

Lynches River Electric Cooperative Bylaws

One order of business to be conducted at the annual meeting is to consider proposed new Bylaws of Lynches River Electric Cooperative, Inc. It is proposed that the current Bylaws of Lynches River Electric Cooperative, Inc. be stricken in their entirety and replaced with the following:

Article 1—Cooperative Membership

Section 1.1—Member Qualifications. Any natural person, cooperative, firm, association, corporation, trust, partnership, limited liability company, federal agency, state or political subdivision thereof, or body politic (each hereafter referred to as “person”, “applicant”, “him”, or “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, Lynches River Electric Cooperative, Inc. (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative.

Section 1.2—Membership Procedure. Except as otherwise provided in these Bylaws or by the Board, a qualified Person seeking to become or remain a Member (“Applicant”) shall agree to purchase electric power and energy from the Cooperative.

To become or remain a Member, an Applicant shall agree to be bound by and to comply with all of the provisions of the Cooperative’s Articles of Incorporation and Bylaws, and all policies, rules, regulations, and rate schedules, fees, charges, deposits or contributions established and adopted by the Board of Trustees pursuant thereto, as all the same then exist or may thereafter be adopted or amended (hereinafter called “governing documents”). The membership application shall be in such form as provided by the Cooperative. 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 therefore by the Cooperative. The membership application shall be accompanied by such fees, charges, deposits, or contributions required by the Board of Trustees together with any signed supplemental contract that may be required by the Cooperative.

Except as otherwise provided in these Bylaws or by the Board, an Applicant shall pay the Cooperative: (1) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (2) outstanding amounts owed to the Cooperative by the Applicant.

Section 1.3—Membership. Except as otherwise provided in these Bylaws or by the Board, a qualified Person becomes a member of the Cooperative (“Member”) and consents to being a Member upon using, or requesting or agreeing to use, a Cooperative Service and completing the Membership Procedure.

If the Board determines that a qualified Person is unable to complete the Membership Procedure, then the Board may refuse, suspend, or terminate the Person’s membership in the Cooperative. For other good cause determined by the Board, the Board may refuse a qualified Person membership in the Cooperative.

The members and 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 member or patron and both the Cooperative and the members or patrons are bound by such contract as fully as though each member or patron had individually signed a separate instrument containing such terms and provisions.

Except as otherwise provided in these Bylaws or by the Board in advance and in writing, a Cooperative membership, and a right or privilege associated with the Cooperative membership, may not be sold, purchased, assigned, disposed of, acquired, or otherwise transferred.

Section 1.4—Membership Agreement. A Member shall: (1) comply with the Governing Documents; and (2) pay the Cooperative for the Cooperative’s damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member’s failure to comply with the Governing Documents. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative Service Provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (2) bring and maintain a legal action to order the Member to comply with the Governing Documents.

A Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, liabilities, damages, costs, or expenses, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative Trustee, Officer, employee, agent, or representative (“Cooperative Official”), and caused by the Member’s negligence, gross negligence, or willful misconduct, or by the unsafe or defective condition of a Location Occupied by the Member.

In general, a Member is not liable to third parties for the Cooperative’s acts, debts, liabilities, or obligations solely because of membership in the Cooperative.

Section 1.5—Provision of Cooperative Service. A Member shall comply with a reasonable procedure required by the Cooperative regarding the Provision of a Cooperative Service.

