

Horry Electric Cooperative, Inc.

A Touchstone Energy[®] Cooperative 

BYLAWS

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Bylaw Changes & Amendments:

Article 1.02 **October 26, 1999**

Article 4.06 **May 21, 2002**

Article 9.02 **April 14, 2009**

Article 4.05 **April 14, 2009**

HORRY ELECTRIC COOPERATIVE, INC.

BYLAWS

ARTICLE I

MEMBERSHIP

SECTION 1.01. Eligibility. Any natural person, firm, association, corporation, business trust, partnership, Federal agency, state or political subdivision or agency thereof or any body politic or subdivision thereof (each hereinafter 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, Horry Electric Cooperative, Inc. (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided by these Bylaws.

SECTION 1.02. Application for Membership; Renewal of Prior Application. Application for membership -whereby the applicant agrees to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's articles of incorporation and bylaws, and all rules, regulation and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations") - shall be made in a manner prescribed by the Cooperative. With respect to any particular classification of service for which the Board of Trustees (hereinafter called the "Board") shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, contribution in aid of construction, or executed supplemental contract that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit or fee, or contribution in aid of construction, if any) shall be refunded in the event the application is not approved. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account, service security deposit, service connection deposit or fee, contribution in aid of construction or executed supplemental contract that may be required by the Cooperative, renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03. Membership Fee; Service Connection Deposit or Fee, Service Security Deposit; Contribution in Aid of Construction. The membership fee shall be five (\$5.00) dollars, for which (together with any service security deposit, or any service connection deposit or fee, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) the member shall be entitled to one service connection. A nonrefundable service connection deposit (together with a service security deposit or a contribution in aid of construction, or both, if required by the Cooperative) shall be paid by the member for each additional service connection requested by him.

SECTION 1.04. Joint Membership. A husband and wife, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, convert such membership into a joint membership. The words "member", "applicant", "person", "his" and "him", as used in these Bylaws shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally to them. Without limiting the generality of the foregoing:

- (a) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) the vote of either separately or both jointly shall constitute, respectively, one joint vote; PROVIDED, that, if both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote;
- (c) notice to, or waiver of notice signed or otherwise effected by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership; and
- (e) each, but not both concurrently, shall be eligible to serve as an officer or Trustee of the Cooperative but only if both meet the qualifications required therefor.

SECTION 1.05. Acceptance Into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically be accepted into membership in, and become eligible to receive electric service from, the Cooperative, unless the Board shall determine that such applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be rejected for other good cause: PROVIDED, that any person whose application, for ninety (90) days or longer, has been submitted to but not approved by the Board of Trustees may, by filing written request therefor with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

SECTION 1.06. Purchase or Electric Power and Energy. The Cooperative shall use its best efforts to furnish its members with adequate and dependable electric service, although it cannot and does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy used on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board may in writing waive such requirement; and shall pay therefor at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board, and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 1.07. Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the costs thereof are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

SECTION 1.08. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and For Damage to Cooperative Properties. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the South Carolina Fire Insurance Underwriters Association, the National Electrical Code, any applicable state code or local government ordinances, and of the Cooperative. Each member shall be responsible for, and shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting from any defect in or improper use or maintenance of, such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best effort to prevent others from so doing. In the event such

facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the Cooperative extend beyond the point at which its service wires are attached to the meter loop provided for measuring electricity (or, if owned by the Cooperative, the meter base) used on such premises, except that the Cooperative shall, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment.

SECTION 1.09. Member to Grant Easements to Cooperative If Required. Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, under and on such lands owned or leased by the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members, or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. Suspension; Reinstatement. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay the amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall, at the Cooperative's option, automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other non-compliance with his membership obligations, within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meeting of its members.

SECTION 2.02. Termination by Expulsion; Renewed Membership. Upon the failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may, without further notice, but only after due hearing before the Board if such is requested by

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

SECTION 2.03. Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board shall prescribe and upon either (a) ceasing to (or, with the approval of the Board, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board specifically waives such conditions, abandoning totally and permanently the use of central station electric service on such premises.

SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in a Remaining Partner. Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining partner or partners, including any additional partners, as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership.

SECTION 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and, to his service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither he nor his estate, nor any former partner of a partnership member or his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Section 2.01 and 2.02, such suspension or expulsion shall not, unless the Board shall expressly so resolve, constitute such release of such person from his membership obligations as to entitle to purchase from any other person any central station

electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. Effect of Death, Legal Separation or Divorce Upon A Joint Membership.

Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the estate of the deceased shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly

to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07. Board Acknowledgment of Membership Termination; Acceptance of Members Retroactively.

Upon the termination of a person's membership for any reason, the Board of Trustees, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless person applies for, and the Board approves, membership retroactively to the date on which such person first began receiving such service, in which event, the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE III

MEETING OF MEMBERS

SECTION 3.01. Annual Meeting. For the purpose of hearing and passing upon reports covering the previous fiscal year, electing board members and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held each year at such place in Horry County, South Carolina, and beginning at such hour as the Board shall from year to year fix. It shall be the responsibility of the Board to make adequate plans and preparations for, and to encourage member attendance at the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. Special Meetings. A special meeting of the members may be called by resolution of a majority of the Board of Trustees or upon written request of at least 10% of all members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held at such place, within such county in the State of South Carolina served by the Cooperative, on such date, and beginning at such hour as shall have been designated by those calling the same.

SECTION 3.03. Notice of Member Meetings. Written or printed notice stating the place, date and hour of the meeting, and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting, shall be delivered to each member not less than ten (10) nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary or, upon the Secretary's default in this duty, by those calling it in the case of a special meeting or by any other Trustee in the case of any meeting whose time, place and date have actually been fixed by the Board. No matter, the carrying of which, as provided by law or these Bylaws, requires the affirmative votes of at least a clear majority of all the Cooperative's members shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least (10) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 3.04. Quorum. The presence in person of at least five percent (5%) of the total connected members of the Cooperative shall be required for the transaction of business at any meeting of the members, except that, if less than a quorum is present, a majority of those present may adjourn the meeting to another time and date, not less than thirty (30) days later, and to any place within Horry County, South Carolina: PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those who were present.

SECTION 3.05. Credentials and Election Committee. The Board of Trustees may, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of at least nine (9) members, who are not existing trustees or known candidates for trustees, and who are not close relatives or members of the same household of existing trustees or known candidates for trustees. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative and shall appoint one member from each of the Cooperative's nine (9) districts to serve on the Committee. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot voting, to pass upon all questions that may arise with respect to the registration of members, in person, to count all ballots cast in any election or in any other ballot vote taken, to rule upon the effect of any ballots irregularly or indecisively marked, and to pass upon any protest or objection filed with respect to any election or to any conduct affecting the results of any election. In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its Chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protester(s) or objector(s), who may be heard in person, by counsel, or both; and the Committee, by vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, which may be either to affirm or change the results of the election or to set aside such election. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

SECTION 3.06. Voting. Each member present who is not in a status of suspension as provided in Section 2.01, shall be entitled to one vote, and no more, upon each matter submitted to a vote at any meeting of the members. Voting by members other than natural persons shall be allowed upon the presentation to the Cooperative prior to, or upon registration at, each member meeting satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Voting by proxy or by mail shall not be permitted.

SECTION 3.07. Order of Business. The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- (1) Report as to the number of members present in person in order to determine the existence of a quorum;

- (2) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
- (3) Reading of unapproved minutes of previous meetings of the members and taking any necessary action thereon;
- (4) Presentation and consideration of reports of officers, trustees and committees;
- (5) Election of Trustees;
- (6) Unfinished business;
- (7) New business; and
- (8) Adjournment.

Notwithstanding the foregoing, the Board of Trustees or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business: PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

ARTICLE IV

TRUSTEES

SECTION 4.01. General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine (9) election of board members shall not be held at an annual meeting of the members duly fixed and called pursuant to Sections 3.01 and 3.03, such election may be held at an adjournment of such meeting or at a subsequently held special or at the next annual trustees, which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

SECTION 4.02. Qualifications. No person shall be eligible to become or remain a board member of the Cooperative who is a close relative of an incumbent board member, or of an existing employee of the Cooperative, or is not a member of the Cooperative and receiving service therefrom at his primary residential abode or is employed by the Cooperative or was employed by the Cooperative at any time during the preceding five (5) years. No person shall be eligible to become or remain a board member of, or to hold any other position of trust in, the Cooperative who is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures, supplies or wiring to, among others, the members of the Cooperative. Upon establishment of the fact that a nominee for board member lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it

shall be the duty of the Chairman, presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a Trusteeship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing in this Section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the trustees have an interest adverse to that of the Cooperative.

