

Approved by membership: October 21, 2006

LYNCHES RIVER ELECTRIC COOPERATIVE, INC. BYLAWS

ARTICLE 1 Members

Section 1. QUALIFICATIONS AND OBLIGATIONS. Any natural person, firm, association, corporation, business trust, partnership, Limited Liability Company, federal agency, state or political subdivision thereof or body politic may become a member of the Cooperative by:

- (a) paying the membership fee hereinafter specified;
- (b) purchasing electric energy from the Cooperative as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these Bylaws and any amendments thereto and any policies, rules and regulations adopted by the Board of Trustees.

No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative.

Section 2. MEMBERSHIP FEE. The membership fee shall be \$5.00, the payment of which shall make the member eligible for one (1) service connection. An additional fee of \$5.00 shall be paid for each additional service connection requested by the member.

Section 3. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his Application for Membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Trustees. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Trustees from time to time. Each member shall also pay all amount owed by him to the Cooperative as and when the same shall become due and payable.

Section 4. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debt or liabilities of the Cooperative.

Section 5. SUSPENSION; REINSTATEMENT. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall automatically be suspended, and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations with 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 6. TERMINATION BY EXPULSION; RENEWED MEMBERSHIP; IMMEDIATE DISCONNECTION OF SERVICE AND EXPULSION.

- A. Upon the failure of a suspended member to be automatically reinstated to membership, as provided in Section 5.1, he may, without further notice, be disconnected and expelled by the Cooperative. After the expulsion of a member, he may not again become a member except upon new application therefore as provided in Section 1. The Board, acting upon principle 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 his membership obligations.
- B. Notwithstanding any other provision of these Bylaws, the Cooperative may, forthwith and without prior notice.
 - (1) Disconnect a member's electric service upon its determination that such is required because of the existence of an imminent hazard, in which event the Cooperative shall so inform the affected member and shall reconnect such service as soon as practicable after the hazard has been removed or corrected; or
 - (2) Disconnect a member's service and expel him from membership upon its determination that the electric meter has been bypassed or tampered with or that electric service is being directly utilized in the commission of a felonious crime.

Section 7. WITHDRAWAL OF MEMBERSHIP. Any member may withdraw from membership under payment in full of all debts and liabilities of such member, to the Cooperative, and upon compliance with such terms and conditions as the Board of Trustees may prescribe. In case of withdrawal or termination of membership in any

manner, the Cooperative will refund to the member, the amount of the membership fee paid by him; provided, however, that the Cooperative shall first deduct from the amount of the membership fee, the amount of any debts or obligations owing from the member to the Cooperative.

Section 8. TRANSFER AND TERMINATION OF MEMBERSHIP.

- A. Membership in the Cooperative representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.
- B. A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provisions of subdivision (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership so transferred.

**ARTICLE II
Meetings of Members**

Section 1. ANNUAL MEETING. The Annual Meeting of the members shall be held each year, location, date and time to be set by the Board of Trustees, as shall be designated in the notice of the meeting for the purpose of electing trustees, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the election of trustees shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. SPECIAL MEETINGS. Special meetings of the members may be called by at least three (3) trustees or upon written request signed by at least ten per centum (10 percent) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

Section 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days 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 Secretary, or by the persons calling the meeting, to each member. 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. In the case of a joint membership, notice given to either husband or wife shall be deemed notice to both joint members. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. QUORUM. At least five percent (5%) of all members of the Cooperative shall be present in person to constitute a quorum for the transaction of business at all meetings. In case of a joint membership, the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

Section 5. VOTING. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws. If a husband and wife hold joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 6. ORDER OF BUSINESS. The Board shall determine the agenda and order of business for Member Meetings.

Section 7. RULES OF PROCEDURE. At all meetings of the members, of the Board of Trustees, and of any committees thereof, meeting procedure, except as provided by law or the Articles of Incorporation, shall be governed by the latest edition of Robert's Rules of Order.

ARTICLE III Trustees

Section 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of nine (9) trustees which shall exercise all powers of the Cooperative except such as are by law or by the Articles or Incorporation of the Corporation or by these Bylaws conferred upon or reserved to the members.

Section 2. QUALIFICATIONS, ELECTION AND TENURE OF OFFICE OF TRUSTEES. The persons named as trustees in the Articles of Incorporation of the Cooperative shall compose the Board of Trustees until the first annual meeting or until their successors shall have been elected and shall have qualified.