- (a) **Interruption of Cooperative Service.** The Cooperative shall Provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative Providing inadequate, noncontinuous, or fluctuating electric energy or other Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative’s gross negligence or willful misconduct. The Cooperative’s responsibility and liability for Providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member.
- (b) **Safe and Protected Operation of Cooperative.** A Member must follow any directions required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, which direction involves: (1) a Location Occupied by the Member and to or for which the Cooperative Provides a Cooperative Service; (2) real or personal property in which the Member possesses a legal or equitable right or interest (“Member Property”); (3) Cooperative Equipment; or (4) Member Equipment connected to Cooperative Equipment. A Member shall: (1) protect Cooperative Equipment and Member Equipment connected to Cooperative Equipment; and (2) install and maintain a protective device, and implement and follow a protective procedure, required by the Cooperative. As necessary to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, the Cooperative may temporarily suspend or terminate Provision of a Cooperative Service. A Member shall not tamper with, alter, interfere with, damage, or impair Cooperative Equipment. Except as otherwise provided by the Board, the Cooperative owns all Cooperative Equipment.
- (c) **Member Equipment Connected to Cooperative Equipment.** Except as otherwise provided by the Board, before Member Equipment is connected to Cooperative Equipment, the Cooperative must approve the connection in writing. Before and while Member Equipment is connected to Cooperative Equipment, the Member:
 - (1) shall comply with, and shall ensure that the Member Equipment, the connection, and any act or omission regarding the Member Equipment and the connection comply with, the Governing Documents, including terms, conditions, requirements, and procedures required by the Cooperative regarding the Member Equipment and the connection;
 - (2) shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative’s ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
 - (3) grants the Cooperative the right to inspect the Member Equipment and the connection to determine whether they comply with the Governing Documents;

- (4) grants the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with the Governing Documents or that adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service; and
- (5) shall pay the Cooperative for income not received or accrued because of the connection.

If Member Equipment is connected to Cooperative Equipment, then: (1) the Member is, but the Cooperative is not, responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment; (2) the Cooperative is not liable for damage to, or for the performance of, the Member Equipment; (3) the Cooperative is not liable for damage to Member Property; (4) the Member is responsible for knowing the concerns, risks, and issues associated with operating the Member Equipment and connecting the Member Equipment to Cooperative Equipment; (5) the Member is liable for damage to, and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection; and (6) the Member is liable for, and must indemnify the Cooperative against, injury or death to any Person and damage to any property caused by, or resulting from, the Member Equipment or the connection.

- (d) Suspension or Termination of Cooperative Service. After providing a Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member for reasons including, but not limited to, the reasons listed below. Without providing a Member notice or an opportunity to comment, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member upon determining or discovering:
 - (1) that Cooperative Equipment used to Provide the Cooperative Service has been tampered with, altered, interfered with, damaged, or impaired;
 - (2) that Member Equipment connected to Cooperative Equipment adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
 - (3) the unsafe condition of Cooperative Equipment or Member Equipment connected to Cooperative Equipment; or
 - (4) an imminent hazard or danger posed by Cooperative Equipment or Member Equipment connected to Cooperative Equipment.

Section 1.6—Payment for Cooperative Service. At prices, rates, or amounts determined by the Board, and pursuant to terms, conditions, time, and manner specified by the Cooperative, a Member shall pay the Cooperative for: (1) Cooperative Services Provided to the Member or Provided to or for a Location Occupied by the Member; and (2) dues, assessments, fees, deposits, contributions, or other amounts required by the Governing Documents. Dues, assessments, contributions, or other amounts paid by a Member to the Cooperative may pay for periodical subscriptions received by the Member from the Cooperative or from an Entity in which the Cooperative is a member or owner.

All amounts paid for electric service in excess of the cost thereof shall be furnished by members or non-member patrons as capital, and each member or patron shall be credited with the capital so furnished as provided in Article 6 of these Bylaws.

As provided by the Board: (1) a Member shall pay interest, compounded periodically, and late payment fees for amounts owed, but not timely paid, to the Cooperative; and (2) regardless of the Cooperative's accounting procedures, the Cooperative may apply amounts paid by a Member to all of the Member's accounts on a pro rata basis.

Section 1.7—Grant of Property Rights. As required by the Cooperative for a Cooperative Purpose, a Member shall: (1) provide the Cooperative safe and reliable access to or use of Member Property; and (2) pursuant to terms and condition specified by the Cooperative, and without compensation from the Cooperative, grant or convey to the Cooperative a written or oral easement, right-of-way, license, or other right or interest in Member Property, and execute a document regarding this grant or conveyance.

A "Cooperative Purpose" is, at any time: (1) purchasing, installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading, or replacing Cooperative Equipment or Member Equipment connected to Cooperative Equipment; (2) Providing a Cooperative Service to a Member or one or more other Members; (3) monitoring, measuring, or maintaining a Cooperative Service Provided to a Member or one or more other Members; (4) Providing electric energy to a Person or one or more other Persons; (5) monitoring, measuring, or maintaining electric energy Provided to a Person or one or more other Persons; (6) authorizing, permitting, satisfying, or facilitating an obligation incurred, or right granted, by the Cooperative regarding use of Cooperative Equipment; or (7) safely, reliably, and efficiently operating the Cooperative or Providing a Cooperative Service.