SECTION 4.03. Election. At each annual meeting of the members, board members shall be elected by secret ballot: PROVIDED, that, when there is no contest for the representation of a particular Trustee District and if there be no objection, balloting may be dispensed with in respect of that District and voting may be conducted in any other proper manner. Board members shall, unless the Cooperative's members determine otherwise in advance of the initial balloting, be elected by a plurality vote of the members. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04. Tenure. Board members shall be elected on a staggered term basis so that three (3) shall be elected for three-year terms at one meeting, three (3) shall be elected for three-year terms at the succeeding meeting, three (3) shall be elected for three-year terms at the succeeding meeting, and so forth. Upon their election, board members shall, subject to the provisions of these Bylaws with respect to the removal of board members, serve until the annual meeting of the members of the year in which their term expires or until their successors shall have been elected and shall have qualified. If for any reason an election of board members shall not be held at an annual meeting of the members duly fixed and called pursuant to Sections 3.01 and 3.03, such election may be held at an adjournment of such meeting or at a subsequently held special or at the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose trusteeships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.05. Trustee Districts. Based on geographic, population, membership or other equitable consideration determined by the Board, the Cooperative may divide the general area in which the Cooperative provides service, or the Cooperative Service Area, into nine (9) districts that equitably represent the Members. The Cooperative's nine (9) trustees shall be so nominated and elected that one (1) trustee shall reside in each of the nine (9) Trustee Districts.

A map, prepared and maintained by the Cooperative, showing the geographic areas served by the Cooperative, the locations of its electric lines and the boundaries of each of the Trustee Districts,

is on file at the Cooperative's main office and is available for inspection by any member upon request during the Cooperative's normal business hours.

Periodically, the Cooperative may revise the Trustee Districts to ensure equitable representation of Members. Within thirty (30) days following Trustee approval of Trustee District revision, and at least thirty (30) days before the next Annual Meeting of Members, the Cooperative must notify, in writing, Members affected by the Trustee District revision. Trustee district revisions are effective on the date the Cooperative releases written notice of the Trustee District revision. A Trustee District revision may not: (1) increase an existing Trustee's Term or (2) unless the affected Trustee consents in writing, shorten an existing Trustee Term.

SECTION 4.06. Nominations. It shall be the duty of the Board of Trustees to appoint, not less than one hundred-twenty (120) days nor more than one hundred-fifty (150) days before the date of the meeting of the members at which Trustees are to be elected, a Committee on Nominations, consisting of five (5) members (one from each District from which a trustee is to be elected and two (2) at-large members, selected from the remaining districts), none of whom shall be an incumbent board member or a close relative of an incumbent board member, or a known candidate or close relative of a known candidate for the Board. The Committee shall prepare and post at the principal office of the Cooperative, at least ninety (90) days before the meeting, a list of nominations for board members to be elected, listing separately the nominee or nominees with respect to each District from which a trustee is to be elected at the meeting. The committee shall name one or more nominees for each district from which trustees are to be elected. In addition to the foregoing, any twenty-five (25) or more members of the Cooperative, acting together, may make additional nominations, (not to exceed one nomination for each Trustee District per petition), in writing over their signatures listing their nominee(s) by appropriate Trustee District(s), and shall submit the petition to the Secretary, on the official form prepared by and obtained through the Cooperative, not less than sixty (60) days prior to the meeting, and the Secretary shall post such nominations in the same manner and at the same place where the list of nominations made by the Committee is posted. The Secretary shall be responsible for mailing with the notice of the meeting, or separately, but at least ten (10) days before the date of the meeting, a statement of the names and addresses of all nominee(s) for each Trustee District for which a trustee must be elected, distinguishing clearly those nominated by the Committee and those nominated by petition, if any. Additional nominations from the floor shall not be allowed.

SECTION 4.07. Voting for Board Members; Validity of Board Action. In the election of board members, each member shall be entitled to cast one vote for each board member to be elected but no member may accumulate his votes. Ballots marked in violation of the foregoing restrictions with respect to any Trustee District shall be invalid and shall not be counted with respect of that District. Notwithstanding the provisions contained in this Section and in Section

4.06, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Trustees after the election of Board members.

