or political subdivision or agency thereof or anybody politic or subdivision thereof (each hereinafter referred to as "person," "Applicant", "him" or "his") ("his") shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from, Fairfield Electric Cooperative, Inc. (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative.

Section 1.02. Application for Membership; Renewal of Prior Application

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

to and binding on the applicant on such form or in such manner as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, contribution in aid of construction or executed supplemental contract that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit or contribution in aid of construction, if any) shall be refunded in the event the application is not approved. Any former member of the Cooperative may, by the act of paying a new membership fee and any outstanding account, plus accrued interest, at the South Carolina legal rate on judgments in effect when such account first became overdue, compounded annually, (together with any service security deposit, service connection deposit or fee, facilities extension deposit or contribution in aid of construction that may be required by the Cooperative), renew and reactive any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

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

The membership fee shall be five (\$5.00) dollars. 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, 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, 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, respectively, one joint vote; PROVIDED, that, if both be in disagreement on such vote, each shall cast only one half (1/2) vote;
- (c) notice to, or waiver of notice signed or otherwise effected by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) each, but not both concurrently, shall be eligible to serve as an officer or Trustee of the Cooperative but only if both meet the qualifications required therefor; and
- (f) neither will be permitted to have any additional service connections except through their one joint membership.

Section 1.05. Acceptance Into Membership

Upon complying with the requirements set forth in Section 1.02, any applicant shall by Board resolution be accepted into membership in, 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 person whose application for sixty (60) days or longer, has been submitted to but not approved by the

Board 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 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 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 may in writing waive such requirement and shall pay therefor at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board, and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriated 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 the same shall become due and payable. When the member has more than one service connection from the Cooperative, any payment for service to him by 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 1.07. Excess Payments to be Credited as Member-Furnished Capital

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

Section 1.08. Wiring of Premises; Responsibility Therefor; 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 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 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. 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 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 so to do 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 him 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

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 the amounts due the Cooperative or to cease any other noncompliance 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 non-compliance 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 the 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 before the Board 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. Any person so expelled may, by delivering written notice to that effect to the Cooperative not less than ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval, thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefor duly approved as provided for in Section 1.05. The Board of Trustees acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

Section 2.03. Termination by Withdrawal or Resignation

A member may withdraw from membership upon such generally applicable conditions as the Board shall prescribe and upon either (a) ceasing to (or, with the approval of the Board, resigning his membership in favor

of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

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

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 by different partners. PROVIDED FURTHER, that neither the 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, he or his estate, as the case may be, shall be entitled to refund of his membership fee and, if any, his additional service connection fee(s) and service security deposit(s), less any amounts due the Cooperative; neither he 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 shall expressly so resolve, constitute such release of such person from his membership obligations as to entitle 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 person applies for, and the Board 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.

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.

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 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 the President, by any three (3) trustees or upon the written petition of not less than ten (10%) percent of the members, 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, on such date, not sooner than forty (40) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall have been designated by him or those calling or petitioning for the same.

Section 3.03. Notice of Member Meetings

Written or printed notice stating 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) nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary, (or, in the case of a special meeting, at the direction of him or those calling the meeting). Any such notice delivered by mail may be included with member service billings or as an integral part of the Cooperative's monthly news letter and/or its monthly insert, if any, "Living in South Carolina." No matter the carrying or which, as provided by law or these bylaws, requires the affirmative votes of at least a majority of all the Cooperative's 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 such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person 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

The presence in person of at least five (5%) percent of the total members of the Cooperative shall be required for the transaction of business at any meeting of the members, except that, if less than a quorum is present, a majority of those present may adjourn the meeting to another time and date, not less than forty (40) days later, and to any place in one of the counties in South Carolina within which the Cooperative serves: PROVIDED, that the

Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those who were present.

Section 3.05. Voting

Each member present 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 natural persons shall be allowed upon the presentation to the Cooperative prior to, or upon registration at, each member meeting satisfactory evidence as prescribed by the Board of Trustees 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 laws or by the Cooperative's Articles of the Incorporation or these Bylaws. Members may not cumulate their votes or vote by proxy or by mail.