Section 1.8—Member Suspension, Reinstatement. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall automatically be suspended, and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations 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.

Upon a Member's suspension:

- (1) other than the Cooperative's obligation to retire and pay Capital Credits, and other than the Cooperative's obligations regarding dissolution, the Cooperative's duties, obligations, and liabilities imposed by the Governing Documents for the Member cease and the Cooperative may cease Providing a Cooperative Service to the Member; and
- (2) other than the Member's right to receive retired and paid Capital Credits, and other than the Member's rights upon the Cooperative's dissolution, the Member forfeits and relinquishes rights provided in the Governing Documents, but remains subject to obligations imposed by the Governing Documents. In particular, a suspended Member may not receive notice, nominate, vote, remove, demand, request, petition, consent, or otherwise act as provided in the Governing Documents.

Section 1.9—Member Termination. Upon approval by the Board, a suspended Member is terminated. Except as otherwise provided in these Bylaws, a Member is also terminated upon: (1) the Member's death, legal dissolution, or legal cessation of existence; (2) the Member requesting termination; or (3) the Cooperative learning that the Member has permanently ceased Using a Cooperative Service. Except as otherwise provided by the Board, a partnership Member continuing to Use a Cooperative Service is not suspended upon the death of a partner or following any other alteration in the partnership. A partner leaving a partnership Member remains liable to the Cooperative for amounts owed to the Cooperative by the Member at the time of the partner's departure. Any member who requests that the Cooperative terminate that member's electric service or has electric service terminated by the Cooperative shall cease to be a member and any membership certificate of such member shall be surrendered to the Cooperative.

Termination of a Member does not: (1) release the Member from debts, liabilities, or obligations owed to the Cooperative; or (2) release the Cooperative from the obligation to retire and pay Capital Credits to the former Member or obligations to the former Member regarding the Cooperative's dissolution. Termination does not in any way forfeit, diminish, or affect the patronage capital account of the terminated member.

Section 1.10—Membership List. The Cooperative shall maintain a record of the names and addresses of all members ("Membership List"). Except as otherwise provided by these Bylaws or the Board, a Person may not inspect, copy, or receive a copy of the Membership List or a similar list of Members.

Section 1.11—Arbitration. Each member of the Cooperative agrees by signing the Application for Service or accepting electric energy from the Cooperative that any dispute the member has with the Cooperative arising from or related to the receipt of electric energy from membership in the Cooperative, or arising out of or related in any way to these Bylaws or any agreements with or services provided by the Cooperative, if it cannot be resolved through the Cooperative's internal procedures, will be subject to binding, mandatory arbitration. The arbitration of such a dispute will be commenced by the member or former member sending a demand for arbitration to the registered office of the Cooperative with a copy to the Cooperative's attorney. The arbitration shall take place in the county of the member's service address as listed in the records of the Cooperative or, in the case of a former member, in the state capital of the former member's current state of residence. The arbitration shall be conducted pursuant to the arbitration procedures portion of the Commercial Arbitration Rules and Mediation Procedures of the

American Arbitration Association in effect at the time of the demand for arbitration. The Cooperative agrees to pay all expenses of the arbitrator. Each member further agrees that no class action claim may be brought in such arbitration or in any court.

Article 2—Member Meetings and Member Voting

Section 2.1—Annual Meetings. For the purposes of electing trustees, passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the Cooperative shall annually hold a meeting of Members (“Annual Member Meeting”) within a county in which the Cooperative Provides a Cooperative Service. The Board must determine the date, time, and location of an Annual Member Meeting. The Cooperative’s failure to hold an Annual Meeting does not affect an action taken by the Cooperative and shall not work as forfeiture or dissolution of the Cooperative.

Section 2.2—Special Member Meetings. A special meeting of Members (“Special Member Meeting”) may be called by resolution of the Board of Trustees or upon written request signed by at least three (3) trustees or by at least ten (10%) percent of the members, or by the President. The meeting shall be held within a county in which the Cooperative provides a Cooperative Service, at a date, time, and location to be determined by the Board. It shall be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 2.5.