SECTION 4.08. Removal of Board Members by Members. Any member, by filing with the Secretary such request in writing, together with a petition therefor, signed by not less than ten percent (10%) of the members, may bring charges for cause against and request the removal of one or more board members. Such charges must state specific reasons alleged to be "for cause" reasons for removal. Such board member(s) shall be informed in writing of such petition at least ten (10) days prior to the meeting of the members at which the petition shall be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence, and the members filing the petition shall have the same opportunity. The question of the removal of such board member(s) shall be considered and voted upon at such meeting.

SECTION 4.09. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of board members by the members, a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining board members. A board member thus elected shall serve out the unexpired term of the board member whose office was vacated. The member elected as Trustee to fill the vacancy must reside in the same district as the Trustee of whose office he succeeds.

SECTION 4.10. Compensation. For their services as such, board members shall receive such compensation, which may include insurance benefits, as shall be fixed by resolution of the Board, and shall be reimbursed for such travel and out-of-pocket expenses as are actually, necessary, and reasonably incurred in the performance of their duties. No Trustees shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payment of such compensation has been certified by the Board of Trustees as an emergency measure.

SECTION 4.11. Rules, Regulations, Rate Schedules and Contracts. The Board shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules and contracts, security deposits and contributions in-aid-of-construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.12. Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting operations during, and financial condition as of the end of, such year. A full and accurate

summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members.

ARTICLE V

MEETINGS OF BOARD

SECTION 5.01. Regular Meetings. A regular meeting of the Board of Trustees shall be held, without notice, immediately after the adjournment of, and at the same place as, the annual meeting of the members to elect officers. A regular meeting of the Board of Trustees shall also be held monthly at such date, time and place within Horry County, South Carolina, as the Board may provide by resolution. Except when business to be transacted thereat shall require special notice, such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof: PROVIDED, that any Trustee absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board.

SECTION 5.02. Special Meetings. Special meetings of the Board of Trustees may be called by Board resolution, by the President or by any three (3) board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The President or board members calling the meeting shall fix the date, time and place for the meeting, which shall be held within Horry County, South Carolina unless all Trustees consent to its being held in some other place in South Carolina or elsewhere.

SECTION 5.03. Notice or Board Meetings. Written notice of the date, time, place and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each board member not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in duty by the Secretary, by him or those calling it in the case of a special meeting or by any other board member in the case of a regular meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least five (5) days before the date set for the meeting. The attendance of a Trustee at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04. Quorum. The presence in person of a majority of the board members in office shall be required for the transaction of business, and the affirmative votes of at least a majority of such quorum shall be required for any action to be taken: PROVIDED, that a board member who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of board members in office; AND PROVIDED FURTHER, that if less than a quorum be present at a meeting, a majority of the board members present may adjourn the meeting from time to time, but shall cause all absent trustees to be duly and timely notified of the time, date and place of such adjourned meeting.

ARTICLE VI

OFFICERS; MISCELLANEOUS

SECTION 6.01. Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. Election and Term of Officers. The officers named in Section 6.01 shall be elected by ballot, annually and without prior nomination, by and from the Board of Trustees at the first meeting of the Board of Trustees held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of trustees by the members and to the removal of officers by the Board. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board may from time to time deem advisable.

SECTION 6.03. Removal. Any officer, agent or employee elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative will thereby be served; PROVIDED, however, that the Board shall be obligated to honor the terms of any management contract previously entered into by the existing or a prior Board.

SECTION 6.04. Vacancies. A vacancy in any office elected by the Board shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05. President. The President shall:

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

SECTION 6.06. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 6.07. Secretary. The Secretary shall:

- (a) keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative, and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws or is required by law;
- (d) keep a register of the post office address of each member, which address shall be furnished to the Cooperative by such member;
- (e) sign, with the President, certificates of membership, the issue of which shall have been authorized by resolution of the Board;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;

(g) keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative, together with all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto to any member upon request; and
(h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 6.08. Treasurer. The Treasurer shall:

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

SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Section 6.07 and 6.08, the Board by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not board members. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10. Chief Executive Officer (CEO); Executive Vice President. The Board of Trustees shall appoint a Chief Executive Officer (CEO), who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. Such officer shall perform such duties as the Board of Trustees may from time to time vest in him.

SECTION 6.11. Bonds. The Board shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 6.12. "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who is related to the principal person, by consanguinity or affinity, to the third degree or less - that is, a person who is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece, by blood or in law, of the principal.