Section 3.06. Credentials and Election Committee

The Board shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than nineteen (19), who are not existing Cooperative employees, agents, officers, trustees or known candidates for trustee, and who are not close relatives (as hereinafter defined) or members of the same household of existing Cooperative employees, agents, officers, trustees or known candidates for trustee. In appointing the Committee, the Board shall have regard for 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 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 the regularity of the nomination and election of directors), 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 protester(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's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. The Committee may not affirmatively act on any matter unless a majority of the Committee is present.

Section 3.07. Order of Business

The President or such other person as the members of the board may designate to preside 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 essentially as follows:

1. Registration of members
2. Receive report from the Secretary on the number of members present and registered to determine the existence of a quorum.
3. Appointment of an election committee to count the votes in election of board members.
4. Voting to elect the board members.
5. 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.
6. Reading of unapproved minutes of previous meetings of the members and taking necessary action thereon.
7. Presentation and consideration of information and reports by officers, trustees, and committees.
8. Unfinished Business
9. New Business
10. Adjournment

Notwithstanding the foregoing, the Board of Trustees 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 of Incorporation or these bylaws conferred upon or reserved to the members. The Board of Trustees shall not appoint or elect any committee to exercise the authority of the Board. However, 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 or recommendatory capacity to the Board.

Section 4.02. Qualifications

No person shall be eligible to become or remain a board member of the Cooperative who is a close relative of an incumbent trustee or of an employee of the Cooperative, or is not a member of the Cooperative and receiving service therefrom at his primary residential abode: PROVIDED, that the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall, notwithstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a trustee from the Trustee District in which such member is located if he or such designee (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year-round resident within or in close proximity to an area served by the Cooperative; BUT PROVIDED FURTHER, that no more than one (1) such person may serve on the Board at the same time. 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, or 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, supplies or wiring to, among others, the members of the Cooperative, or is or has been employed by the cooperative as a regular employee within the last twelve (12) 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. Upon establishment of the fact that a nominee for board members 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 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 to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. 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, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the trustees have an interest adverse to that of the Cooperative.

Section 4.03. Election

At each annual meeting of the members, trustees shall be elected by secret written ballot by the members and, except as provided in the first proviso of Section 4.02 of these Bylaws, from among those members who are natural persons: PROVIDED, that, when there is no contest for the representation of a particular Trustee District, secret, written balloting may be dispensed with in respect of that District and voting may be conducted in any other proper manner. Trustees shall be elected by a plurality of the votes cast unless the members prior to balloting, resolve that a majority of votes cast shall be required to elect, and this Bylaw provision shall be brought to their attention and explained prior to any balloting. Drawing by lot shall resolve, where necessary, any tie votes.

Section 4.04. Tenure

The persons named as board members at previous meetings of the meetings of the members shall compose the board until their successors have been elected and shall have qualified and shall be classified as Class A, B, and C.

Beginning with the Annual Meeting in 1986, Class A board members consisting of three members, one to be a resident of District 1, one to be a resident of District 2 and one to be a resident of District 3, and one at large member shall be elected by and from the members and shall serve a term of three years or until their successors have been elected and qualified. At the Annual Meeting in

1987, Class B board members consisting of three members, one to be a resident of District 1, one to be a resident of District 2 and one to be a resident of District 3, and one at large member shall be elected by and from the members and shall serve a term of three years or until their successors have been elected and qualified.

Thereafter, at each annual meeting of the members directors shall be elected for three (3) year terms with respect to the directorships which are expiring and therefore will need to be filled at such meeting. If for any reason an election of trustees shall not be held at an annual meeting of the members duly fixed and called pursuant to these bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or regular meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

Section 4.05. Trustee Districts

The entire territory served by the Cooperative shall be divided into three Trustee Districts known as District 1, District 2 and District 3; District 1 will consist of the area served and designated as District 1 and colored in brown upon the map of the service area served by the Cooperative; District 2 to consist of the area served and designated as District 2 and colored in blue upon such map; and District 3 will consist of the area served and designated as District 3 and colored in yellow upon such map.