Section 2.3—Agenda, Attendance, and Action at Member Meetings. Except as otherwise provided in these Bylaws, before or at an Annual or Special Member Meeting (“Member Meeting”), the Board shall determine the agenda, program, or order of business for the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, the President or Cooperative Attorney: (1) shall preside at the Member Meeting; (2) may remove a Person from the Member Meeting for unruly, disruptive, or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, Members attending the Member Meeting may consider, vote, or act only upon a matter for which: (1) except as otherwise provided in these Bylaws, the Board and Members were notified and; (2) the Members are authorized to consider, vote, or act.

Section 2.4—Member Action Without a Member Meeting. Except as otherwise provided in these Bylaws, Members may not act without a Member Meeting.

Section 2.5—Notice of Member Meetings. As directed by the President, Secretary, or any other Officer or Member properly calling the Member Meeting, the Cooperative shall deliver written notice of a Member Meeting personally or by mail to all Members entitled to attend the meeting. This notice must indicate the date, time, and location of the meeting and must be delivered at least 10 days, but no more than 25 days, before the meeting. 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 contained in the Notice.

Except as otherwise provided in these Bylaws, a mailed notice of a Member Meeting is delivered when deposited in the United States mail with prepaid postage affixed and addressed to a Member at the Member’s address shown on the Membership List. The good faith, inadvertent, and unintended failure of a Member to receive notice of a Member Meeting does not affect an action taken at the Member Meeting.

Section 2.6—Member Waiver of Notice. A Member may waive notice of a Member Meeting, or of a matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written waiver of notice (“Member Meeting Waiver of Notice”) either before the Member Meeting or within 30 days after the Member Meeting.

Unless a Member objects to holding a Member Meeting, or to transacting business at the Member Meeting, the Member’s attendance in person at the Member Meeting waives the Member’s objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering, or voting or acting upon, a matter at a Member Meeting, the Member’s attendance in person at the Member Meeting waives the Member’s objection to considering, or voting or acting upon, the matter at the Member Meeting.

Section 2.7—Member Quorum. Attendance in person of at least five (5%) percent of the total membership of the Cooperative shall be required for the transaction of business at any meeting. 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 2.8—Member Voting. If a Member presents identification or proof of Cooperative membership as reasonably required by the Cooperative, and if the Member is not suspended on the Record Date and remains unsuspended after the Record Date, then, regardless of the value or quantity of Cooperative Services Used, the Member may cast one (1) vote on a matter for which the Member is entitled to vote. To vote for an Entity Member, an individual must present evidence requested by and satisfactory to the Cooperative that the individual is authorized to vote for the Entity Member.

At a Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a voice vote is not sufficient to accurately determine the vote results, then the Members shall vote by written ballot, or by any other reasonable manner determined by the Board. Members may not cumulate votes. Agreements signed by Members providing the manner in which a Member will vote are not valid.

Article 3—Trustees

Section 3.1—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 of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

Section 3.2—Qualifications. A Trustee or Trustee candidate must comply with this Bylaw.

To become or remain a Trustee, a Person must comply with the following general qualifications:

- (1) be a natural person;
- (2) have the capacity to enter legally binding contracts;
- (3) while a Trustee and during the five (5) years immediately before becoming a Trustee be a member in good standing of the cooperative, whose principle 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 3.4 below, for the immediate prior five (5) years.

To become or remain a Trustee, an individual must comply with the following conflict of interest qualifications:

- (1) while a Trustee and during the five years immediately before becoming a Trustee, not be an employee of the Cooperative or an employee of an entity controlled by the Cooperative or in which the Cooperative owns a majority interest;
- (2) while a Trustee not be 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.
- (3) not have a material conflict of interest as determined by a majority of the Board of Trustees at a legal meeting of the Board of Trustees.

