

Members to vote on bylaw amendments

THE SEC BOARD OF DIRECTORS has proposed the following bylaw revisions for approval by the membership. Members are encouraged to review the proposed changes, which will be voted on during the 2025 Annual Meeting held on Tuesday, April 15.

The proposed changes are in red. Underlined language means it will be added. Strike-through language means it will be removed.

The proposed bylaw amendments continue on pages 12A-12D. The full document is available for download on our website at santee.org.

ARTICLE III

MEETINGS OF MEMBERS

Section 2. Special Meetings.

Special meetings of the members may be called by resolution of the Board of Trustees or upon a written request signed by any three (3) Trustees, by the President Chairman, or by ten (10) per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Williamsburg, State of South Carolina, specified in the notice of the special meeting.

ARTICLE IV

TRUSTEES

Section 2. Qualifications and Tenure.

To be eligible to become or remain a Trustee, a person must:

- (a) be a natural person who has been (1) a member in good standing for at least the last five (5) years, consecutively, and (2) receiving service at his/her primary residence in the District he/she is to represent for at least the last five (5) years, consecutively. For purposes of this Section, the term "member in good standing" shall be one who has not had any service from the Cooperative cut off or terminated for nonpayment during the period described. Furthermore, the term "primary residence" shall be determined according to South Carolina voter registration law;
- (b) not have a business relationship with the Cooperative that is distinct from or in addition to the Trustee's mandatory Cooperative membership;
- (c) have the legal capacity to enter into a binding contract;
- (d) not be employed by the Cooperative nor have been employed by the Cooperative (at any time) during the preceding ten (10) years;
- (e) not miss more than two (2) regular or special meetings in succession or attend less than fifty (50) per centum of the Trustee meetings between any two annual meetings of the members (Trustee doing so shall automatically forfeit their seat as a

member of the Board. A leave of absence may be requested from the Board by any member in advance of any meeting; approval shall be by majority of the Trustees present and voting);

- (f) not hold any public office which is popularly elected and with which a salary or compensation in excess of one hundred (100) dollars per annum is paid;
- (g) while a Trustee, and during the ten years immediately before becoming a Trustee, not be convicted of, or plead guilty to (1) any felony or (2) any misdemeanor that involves an element of dishonesty, fraud or theft;
- (h) not be a family member of an incumbent Trustee or of an employee of the Cooperative. For purposes of this Section, "family member" includes a spouse, parent, brother, sister, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild and a member of the individual's immediate family (provided, however, this restriction (1) shall not apply in a case where a marriage causes an incumbent Trustee to become related to an employee or another Trustee but (2) shall apply in a case where a Trustee marries an employee or another Trustee);
- (i) not have been removed as a Trustee or terminated as an employee at any time in the past;
- (j) possess a reasonable amount of business experience enabling a person to be able to read and understand financial statements as well as legal documents;

(k) meet one (1) of the following education requirements: (1) have a minimum of three (3) years of service as an electric cooperative Trustee or (2) participate in at least one (1) education program developed by NRECA, ECSC, or SEC covering cooperative history, governance, and/or operations each year (between two (2) annual meetings).

~~(k)~~(l) submit to a background check involving employment histories, arrest and conviction records, and credit reports, all of which will be utilized by the Nominations Committee (if during the nominations process) or the Election and Credentials Committee (if after the nominations process) to determine a person's eligibility to serve on the Board of Trustees;

(m) submit to the Cooperative a Statement of Economic Interest and a Campaign Disclosure between ninety (90) and thirty (30) days prior to the membership meeting in which the Candidate (Trustee) is to be elected (reelected) in accordance with the following:

i. A Statement of Economic Interests must contain:

- (1) Any and all employer(s) and affiliated organizations of the Candidate/Trustee.
- (2) Source, type, and amount of any income or financial

benefits received (directly or indirectly) from any groups or organizations by the Candidate/Trustee or his/her immediate family in excess of two hundred (\$200) dollars during the campaign period.