For specific reference as to the description and boundaries of each of the three Districts, reference is made to the map which bears the signed approval of the Board of Trustees and filed in the office of the Chief Executive Officer (CEO) of the Cooperative. Notwithstanding the foregoing Trustee District descriptions, every year the Board of Trustees, 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 the Districts and, if determining that they should be altered so as to correct any substantially inequitable factors regarding the residence of members or the geographic location of

Districts, shall change and redescribe one or more Districts accordingly, in which event, the map describing the boundaries of each of the Districts as redescribed and bears the signed approval of the Board may be examined by any member in the office of the (CEO) 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 of Trustees: 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 of Trustees; AND PROVIDED FURTHER, that no such change, whether effective so as to compel the vacancy of any director's office prior to the time such director's term would normally expire.

Section 4.06. Nominations of Trustees

Nominations for Trustees to be elected shall be as follows:

A. Nomination by Committee on Nominations

It shall be the duty of the Board of Trustees to appoint 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, a Committee on Nominations, consisting of eleven (11) members of the Cooperative, who are not existing Cooperative employees, agents, officers, trustees or known candidates for trustee, who are not close relatives (as hereinafter defined), or members of the same household of such existing employees, agents, officers, trustee or known candidate for trustee, and who are so elected that each of the Cooperative's three Trustee Districts shall have at least three (3) but not more than four (4) members thereon. The Committee shall prepare and post at the principal office of the Cooperative at least forty (40) days before the meeting of the members a list of nominations for trustee to be elected, listing separately

the nominee or nominees with respect to each Trustee District from which a trustee is to be elected at the meeting and listing any nominee or nominees for trustee at large to be elected at such meeting. The Committee on Nominations may include more nominees than there are trustees to be elected, but it shall clearly show which nominees are opposed with respect to the same Trustee District or any trustee at large.

B. Nomination by Petition of Members

1. Any one percent (1%) or more than one percent (1%) of the members of the Cooperative as determined and established on the first business day of the current calendar year, acting together over their signatures, not less than thirty (30) days prior to the meeting of the members, may make by petition additional nominations, in like manner listing separately the nominee or nominees with respect to the Trustee District from which they are nominated, or listing the nominee or nominees for trustee at large, and the Secretary of the cooperative shall post such nominations made by Petition as herein provided at the same place where the list of nominees made by the Committee on nominations is posted.

2. Said 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 said member receives electrical service from the Cooperative. Upon verification that the petition contains the signatures of one percent (1%) or more of the members of the Cooperative by the CEO of the Cooperative or his designees said petition candidate shall be added and listed as a nominee as provided herein.

3. Said petition must designate the trustee district from which the nomination is made, or designate nominee or nominees for trustee at large, and must contain a statement indicating that the member signing the petition is in support of the nomination.

4. Any person signing on behalf of a member which is not a person shall indicate their authority to sign on behalf of the member.

C. Notification of Members of Nominee or Nominees

The Secretary shall mail to the members with the notice of the meeting, or separately, but at least ten (10) days before the date of the meeting, a statement showing the names and addresses of all nominee(s) from and with respect to each Trustee District and also showing the nominee or nominees for trustee at large, said statement to clearly show those nominated by the Committee on Nominations and those nominated by petition, if any.

Section 4.07. Election of Board Members

The Secretary shall be responsible for preparing and printing a sufficient number of ballots 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 in accordance with Section 4.06 of these Bylaws. The ballots shall designate which of the candidates, if any, were nominated by petition.

Each member of the Cooperative who registers at an annual meeting of the members within one and one half (1 1/2) hours after the opening of the meeting shall receive one ballot at the time of registration and shall be entitled to vote for one candidate from each district, or at large, as the case may be, at the particular meeting. Upon receipt of a ballot, each member shall cast his votes by marking his ballot and depositing same in a secure ballot box which shall be provided by the Cooperative. If the total number of members registered to the meeting within one and one half hours after opening thereof should be less than the number required for a quorum, then the time for registering and voting shall automatically extend until such time as a quorum of members shall have registered at said meeting; provided, however, in no event shall the time for registration and voting be open more than three (3) hours after the opening of the meeting.

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

election of board members held at that meeting shall be valid and the candidate from each district, or at large, as the case may be, receiving the highest number of votes shall be duly elected to the board. If the total number of members who register at an annual meeting of the members within three (3) hours after the opening of such meeting should be less than the number of members required for a quorum as defined 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 register at such meeting.