Trustee Disqualification. After being elected, if a Trustee does not comply with all General Trustee Qualifications and Conflict of Interest Trustee Qualifications (collectively, "Trustee Qualifications"), then, except as otherwise provided by the Board for good cause, the Board may disqualify the Trustee and the individual is no longer a Trustee if:

- (1) the Board notifies the Trustee in writing of the basis for, and provides the Trustee an opportunity to comment regarding, the Board's proposed disqualification; and
- (2) within 30 days after the Board notifies the Trustee of the proposed disqualification, the Trustee neither complies with nor meets the Trustee Qualification.

Section 3.3—Staggered Terms. 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, as set forth in Section 3.5 herein, to hold office for a term of three (3) years or until their successors shall have been elected and shall have been qualified. Trustees shall be so elected on a staggered term basis and this sequence shall continue year to year for future elections until this Bylaw shall be changed or modified.

Section 3.4—Trustee Voting Districts and Nominations. Based upon geographic, regional, population, membership, subdivision, economic development, permanent or full residency, seasonal or partial residency, or other equitable consideration determined by the Board of Trustees, the Board of Trustees shall divide the general area in which the Cooperative provides Cooperative Services ("Cooperative Service Area") into eight voting districts that equitably represent the Members ("Trustee Districts"). Voting districts should provide equitable representation on the Board of Trustees from throughout the Cooperative Service Area. Each voting district shall be represented by one Board of Trustees member to be elected by the members residing therein and, in addition thereto, one trustee shall represent the territory of the Cooperative at large to be elected by the members. The At-Large trustee shall be a person of the black race.

If a Member uses a Cooperative Service at locations in more than one voting district, then (1) if the Member is an individual and resides within the Cooperative Service Area, the Member uses a Cooperative Service at a location in the voting district in which the Member resides; and (2) if the Member is an individual and does not reside within the Cooperative Service Area, or if the Member is an Entity, the Member uses a Cooperative Service at a location in the voting district in which the Member first used, and continues to use, a Cooperative Service.

As necessary based upon geographic, regional, population, membership, subdivision, economic development, permanent or full residency, seasonal or partial residency, or other equitable consideration determined by the Board of Trustees, the Board of Trustees shall revise the voting districts to ensure that the voting districts equitably represent the Members. Within thirty (30) days following a voting district revision, and at least ninety (90) days before the next Annual Member Meeting, the Cooperative must notify, in writing, Members affected by the voting district revision. Voting district revisions are effective on the date the Cooperative releases written notice of the voting district revision. A voting district revision may not: (1) increase an existing Trustee's Trustee term; or (2) unless the affected Trustee consents in writing, shorten an existing Trustee's Trustee Term.

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 voting district candidate or sign more than one voting district 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. If, before the scheduled election, a committee on nominations nominee dies, becomes incapacitated, or ceases to be qualified to be a Trustee, then the committee on nominations may nominate another individual. As determined by the Board, the Cooperative may reasonably compensate or reimburse nominating committee members. 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 3.5—Trustee Elections. In respect of each voting district, one (1) trustee shall be elected by the voting members residing therein. At each annual meeting of the members, trustees shall be elected by secret ballot by the members residing in that trustee's voting district. The At-Large trustee shall be elected by secret ballot by all of the members. However, when the number of nominees does not exceed the number of trustees to be elected from a particular trustee voting district or only one nominee is running for the at-large seat, balloting shall be dispensed with in respect of the District or the At-Large seat. Trustees shall be elected by a plurality vote of the members. Drawing by lot shall resolve, where necessary, any tie votes.

Section 3.6—Terms of Office. Except as otherwise provided in these Bylaws, a Trustee's term is three years or until a successor Trustee is elected or appointed ("Trustee Term"). A Trustee's term begins: (1) after the individual consents to being elected or appointed as a trustee; and (2) immediately after election or appointment. A trustee's term ends after: (1) a successor Trustee consents to being elected or appointed as a Trustee; and (2) immediately after a successor Trustee's election or appointment. If a quorum is not present at an annual meeting of members, the board members who would have been voted on will hold over until the next annual meeting of members where a quorum is present; provided that, not more than three (3) board members can be elected in any year, and in the event of a hold-over period, the election of subsequent board members shall be extended in a like manner for like periods and in regular and customary sequence thereafter.

Section 3.7—Trustee Resignation. A Trustee may resign at any time. To resign, a Trustee must sign and deliver a written notice of resignation to the Board, President, or Secretary. Except as a later date is otherwise provided in a written notice of resignation, a Trustee's resignation is effective when the Board, President, or Secretary receives the written notice of resignation.