(3) Compensation received by the Candidate/Trustee or immediate family member(s) from an individual or business which (1) contracts with the Cooperative or (2) is a competitor of the Cooperative.

ii. A Campaign Disclosure must contain:

(1) A statement by the Candidate/Trustee whether he/she has benefited from contributions or messages intended to influence the outcome of an election by an organization other than the Cooperative. If such benefits were received, the Candidate/Trustee must identify any such organization(s) and the dollar value of such support, whether direct or indirect.

(2) A statement by the Candidate whether he/she was recruited by an organization other than the Cooperative. If so, the Candidate must identify each organization that recruited the candidate to run.

(f)(n) comply with any other reasonable qualifications outlined in any Board policy governing Trustee qualifications.

Upon establishment of the fact that a Candidate is seeking office in violation of the foregoing provisions or if he/she has submitted a false Statement of Economic Interests or a false Campaign Disclosure, it shall immediately be incumbent upon the Nominations Committee (if during the nominations process) or the Election and Credentials Committee (if after the nominations process) to notify the Candidate that he/she is disqualified from running for the Board.

Upon establishment of the fact that a Trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such Trustee from office. Such removal shall be accomplished only upon a vote of not less than two thirds (2/3) of the Trustees present at the meeting or held for the purpose of such removal.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

ARTICLE V MEETING OF TRUSTEES

Section 2. Special Meetings.

Special meetings of the Board of Trustees may be called by the **President Chairman** or by any three (3) Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The **President Chairman** or the Trustees calling the meeting shall fix the time and place (which shall be in the service area of Santee Electric Cooperative, Inc.), for the holding of the meeting. During special meetings, the Board may not act regarding rates, fees, charges, Board composition or Board compensation.

Section 3. Notice of Trustees' Meetings.

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

ARTICLE VI OFFICERS

Section 1. Number.

The Officers of the Cooperative shall be a **President, who also may be known as** Chairman of the Board of Trustees, **Vice-President, who also may be known as** Vice Chairman of the Board of Trustees, Secretary, Treasurer and such other Officers as may be determined by the Board of Trustees from time to time. The office of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office.

The Officers shall be elected by ballot, annually by and from the Board of Trustees at the meeting of the Board of Trustees held ~~directly after the annual meeting of the members. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be~~ at least seven (7) days after the annual meeting of the members (but not later than the next regularly scheduled Board Meeting) for election of officers for the year. Each Officer shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 4. **President: Chairman**

The **President Chairman** shall:

- be the principal executive Officer of the Cooperative and, unless otherwise determined by the members or the Board of Trustees, shall preside at all meetings of the members and the Board of Trustees;
- 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 those 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 Chairman** and such other duties as may be prescribed by the Board of Trustees from time to time.

The term "signed," as herein used, shall be deemed to permit the use of official signature stamps.

SECTION 5. Vice-President: Vice-Chairman.

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

Section 9. Compensation

The powers, duties and compensation of any officers, agents and employees shall be fixed by the Board of Trustees, subject to the provisions of these bylaws ~~with respect to compensation of trustees and close relatives of trustees.~~

ARTICLE VII

NONPROFIT OPERATION

Section 1. ~~Interest or Dividends on Capital Prohibited. Non-Profit Operation and Cooperative Operation.~~

The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. To operate on a cooperative basis no interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy.

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons, members and nonmembers 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 of its patrons, members and nonmembers alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and all other expenses incurred in, and chargeable against, the furnishing of electric energy and the operation of all business affairs of the Cooperative. All such amounts in excess of operating costs and all other expenses of the Cooperative are received with the understanding that they are furnished by the patrons, members and nonmembers alike, as capital.

Section 3. Patronage Capital-Allocation.

The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and all other expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each calendar year 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 calendar year fiscal year, notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron then furnished the Cooperative corresponding amounts for capital provided; that the Board of Trustees shall determine the date when such Capital Credits shall be accountable from, and shall provide for the method of calculating such Capital Credits and shall make such other rules and regulations concerning Capital Credits as may from time to time seem to be in the best interest of the Cooperative.

Section 4. Other Patronage Capital-Allocation.