Section 4.08. Removal of Trustees by Members

Any member may bring one or more charges for cause against any one or more trustees and may request the removal of such trustee(s) by reason thereof by filing with the Secretary such charge(s) in writing, together with the petition signed by not less than ten (10%) percent of the total membership of the Cooperative, which petition calls for a special member meeting thereon and specifies the place, time and date thereof not less than forty (40) nor more than forty-five (45) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) nor more than ninety (90) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s) and a verbatim statement of such charge(s) and the name(s) of the trustee(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the trustee(s) against whom the charge(s) have been made and of the member(s) filing the charge(s) shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth only twenty (20) of the names (in alphabetical

order) of the members filing one or more charges, if twenty (20) or more members file the same charge(s) against the same trustee(s). Such trustee(s) shall be informed in writing of the charges after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel, or by any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such trustee(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: PROVIDED, that the question of removal of a trustee shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected trustee shall be from or with respect to the same Trustee District as was the trustee whose office he succeeds.

Section 4.09. Vacancies

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

Section 4.10. Compensation; Expenses

Trustees shall, as determined by a resolution of the Board of Trustees, receive on a per diem basis a fixed fee, which may include insurance benefits, (a) for attending

meetings of the Board of Trustees and, when such has had prior approval of the Board of Trustees (b) for the performance of other Cooperative business. Trustees shall also receive advancement or reimbursement of such travel and out-of-pocket expenses as are actually, necessarily, and reasonably incurred in attending such meetings and performing such business. No trustee shall receive compensation for serving the Cooperative, in any other capacity, nor shall any close relative of a trustee receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by the Board of Trustees, upon their certification of such as 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.

Section 4.11. Rules, Regulations, Rate Schedules and Contracts

The Board shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules and contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 4.12. Accounting System and Reports

The Board 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 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 "Living in South Carolina"

For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board shall be authorized, on behalf of and for circulation to the members and patrons periodically, to subscribe to the Cooperative's newsletter, if any, and to subscribe to "Living in South Carolina," the annual subscription price for which shall not be less than \$10 nor more than \$25, 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 step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.

ARTICLE V

MEETINGS OF TRUSTEES

Section 5.01. Regular Meetings

A regular meeting of the Board of Trustees shall be held, without notice, immediately after 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 may provide by resolution. Except when business to be transacted thereat shall require special notice, such regular monthly

meeting may be held without notice other than such resolution fixing the date, time and place thereof: PROVIDED, that any trustee absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER, that, if a policy therefore is established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon at least five (5) days' notice thereof to all trustees.

Section 5.02. Special Meetings

Special meetings of the Board of Trustees may be called by Board resolution, 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 may also be held via telephone conference call, without regard to the actual location of the trustees at the time of such telephone conference meeting, if all the trustees consent thereto.

Section 5.03. Notice of Board 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 duty by the Secretary, by him or those calling it in the case of a special meeting or by any other trustee in the case of a regular 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 trustee at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid and postmarked at least five (5) days before the date set for the meeting. 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 trustees in office shall be required for the transaction of business, and the affirmative votes of at least a majority of the trustees present and voting shall be required for any action to be taken: PROVIDED, that a trustee who by law or these bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of trustees in office or present; 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 absent trustees to be duly and timely notified of the time, date and place of such adjourned meeting.

ARTICLE VI

OFFICERS: MISCELLANEOUS

Section 6.01. Number and Title

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

Section 6.02. Election and Term of Office

The officers named in Section 6.01. shall be elected by

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

Section 6.03. Removal

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

Section 6.04. Vacancies

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

Section 6.05. President.

The President shall:

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

- cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of the President and such other duties as may be prescribed by the Board 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. The Vice President shall also 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 the meetings of the members and of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporated 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 Articles of Incorporation and Bylaws of the Cooperative, together with all amendments

thereto, which copies shall always be open to the inspection of any member, and at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto to any member upon request' and

- (h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board 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 all monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

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

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

Section 6.10. Office of the Corporation/ Chief Executive Officer

The Board of Trustees shall appoint a (CEO) who may be, but who shall not be required to be, a member of the cooperative, and who also may be designated (CEO). Such officer shall perform such duties as the Board of Trustees may from time to time require and shall have such authority as the Board of Trustees may from time to time vest in him.