No person shall be eligible to become or remain a member of the Board of Trustees of the Cooperative who:

- (a) Has not for at least five (5) years immediately prior thereto been a member and consumer in good standing of the Cooperative, whose principle residence is served by the Cooperative and such residence lies within the particular district which he or she

is to represent, as such district is defined by the Board of Trustees in accordance with Section (3) below, for the immediate prior 5 years.

- (b) Does not have the legal capacity to enter into a binding contract.
- (c) Has a material conflict of interest as determined by a majority of the Board of Director's at a legal meeting of the Board of Trustees.
- (d) Is employed by the cooperative or was employed by the cooperative at any time during the preceding five (5) years.
- (e) Is a close relative of (spouse, parent, step-parent, parent-in-law, child, step-child, son-in-law, daughter-in-law, brother, half brother, step-brother, brother-in-law, sister, half sister, step-sister, sister-in-law, grandparent, grandchild, aunt, uncle, niece, or nephew) an incumbent Trustee or a Cooperative employee. However, no incumbent Trustee will lose eligibility to remain a Trustee or to be re-elected as a Trustee if he/she becomes a close relative of another Trustee or an employee because of a marriage to which he/she was not a party.

Upon establishment of the fact that a board member is holding office in violation of any of the foregoing provisions, the board shall remove such board member from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board.

At each annual meeting beginning with the year 1965, a number of trustees equal to the number of trustees whose terms expire at the time of such meeting shall be elected by secret ballot, by and from the members of the Cooperative to hold office for a term of three (3) years or until their successors shall have been elected and shall have been qualified. The nominee or candidate from each district receiving the highest number of votes at the meeting shall be elected and declared as a member of the Board of Trustees. It shall be the duty of the committee on nominations to certify as to the proper qualifications of their nominees. Should there be nominations by means of petition, it shall be the duty of the Cooperative's Attorney to certify as to the proper qualifications of such nominee. Provided, however that the Board of Trustees shall have the authority to review the decision of the Cooperative's Attorney at a regular or special meeting of the Board which may be called and which must be held, in accordance with Article IV of these bylaws except that any such meeting called for the purpose of reviewing the Cooperative Attorney's decision concerning a petition candidate shall be held within ten (10) days of receipt of the petition at the Cooperative's headquarters office in Pageland. If a majority of Board members attending such meeting should disagree with the decision of the Attorney, then the Board shall have authority to overrule the Attorney's decision on this matter. Should there be but one nomination or candidate to fill any one vacancy on the board of trustees, it shall be permissible to elect and declare the election by viva voice vote of the members in attendance.

Section 3. DISTRICTS AND NOMINATIONS. The territory served or to be served by the Cooperative shall be by the Board of Trustees divided into eight districts. Each district shall be represented by one Board of Trustees member and, in addition thereto, one trustee shall

represent the territory of the Cooperative at large. The Board of Trustees in its discretion may at any time, not less than ninety (90) days prior to any meeting of the members at which Board of Trustees members are to be elected, change, alter and reconstitute the districts by redelineating of the districts. It shall be the duty of the Board of Trustees to appoint, not less than ninety (90) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which trustees are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. No officer or member of the Board of Trustees shall be appointed a member of such committee. The committee shall nominate one nominee for each vacancy on the Board of Trustees and shall prepare and post at the principle office of the Cooperative at least seventy-five (75) days before the meeting a list of nominations for trustees, but any one (1) percent or more members may make other nominations in writing over their signatures not less than sixty (60) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted. No member may nominate more than one candidate or sign more than one nomination in writing. The Secretary shall mail with the notice of the meeting a statement of the number of trustees to be elected and showing separately the nominations made by the committee on nominations and the nominations made by petition, if any. The members may, at any meeting at which a trustee or trustees shall be removed, as herein before provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of trustees.

Section 4. VACANCIES. Subject to the provisions of these Bylaws, with respect to the removal of trustees, vacancies occurring on the Board of Trustees may be filled by a majority vote of the remaining trustees and trustees thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified. The term of the elected Trustee shall run for remaining portion of the Trustee's term that was replaced due to a vacancy.

Section 5. COMPENSATION. Board members shall not receive any salary for their services as such, except that the Board may authorize a fixed sum for each day and portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting of some of these expenses. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any spouse, father, mother, son, daughter, brother, sister, aunt or uncle of a Board member, receive compensation for serving the Cooperative unless the payment and amount of compensation shall specifically be authorized by a vote of the members, or the service by such person shall have been certified by the Board as an emergency measure.