Section 3.8—Trustee Removal. The Board of Trustees may temporarily suspend a trustee for cause. A trustee against whom such charge for cause has been brought shall be informed in writing of the charges at least five (5) days prior to a meeting of the board, such meeting being in accordance with the provisions of Article 4, Board Meetings and Trustee Voting, of these bylaws. Therein, the charges shall be considered and the trustee shall have the opportunity, at the meeting, to be heard in person or by counsel, and to present evidence in respect of the charge. A temporary suspension of a trustee for cause may occur upon the affirmative vote of at least two-thirds of the members of the Board until the next annual or special meeting. At that meeting, the membership may remove the suspended trustee for cause from the board by an affirmative vote of a majority of the members present and voting. In the event the membership refuses to vote to remove the trustee, he must be reinstated immediately with all the powers of his office and continue to serve for the remainder of his elected term.

"Cause" for removal of a trustee under this section means fraudulent or dishonest acts, or gross abuse of authority in the discharge of duties to the cooperative and must be established after written notice of specific charges and opportunity to meet and refute charges.

Section 3.9—Trustee Vacancy. Subject to the provisions of these Bylaws, vacancies occurring on the Board of Trustees may be filled by a majority vote of the remaining trustees. The individual thus elected shall serve out the unexpired term of the trustee whose office was originally vacated.

Section 3.10—Trustee Compensation and Benefits. As determined or approved by the Board, the Cooperative may reasonably compensate Trustees for attending board meetings and other activities authorized by the Board. The Cooperative may also provide for the travel, expenses, and other benefits of trustees, as set by the Board. If authorized by the Board, Board Members may 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. Further, if authorized by the Board, Trustees may receive insurance and wellness benefits similar to those provided Cooperative employees in return for Trustees' service and attendance.

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 3.11—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 3.12—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 3.13—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 and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 3.14—Committees. The Board of Trustees shall have the right and power, to be exercised if it so wishes by resolution adopted by a majority of the full Board of Trustees, to designate from among its members an executive committee and other committees and to delegate to such committee or committees so much of the authority of the Board of Trustees as is permitted by law.

Section 3.15—Indemnification of Trustees, Officers, and Employees. To the maximum extent permitted by law every present and former trustee, officer, or employee of the cooperative shall be indemnified by the cooperative against all damages, judgments, settlements, defense costs, charges, and expenses (excluding salaries of officers or employees of the cooperative) incurred in the defense of actions, suits, or proceedings, and appeals therefrom, resulting from claims made against such trustee, officer or employee as a result of a Wrongful Act.

The term "Wrongful Act" shall mean any actual or alleged error, misstatement, misleading statement, omission, neglect, or breach of duty by such trustee, officer, or employee while acting in his capacity as an authorized representative of the cooperative, including conduct with respect to an employee benefit plan. Provided, that the term "Wrongful Act" shall not include any conduct involving or arising out of the willful, wanton, or grossly negligent actions of a trustee, officer, or employee, and the cooperative shall not indemnify such individual against any claim or liability resulting therefrom. The cooperative may purchase insurance to cover its indemnification obligation set forth herein.

Article 4—Board Meetings and Trustee Voting

Section 4.1—Regular Board 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.

For good cause, the President may change the date, time, or location of a Regular Board Meeting. A Trustee not attending a Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change at least five days before the next Regular Board Meeting. All Trustees are entitled to receive notice of a President's change in a Regular Board Meeting date, time, or location at least five days before the changed Regular Board Meeting.

Section 4.2—Special Board Meetings. The Board, the President, or at least three Trustees may call a special meeting of the Board ("Special Board Meeting") by providing each Trustee at least **five** days' prior written or oral notice indicating the date, time, and location of the Special Board Meeting.

Section 4.3—Notice of Special Board Meeting. 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 at least five days before the day set for the meeting. 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. 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 4.4—Quorum. The presence of a majority of the trustees in office shall be required for the transaction of business and, except where a higher vote is required otherwise in these bylaws, the affirmative votes of a majority of the trustees in office 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 an action upon that matter, be counted in determining the number of trustees in office or present. Provided further, that if less than a quorum be present at a meeting, a majority of the trustees present may adjourn the meeting from time to time without further notice.