Section 6.11. Bonds

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

Section 6.12. Compensation; Indemnification

The compensation, if any, of any officer, agent or any person who is a 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 trustees, officers, including the (CEO), (and/or, if so titled, the Executive Vice President), agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

Section 6.13. Reports

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

ARTICLE VII

CONTRACTS, CHECKS AND DEPOSITS

Section 7.01. Contracts

Except as otherwise provided in these Bylaws, the Board 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, and Other Orders for Payment

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

Section 7.03. Deposits; Investments

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

ARTICLE VIII

MEMBERSHIP CERTIFICATES

Section 8.01. Certificate of Membership

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

Section 8.02. Issue of Membership Certificates

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

Section 8.03. Lost Certificates

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

ARTICLE IX

NON-PROFIT OPERATION

Section 9.01. Interest or Dividends on Capital Prohibited

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

Section 9.02. Patronage Capital in Connection with Furnishing Electric Energy

Not inconsistently with S.C. Code Ann. Section 33-49-460, in the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to allocate by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account; PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its

patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during the period insofar as is practicable as determined by the Board of Trustees, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to the patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. After May 16, 1995, and thereafter, the board of directors shall determine the method, basis, priority, and the 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 electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general

retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year. Should any Capital Credit retired by the Board remain unclaimed by the owner for seven years after the date of retirement, the Board may elect to use the unclaimed but retired Capital Credit amount for any purpose allowed by law.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons premises served by the Cooperative unless the Board of Trustees acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Trustees acting under policies of general application to situations of like kind, and such legal representatives shall agree upon: PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby. The Cooperative, before retiring any capital credited to any patrons account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the South Carolina legal rate on judgments in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of

this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE X

WAIVER OF NOTICE

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

ARTICLE XI

DISPOSITION OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

Section 11.01. Disposition of Property

(a) Not inconsistently with the provisions of S.C. Code Ann. Sections 33-49-260 and 33-49-270 or subsection (b) hereof, the members of the Cooperative may authorize the sale, lease, lease-sale, exchange, transfer, other disposition of all or substantially all of the Cooperative's property and assets by the affirmative votes at a duly held meeting of the members of at least two-thirds (2/3rds) of the total members of the Cooperative. The Board of Trustees without authorization of the members shall have full power and authority, (1) to borrow monies from any source and in such amounts as the Board may from time to time determine, (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's property or assets as security therefor, and (3) to sell, lease, lease-sell, exchange, transfer or otherwise dispose of less than substantially all of the Cooperative's property and assets." (b) Supplementary to the foregoing subsection (a) and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the Cooperative's property and assets to any other entity shall be authorized except in conformity with the following:

- (1) If the Board of Trustees looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the Judge of the Court of Common Pleas for the Judicial Circuit of South Carolina in which the Cooperative's headquarters are located.
- (2) If the Board, of Trustees after receiving such appraisals (and other terms and conditions which are recommended, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every other electric cooperative corporately sited and operating in South Carolina (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperatives, which notice shall be attached to a copy of the proposal that the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (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 so notify the members not less than sixty (60) days before calling a meeting of the members thereon, expressing in detail every proposal it has received, and shall call a special meeting of the members for consideration thereof, which meeting shall be held not less nor more than twenty-five (25) days after the giving of notice thereof to the members: PROVIDED, that consideration thereof by the members may be given at the next annual member meeting if the

board so determines and if such annual meeting is held not less nor more than twenty five(25) days after the giving of notice thereof.

- (4) Any fifty (50) or more members, by so petitioning the Board not less than Twenty (20) days before the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the recommendation that the Board has made.

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

Section 11.02. Distribution of Surplus Assets on Dissolution

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

FISCAL YEAR

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

ARTICLE XIII

RULES OF ORDER

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

ARTICLE XIV

SEAL

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

ARTICLE XV

AMENDMENTS

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

NONDISCRIMINATION STATEMENT

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

- (1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;
- (2) fax: (202) 690-7442; or
- (3) email: program.intake@usda.gov.

This institution is an equal opportunity provider.



Your Touchstone Energy® Partner 

Blythewood, South Carolina 29016

Blythewood: 803-754-0153 Camden-Lugoff: 803-425-1059

Winnsboro: 803-635-4621 Toll-Free in SC: 1-800-628-0336

For power outages only call: 1-800-499-7862

2-17-2M-02131702

www.fairfield.coop