Section 6. RULES AND REGULATIONS. The Board of Trustees shall have power to make and adopt such policies, rules and regulations, not inconsistent with the law, the Articles of

Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 7. ACCOUNTING SYSTEM AND REPORTS. The Board of Trustees shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. All accounts of the Cooperative shall be examined by the Board of Trustees at regular meetings of the Board of Trustees. The Board of Trustees shall also within thirty (30) days after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the following annual meeting.

Section 8. REMOVAL OF TRUSTEES AND OFFICERS. Any member may bring charges against an officer or trustee by filing them in writing with the Secretary, together with a petition signed by ten per centum (10 Percent) of the members, requesting the removal of the officer or trustee in question. The removal shall be voted upon at the next regular meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The trustee or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

Section 9. AREA COVERAGE. The Board of Trustees shall make diligent efforts to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service (b) meet all reasonable requirements established by the Cooperative as a condition of such service and (c) Service Rules and Regulations.

Section 10. HONORARY MEMBERS. That any member who has or shall in the future serve at least four (4) consecutive terms or nine consecutive years as a member of the Board of Trustees of the Cooperative shall upon termination of his service as an active voting member of the Board of Trustees, become an honorary member of the Board of Trustees for the remainder of his lifetime.

Section 11. DUTIES, RIGHTS, AND OBLIGATIONS OF HONORARY MEMBERS OF THE BOARD OF TRUSTEES. Honorary members of the Board of Trustees shall:

- (a) Act only in an advisory capacity.
- (b) Not at anytime be entitled to vote upon any matter submitted to a vote at a meeting of the Board of Trustees.

- (c) Honorary members of the Board of Trustees shall serve without compensation except that they may continue to participate in the insurance program of the Cooperative upon such terms, as the Board of Trustees shall determine.

ARTICLE IV

Meetings of Trustees

Section 1. REGULAR MEETINGS. A regular meeting of the Board of Trustees shall be held without notice other than this bylaw, immediately after, and at the same place as, the annual meeting of the members for the purpose of electing officers. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. SPECIAL MEETINGS. Special meetings of the Board of Trustees may be called by the President or any three (3) trustees. The person or persons authorized to call special meetings of the Board of Trustees may fix the time and place for holding of any special meeting of the Board of Trustees called by them.

Section 3. NOTICE OF SPECIAL BOARD MEETINGS. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally or by mail, by or at the direction of the Secretary, or by the President, or by any one of the Board members calling the meeting as provided in Section 2 of this Article. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail and addressed to the Board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the day set for the meeting. The attendance of a trustee at any meeting shall constitute a waiver of notice of such meetings, except in case a trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. QUORUM. A majority of the Board of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees, provided, that if less than a majority of the trustees is present at said meeting, a majority of the trustees present may adjourn the meeting from time to time without further notice.

Section 5. MANNER OF ACTING. The act of the majority of trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE V

Officers

Section 1. NUMBER. The officers of the Cooperative shall be a Chairman, Vice-Chairman, Secretary, Treasurer and such other officers as may be determined by the Board of Trustees from time to time. The offices of the Secretary and Treasurer may be held by the same person.

Section 2. ELECTION AND TERM OF OFFICE. The officers shall be elected, by ballot, annually by and from the Board of Trustees at the first meeting of the Board of Trustees held after each annual 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 provision of these Bylaws with respect to the removal of officers.

Section 3. REMOVAL. Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 4. VACANCIES. Except as otherwise provided by these Bylaws, a vacancy in any office may be filled by the Board of Trustees for the unexpired portion of the term.

Section 5. CHAIRMAN. The Chairman:

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

Section 6. VICE-CHAIRMAN. In the absence of the Chairman, or in the event of his inability or refusal to act, the Vice-Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice-Chairman shall also perform such other duties as may be assigned to him from time to time by the Board of Trustees.