Section 4.5—Conflict of Interest Transaction. A conflict of interest transaction is a transaction with the Cooperative in which a Trustee has a direct or indirect interest ("Conflict of Interest Transaction").

- (a) Indirect Interest. A Trustee has an indirect interest in a transaction with the Cooperative if at least one party to the transaction is another Entity: (1) in which the Trustee has a material interest or is a general partner; or (2) of which the Trustee is a director, officer, or trustee.
- (b) Approval of Conflict of Interest Transaction. Regardless of the presence or vote of a Trustee interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and a Board Quorum or Member Quorum satisfied, if the Conflict of Interest Transaction's material facts, and the Trustee's interest, are:
 - (1) disclosed or known to the Board or Board Committee, and a majority of more than one Trustee with no interest in the Conflict of Interest Transaction votes to approve the Conflict of Interest Transaction; or
 - (2) disclosed or known to the Members, and a majority of Members not voting under the control of a Trustee or Entity interested in the Conflict of Interest Transaction votes to approve the Conflict of Interest Transaction.
- (c) Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is fair when entered is not: (1) voidable; or (2) the basis for imposing liability on a Trustee interested in the Conflict of Interest Transaction.

Article 5—Officers, Indemnification, and Insurance

Section 5.1—Required Officers. The Cooperative must have the following officers: President, Vice-President, Secretary, and Treasurer ("Required Officers"). The offices of Secretary and Treasurer may be held by the same person. The Board shall elect Required Officers: (1) at the first Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient; (2) by affirmative vote of a majority of Trustees in office; and (3) by ballot without prior nomination.

A Required Officer must be a Trustee. Subject to removal by the Board, a Required Officer holds office until the Required Officer's successor is elected. The Board may fill a vacant Required Officer's position for the unexpired portion of the Required Officer's term.

Section 5.2—President. The President:

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

Section 5.3—Vice-President. The Vice-President shall:

- (a) in the absence of the President, or in the event of his inability or improper 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.
- (b) also perform such other duties as may be assigned to him from time to time by the Board of Trustees.

Section 5.4—Secretary. Except as otherwise provided by the Board or these Bylaws, the Secretary:

- (a) shall be responsible for preparing, or supervising the preparation of, minutes of Board and Member Meetings;
- (b) shall be responsible for maintaining and authenticating the Cooperative's records;
- (c) may affix the Cooperative's seal to a document authorized or approved by the Board or Members; and
- (d) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 5.5—Treasurer. Except as otherwise provided by the Board or these Bylaws, the Treasurer shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

Section 5.6—Chief Executive Officer. The Board of Trustees may appoint a Manager who will be designated as Chief Executive Officer. The 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 Chief Executive Officer may be, but shall not be required to be, a member of the Cooperative.

Section 5.7—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 5.8—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 5.9—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 6—Cooperative Operation

Section 6.1—Nonprofit and Cooperative Operation. The Cooperative: (1) shall operate on a nonprofit and cooperative basis for the mutual benefit of all Members; and (2) may not pay interest or dividends on capital furnished by its Members or Patrons.

Section 6.2—Patronage Capital in Connection with Furnishing Electric Energy.

A. Allocating Capital Credits. Notwithstanding, but not inconsistently with S.C. Code §33-49-460, 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 members and 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 members and patrons, as capital. The Cooperative is obligated to pay by credits to a capital account for each member and patron, all such amounts 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 member and 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 member and patron of the amount of capital so credited to his account; provided, that individual notices of such amounts furnished to 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 member or patron shall have the same status as though they had been paid to the member or patron in cash, in pursuance of a legal obligation to do so, and the member or patron had then furnished the Cooperative corresponding amounts of 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 the purpose, allocated to its members and patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members and patrons, as herein provided.

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 organization furnishing electric service or any other type of 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 such 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.

B. Payment on Dissolution or Liquidation. 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 the time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Trustees before any payments are made on account of property rights of members.

C. Payment Generally. 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. Unless the Board of Trustees determines that it is in the best interest of the Cooperative to do so, capital may not 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.