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 part of the capital credited to the accounts of patrons, as herein provided.

Section 5. Patronage Capital from Other Organizations.

Notwithstanding any other provision of these Bylaws, the Board shall have the power to adopt rules providing for the separate accounting for and procedure for the retirement of such other amounts of capital credited to the accounts of the Cooperative by other organizations in which the Cooperative is a member.

Section 6. Patronage Capital - Dissolution.

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 to members. ~~If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part.~~

Section 7. Patronage Capital Retirement.

After April 7, 1998, The Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least twenty-five (25) per centum of the total assets of the Cooperative. In no event, however, may any such capital be retired unless after the proposed retirement the capital of the Cooperative shall be in the discretion of the Board of Trustees, sufficient to meet the anticipated needs of the Cooperative and not impair its operation.

The amount of any Capital Credit of any patron retired at any time shall be applied first to any indebtedness or other liability

owed to the Cooperative by such patron, and the balance, if any, shall be paid to the appropriate patron(s) distributee. In the event of a Capital Credit retirement occurring earlier than the time scheduled by the Board, the amount of the Capital Credit may be discounted to present value in accordance with applicable accounting standards and as the Board of Trustees may determine in order to establish the amount to be received by the patron(s) distributee in respect of such early retirement. Should any Capital Credit retired by the Board remain unclaimed by the owner for seven years after the date of retirement, the Board may elect to use the unclaimed but retired Capital Credit amount for any purpose allowed by law.

Section 8. Patronage Capital– Assignment.

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

Section 9. Patronage Capital – Distribution to Estates or Representatives of Deceased Members.

Notwithstanding any other provision of these bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, if the legal 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 capital credited to any such patron immediately upon such terms and conditions as the Board of Trustees, acting under the policies of general application, and the legal representatives of such patron's estate shall agree upon, provided, however, that the financial condition of Cooperative will not be impaired thereby.

Section 10. Patronage Capital – Distribution Prior to Dissolution.

Dissolution of a corporation, partnership, firm, association, body politic or subdivision thereof shall not be deemed to be death of a patron within the purview of this paragraph. Capital Credits upon such a dissolution may be assigned on the books of the Cooperative as hereinbefore provided. Notwithstanding any other provision of these bylaws, in the case of a patron that is more than six (6) months delinquent in the payment of any amount due and owing to the Cooperative, the Board of Trustees, at its discretion, acting upon the policies of general application and otherwise upon such terms and conditions as the Board of Trustees shall determine, may retire Capital Credits of such patron in an amount sufficient to satisfy such delinquency in whole or in part and apply the proceeds of such retirement for such purpose.

Notwithstanding any other provisions of these bylaws, when the Cooperative receives notice of a patron filing for bankruptcy protection, the Board of Trustees, at its discretion, acting upon policies of general application and otherwise upon such terms and conditions as the Board of Trustees shall determine, may retire prior to the time such capital would otherwise be retired under the provisions of these bylaws, the Capital Credits of such patron

and pay the discounted amount to the bankruptcy estate or as otherwise directed by the bankruptcy court of applicable law.

Section 11. Patronage Capital – Contract with Member.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patron are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Section 12. Recoupment.

The right to receive capital credit payments is dependent upon the member's compliance with member obligations, including the payment of all service and other charges due from the member to the Cooperative. In the event that the member is delinquent or in default in payment of charges due to the Cooperative, or the member has otherwise breached or failed to comply with the Cooperative's member obligations, the Cooperative will withhold payment of capital credit payments to the member until such time as the member has cured the payment default or the breach of member obligations.

In the event a member owes a delinquent account indebtedness or other debt obligation to the Cooperative, the Cooperative will apply any capital credit payments that would be due to the member as payment (full or partial payment, as may result from the payment) of the account indebtedness or other debt obligation, as a recoupment based upon member rights and obligations. This right of recoupment shall exist without regard to the age of the unpaid indebtedness and without regard to any bankruptcy discharge of the member, as a requirement of member rights with regard to capital credit payments to members.

Section 13. Unclaimed Property.

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.