Section 7. SECRETARY. The Secretary shall be responsible for:

- (a) Keeping the minutes of the members and the Board of Trustees in one or more books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these Bylaws or as required by law:

- (c) Being custodian of the corporate records and of the seal of the Cooperative and seeing 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;
- (d) Keeping a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) Signing with the Chairman, certificates of membership, the issue of which shall be furnished to the Secretary by such member;
- (f) Having general charge of the books of the Cooperative in which a record of members is kept;
- (g) Keeping in file, at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, forward a copy of the Bylaws and of all amendments thereto to each member upon written request of a member of the Cooperative; and
- (h) In general, performing 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 8. TREASURER. The Treasurer shall be responsible for:

- (a) All funds and securities of the Cooperative;
- (b) Receiving and giving receipts for moneys due and payable to the Cooperative from any source whatsoever, and depositing all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with provision of these Bylaws; and
- (c) In general performing all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 9. PRESIDENT, CHIEF EXECUTIVE OFFICER. The Board of Trustees may appoint a Manager who will be designated as President and Chief Executive Officer. The President and Chief Executive Officer shall perform such duties as the Board of Trustees may from time to time require of him and shall have such authority as the Board of Trustees may from time to time vest in him. The President and Chief Executive Officer may be, but shall not be required to be, a member of the Cooperative.

Section 10. BONDS OF OFFICERS. The Board of Trustees shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property to be bonded 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 be bonded in such amount and with such surety as it shall determine.

Section 11. COMPENSATION. The compensation, if any, of any officer, agent or employee who is also a trustee or close relative of the trustee, shall be determined by the members, as provide elsewhere in these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Trustees.

Section 12. 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 VI

Contracts, Checks, and Deposits

Section 1. CONTRACTS. Except as otherwise provided in these Bylaws, the Board of Trustees may authorize any officer of officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on the behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

Section 3. DEPOSITS. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Trustees may select.

ARTICLE VII

Revenues and Receipts

Section 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative nonprofit 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 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, 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, members and non-members alike, 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, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron, all such amount is in excess of operating cost 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. 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.

Provided further, however, that the Board of Trustees shall have the power to adopt rules providing for the separate retirement of the portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an origination 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 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.

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

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital prior to September 26, 1987, 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 September 26, 1987, the Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least twenty-five per centum (25%) of the total assets of the Cooperative. Provided, that any patron who owes to the Cooperative any past due indebtedness of more than 60 days duration that the full amount of such capital, that is being retired, or so much thereof, as is necessary to retire the said delinquent patron's indebtedness to the

Cooperative, may be used and applied directly by the Cooperative to, and for the purpose of, the retirement or payment of such indebtedness.

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

Notwithstanding any other provision of these Bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provision of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon notwithstanding any other provision of these bylaws, the Board of Trustees at its discretion, shall have the power at any time upon the death of any member and/or patron, upon the written request of the duly appointed and qualified legal representative of his estate, to refund to the estate of such deceased member and/or patron, any and/or all membership fees and/or deposits having been paid to the Cooperative by such deceased member and/or patron. Provided, however, that the financial condition of the Cooperative will not be impaired thereby.

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 patron are bound by such instrument containing such terms and provision. 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.

Before retiring and refunding any Capital Credits, the Cooperative may deduct from the Capital Credits any amounts owed to the Cooperative by the Member, including any reasonable compounded interest and late payment fee, determined by the Board.

Section 3. UNCLAIMED PATRONAGE CAPITAL. When a payment of patronage is declared, and is unclaimed after over six (6) years, and the owner or his legal representative cannot be found after a diligent search, including letters and telephone inquiry, it shall be assumed that such unclaimed amounts is added donated capital after which the following shall be done:

- (a) A list of names and addresses of such owners shall be posted for thirty (30) days after the closing of books each year at the main office and also at each other office of the Cooperative, if established.
- (b) At the expiration of such time with no claims, the members agree that such entire amount shall be credited to the general patronage fund for the current year and

thus inure to benefits of all members; in furtherance of the Cooperative principle that patronage funds are donated capital and the entire operation is nonprofit.

ARTICLE VIII
Waiver Notice

Any member or trustee may waive, in writing, any notice of meetings required to be given by these Bylaws.