D. Assignment. Capital credited to the account of each member or 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 member's or patron's premises served by the Cooperative unless the Board of Trustees, acting under policies of general application, shall determine otherwise.

E. Early Payment. Notwithstanding any other provision of these Bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon (1) the death of any human member or patron or (2) any other reason allowed by law, if the legal representatives of his estate shall request in writing that the capital credited to any such member or 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 member's or patron's estate shall agree upon, provided, however, that the financial condition of the Cooperative will not be impaired thereby. 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.

F. Application of Capital Credits to Accounts Receivable. 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.

G. Unclaimed Patronage Capital. Unclaimed property will be administered in the manner prescribed by South Carolina law. The cooperative may regularly impose a reasonable administrative fee for each year an owner fails to claim property held by the cooperative and may offset the fee against such abandoned or unclaimed patronage capital.

Article 7—Disposition of Cooperative Assets

Section 7.1—Transfer of Cooperative Assets.

A. Not inconsistently with S.C. Code Ann. §33-49-260 and §33-49-270, a sale (which terms shall include a 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 two-thirds of the then-total 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. The Board of Trustees of the Cooperative shall have the right and power to borrow money on behalf of the Cooperative for all proper corporate purposes. To secure any money so borrowed, 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 judgment 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.

Section 7.2—Merger or Consolidation. The Cooperative may merge with or consolidate into another electric cooperative as provided by state law.

Section 7.3—Distribution of Cooperative Assets Upon Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, not inconsistently with the provisions of S.C. Code Ann §33-49-1070 and Section 6.2 of these Bylaws, be distributed among its members in proportion to the aggregate patronage of each such member during the seven years next preceding the date of such filing of the certificate of dissolution.

Article 8—Contracts, Checks and Deposits

Section 8.1—Contracts. Except as otherwise provided in these Bylaws, the Board of Trustees may authorize any officer, 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 8.2—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 8.3—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 9—Miscellaneous

Section 9.1—Bylaw Amendment. These Bylaws may be altered, amended, or repealed by resolution duly adopted 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. Such an alteration, amendment, or repeal proposal shall be so noticed for action to the members upon recommendation of the Board of Trustees.

Section 9.2—Rules of Order. Except as otherwise provided by the Board at any time, and except as otherwise provided in the Governing Documents, the latest edition of Robert's Rules of Order governs all: (1) Member Meetings; (2) Board Meetings; (3) Member Committee meetings; and (4) Board Committee meetings.

Section 9.3—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, unless the Board determines another fiscal year is to the advantage of the Cooperative.

Section 9.4—Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the state in which the Cooperative is incorporated.

Section 9.5—Titles and Headings. Titles and headings of Bylaw articles, sections, and subsections are for convenience and reference and do not affect the interpretation of a Bylaw article, section, or subsection.

Section 9.6—Partial Invalidity. When reasonably possible, every Bylaw article, section, subsection, paragraph, sentence, clause, or provision (collectively, "Bylaw Provision") must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of a Bylaw Provision by an Entity possessing proper jurisdiction and authority, which invalidation does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

Section 9.7—Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or a Member asserting a right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

Section 9.8—Entire Agreement. Between the Cooperative and a Member, the Governing Documents: (1) constitute the entire agreement; and (2) supersede and replace a prior or contemporaneous oral or written communication or representation.

Section 9.9—Successors and Assigns. Except as otherwise provided in these Bylaws: (1) the duties, obligations, and liabilities imposed upon, and the rights granted to, the Cooperative by these Bylaws are binding upon, and inure to the benefit of, the Cooperative's successors and assigns; and (2) the duties, obligations, and liabilities imposed upon a Member by these Bylaws are binding upon the Member's successors and assigns. The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative or a Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws.

Section 9.10—Waiver. The failure of the Cooperative to assert a right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

Section 9.11—Lack of Notice. The failure of a Member or Trustee to receive notice of a Meeting, action, or vote does not affect, or invalidate, an action or vote taken by the Members or Board.

Section 9.12—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".

Section 9.13—Bad Debts. The Board of Trustees shall have the right and power, in their discretion, to charge off as worthless any indebtedness owing to the Cooperative if, in the judgment of the Board, such indebtedness is uncollectible.

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.