ARTICLE VII

CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. Contracts. Except as otherwise provided by law or these Bylaws, the Board of Trustees may authorize any Cooperative officer(s), agent(s) or employee(s) to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 7.02. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative, shall be signed by such officer(s), agent(s) or employee(s) of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

SECTION 7.03. Deposits; Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Trustees may select.

ARTICLE VIII

MEMBERSHIP CERTIFICATES

SECTION 8.01. Certificate or Membership. Membership in the Cooperative shall, if the Board so resolves, be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees, not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the Board, shall be signed by the President and by the Secretary and the corporate seal shall be affixed thereto or a facsimile thereof printed thereon; PROVIDED, that the signatures of the President and the Secretary may also be imprinted thereon by facsimile.

SECTION 8.02. Issue or Membership Certificates. No membership certificate shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid in cash.

SECTION 8.03. Lost Certificates. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the Board may prescribe.

ARTICLE IX

NON-PROFIT OPERATION

SECTION 9.01. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 9.02. Patronage Capital in Connection with Furnishing Electric Energy. Not inconsistently with Chapter 49, Section 33-49-460 of the Rural Electric Cooperative Act in the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account; PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

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

patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to the patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made at the discretion of the Board. PROVIDED, however, that the Board shall have the power to adopt rules providing for the separate retirement of that 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 to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

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

Notwithstanding any other provisions of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representative 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 provisions of these Bylaws, to retire such capital immediately upon such terms and conditions as the Board, acting under policies of general application to situations of like kind, and such legal representatives shall agree upon: PROVIDED, however, that the financial condition of the Cooperative will not be thereby impaired.

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

attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

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

ARTICLE X

WAIVER OF NOTICE

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

ARTICLE XI

DISPOSITION OF PROPERTY: DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 11.01. Disposition of Property.

(a) Not inconsistently with the provisions of Chapter 49, Sections 33-49-260 and 33-49-270 of the Rural Electric Cooperative Act or of subsection (b) hereof, the Cooperative shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property (other than merchandise and property which in the judgment of the Board are not necessary or useful in operating the Cooperative) unless authorized so to do by the affirmative votes of at least two-thirds (2/3rds) of its total membership: PROVIDED, HOWEVER, that the Board is empowered and authorized, on behalf and in the name of the Cooperative, to borrow monies from any such source and in such amounts as the Board may from time to time determine to be in the Cooperative's best interests, and to mortgage or otherwise pledge or encumber any or all of the Cooperative's property or assets as security thereof.

(b) Notwithstanding the foregoing subsection (a) or any other provisions of these Bylaws, no sale, lease or lease-sale of all or a substantial portion of the Cooperative's assets (other than merchandise and property which in the judgment of the Board are not necessary or useful in

operating the Cooperative) to any other entity shall be authorized except in conformity with the following:

(1) If the Board of Trustees looks with favor upon any proposal for such sale, lease or lease-sale, it shall first cause three (3) independent appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease or lease-sale, and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the Judge of the Court of Common Pleas for the Eighteenth Judicial Circuit of South Carolina.

(2) If the Board of Trustees, after receiving such appraisals (and other terms and conditions which are recommended, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every South Carolina electric cooperative nearby or adjacent to the Cooperative (which has not made such an offer for such sale, lease or lease-sale) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such cooperatives, which notice shall be attached to a copy of the proposal that the Cooperative has already received and copies of the reports of the three (3) appraisers. Such cooperatives shall be given not less than thirty (30) days within which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

(3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members, expressing in detail every proposal it has received, and shall call a special meeting of the members for consideration thereof, giving no less than ninety (90) days notice thereof; PROVIDED, that consideration thereof by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is not held sooner than ninety (90) days after the giving of such notice.

(4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days before the date of such special or annual meeting, may cause the Cooperative to mail to all members any opposing or alternative positions which they may have to the recommendations that the Board has made.

The terms "sale", "lease", and "lease-sale", as used in this subsection (b), shall not include in their meaning a proposed merger or consolidation with another electric cooperative.

SECTION 11.02. Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all debts, obligations and liabilities of the Cooperative

have been discharged and satisfied, or provision made therefor, shall be distributed among all persons who shall have been members of the Cooperative at any time during the seven (7) years next preceding the date of filing the certificate of dissolution, pro-rated to them on the basis of their aggregate, respective patronage during such years.

ARTICLE XII

FISCAL YEAR

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

ARTICLE XIII

RULES OF ORDER

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

ARTICLE XIV

SEAL

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

ARTICLE XV

AMENDMENTS

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