ARTICLE IX
Disposition of Property

- A. A sale (which terms shall include as sale, lease, exchange, or any other disposition of assets, except a mortgage of or other security interest in the assets) of all, or substantially all, the property and assets, with or without the good will, of the Cooperative may be made upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, real or personal, including shares of any other corporation, domestic or foreign, shall be authorized in the following manner:
- (1) The Board of Trustees shall adopt a resolution recommending such sale, and directing the submission thereof to a vote at a meeting of members, which may be either an annual or a special meeting.
 - (2) Written or printed notice shall be given to each member of record entitled to vote at such meeting within the time and in the manner provided for the giving of notice of meetings of members, and whether the meeting be an annual or a special meeting, shall state that the purpose, or one of the purposes, of the meeting is to consider the proposed sale.
 - (3) At such meeting the members may authorize such sale, and may fix, or may authorize the Board of Trustees to fix, any or all of the terms and conditions thereof and the consideration to be received by the Cooperative thereof. Each member of the Cooperative shall be entitled to vote thereon. Such authorization shall require the affirmative vote of at least two-thirds of all the members of the Cooperative.
- B. After such authorization by a vote of the members, the Board of Trustees nevertheless, in its discretion, may abandon such sale of assets, subject to the rights of third parties under any contracts relating thereto, without further action or approval by the members.
- C. A mortgage or pledge of or other security interest in all or any part of the assets of the Cooperative, whether or not in the usual and regular course of its business, may be made by authority of the Board of Trustees of the Cooperative without authorization of the members.
- D. The Board of Trustees may sell, lease, or otherwise dispose of any of the following described property at their discretion:

- (1) Property which in the judgement of the Board of Trustees neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not, in any one (1) year exceed in value ten per centum (10 percent) of the value of all the property of the Cooperative;
- (2) Services of all kinds, including electric energy; and
- (3) Personal property acquired for resale.

ARTICLE X
Fiscal Year

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

ARTICLE XI
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 XII
Amendments

These Bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

ARTICLE XIII
Indemnity of Trustees, Officers and Employees

Section 1. Any present or former trustee, officer or employee of the Cooperative, or any person who, at the request of the Cooperative, may have served as a trustee or officer of another corporation in which it owns shares or of which it is a creditor, shall be entitled to reimbursement of expenses and other liabilities, to the extent provided by this article, in any action or proceeding to which he is a party by reason of being or of having been a trustee, officer or employee.

Section 2. Indemnity shall be granted, and the amount thereof fixed by order of court entered in the action or proceeding to which the person is a party or in a separate proceeding to which the person is a party or in a separate proceeding. The court may permit or direct reimbursement for:

- (1) Expenses, including attorney's fees, actually and reasonably incurred by the person sued in his defense of any such action, if

- (a) he is successful in whole or in part on the merits of the proceeding to which he is a part, is settled with the approval of the court, and the court finds that the person sued has not been guilty of negligence or misconduct in the performance of his duty to the Cooperative, or
 - (b) notwithstanding the forgoing limitations, the court finds that the person sued fairly and equitably merits indemnification.
- (2) Any amount paid by the person sued in discharge of a judgment against him or paid by him in a settlement approved by the court, if the court finds that indemnification of such amounts would be fair and equitable.

Section 3. Application for indemnity under this article may be made either by the person rendering services to him in connection with his defense. The court may, in its discretion, order fees and expenses to be paid directly to the attorney or other person although such attorney or other person is not a party to the proceeding. Notice of the application for such indemnity shall be served upon the Cooperative (or its trustee or receiver, as the case may be), and upon the other parties to the proceeding in respect of which indemnity is sought, and the court may, if it deems it necessary, also order appropriate notice to be given to members.

Section 4. The right to indemnity shall inure to the estate, executor, administrator, heirs, legatees, or devisees of any person entitled to indemnification hereunder.

**UNITED STATES
DEPARTMENT OF AGRICULTURE
Rural Utilities Service**

**APPENDIX A
Statement of Nondiscrimination**

Lynches River Electric Cooperative, Inc. has filed with the Federal Government a Compliance Assurance in which it assures the Rural Utilities Service that it will comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the rules and Regulations of the Department of Agriculture issued thereunder, to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and the operation of its facilities. Under this Assurance, this organization is committed not to discriminate against any person on the ground of race, color or national origin in its policies and practices relating to applications for service or any other policies and practices relating to treatment of beneficiaries and participants including rates, conditions and extensions of service, use of any of its facilities, attendance at and participation in any meetings of beneficiaries and participants or the exercise of any rights of such beneficiaries and participants in the conduct of the operations of this organization.

Any person who believes himself, or any specific class of individuals, to be subjected by this organization to discrimination prohibited by Title VI of the Act and the Rules and Regulations issued thereunder may, by himself or a representative, file with the Secretary of Agriculture, Washington, D.C. 20250, or the Rural Utilities Service, Washington, D.C. 20250, or this organization, or all, a written complaint. Such complaint must be filed no later than 180 days after the alleged discrimination, or by such later date to which the Secretary of Agriculture or the Rural Utilities Service extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.

APPROVED BY MEMBERSHIP: October 21, 2006