**South Carolina General Assembly**

122nd Session, 2017-2018

**H. 5453**

**STATUS INFORMATION**

General Bill

Sponsors: Rep. Ott

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Introduced in the House on June 28, 2018

Currently residing in the House Committee on **Labor, Commerce and Industry**

Summary: Electric Cooperatives Board of Trustee compensation and benefits

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

6/28/2018 House Introduced and read first time ([House Journal‑page 8](file:///h:\hj\20180628.docx))

6/28/2018 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 8](file:///h:\hj\20180628.docx))

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**VERSIONS OF THIS BILL**

[6/28/2018](file:///p:\pprever\2017-18\5453_20180628.docx)

**A** **BILL**

TO AMEND SECTION 33‑49‑420, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO ANNUAL MEETINGS OF MEMBERS OF AN ELECTRIC COOPERATIVE, SO AS TO REVISE THE NOTICE REQUIREMENTS FOR CERTAIN MEETINGS; TO AMEND SECTION 33‑49‑440, RELATING TO VOTING BY MEMBERS AND SECTION 33‑49‑620, RELATING TO VOTING DISTRICTS FROM WHICH SOME MEMBERS OF THE BOARD OF TRUSTEES MAY BE ELECTED, SO AS TO PERMIT EARLY VOTING AND THE PROCEDURES FOR EARLY VOTING; TO AMEND SECTION 33‑49‑610, RELATING TO THE BOARD OF TRUSTEES OF A COOPERATIVE, SO AS TO REVISE THE MANNER IN WHICH VACANCIES ARE FILLED; BY ADDING SECTION 33‑49‑615 SO AS TO REQUIRE ANNUAL PUBLIC DISCLOSURE OF COMPENSATION AND BENEFITS PAID TO OR PROVIDED FOR MEMBERS OF THE BOARD OF TRUSTEES; BY ADDING SECTION 33‑49‑625 SO AS TO REQUIRE SPECIFIED NOTICE OF MEETINGS TO THE COOPERATIVE MEMBERSHIP, TO REQUIRE VOTES OF TRUSTEES TO BE TAKEN IN OPEN SESSION WITH CERTAIN EXCEPTIONS, TO REQUIRE VOTES TAKEN IN EXECUTIVE SESSION TO BE RATIFIED IN OPEN SESSION, AND TO REQUIRE MINUTES OF ALL MEETINGS TO BE PROVIDED TO COOPERATIVE MEMBERS; AND BY ADDING SECTION 33‑49‑645 SO AS TO PROVIDE THAT IN THE CONDUCT OF ELECTIONS BY A COOPERATIVE, IT MUST PROHIBIT ADVOCACY OR CAMPAIGNING WITHIN A CERTAIN DISTANCE OF THE POLLING PLACE.

Whereas, during the current session of the General Assembly, the House of Representatives and the Senate have under consideration a number of bills to reform and correct problems which have arisen with investor‑owned electric utilities, the Public Service Authority, and the electric cooperatives which receive power from it; and

Whereas, the problems include difficulties in the underlying provisions of law which govern these entities and the rates they may charge, the oversight functions of those entities charged by law with the regulation of these utilities or cooperatives and the electric rates they charge to ratepayers, and the mismanagement of the construction of two new nuclear reactors in Jenkinsville, South Carolina, which if they become operational would supply electric power to retail customers of investor‑owned utilities and to the Public Service Authority and the electric cooperatives it serves; and

Whereas, the General Assembly has therefore determined to add an additional enactment to the package of bills to address these problems and concerns to prevent further mismanagement or abuses which could result in higher electric rates to the retail customers of these entities. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 33‑49‑420 of the 1976 Code is amended to read:

“Section 33‑49‑420. An annual meeting of the members ~~shall~~ must be held at ~~such~~ a time as ~~shall be~~ provided in the bylaws. Special meetings of the members may be called by the board of trustees, by any three trustees, by not less than ten per cent of the members, or by the president. Meetings of members ~~shall~~ must be held at ~~such~~ a place as ~~may be~~ provided in the bylaws. In the absence of any such provision, all meetings ~~shall~~ must be held in the city or town in which the principal office of the cooperative is located.

Except as ~~herein~~ otherwise provided, written or printed notice stating the time and place of each meeting of members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, ~~shall~~ must be given to each member, either personally or by mail, not less than ten nor more than twenty‑five days before the date of the meeting. However, for the annual meeting and for a special meeting where the stated purpose includes an election to be voted on by the general membership, at least thirty days’ notice of the meeting is required in order to permit early voting in the manner required by Section 33‑49‑440.”

SECTION 2. A. Section 33‑49‑440 of the 1976 Code is amended to read:

“Section 33‑49‑440. Each member is entitled to one vote on each matter submitted to a vote at a meeting. Voting must be in person at the meeting or at an alternative early voting site, but if the bylaws provide, also may be by proxy. For meetings that include the election of cooperative trustees, polling locations must be open for a minimum of six hours. If the bylaws provide for voting by proxy they also must prescribe the conditions under which proxy voting may be exercised. A person may not vote as proxy unless he is a member of the cooperative and may not vote as proxy for more than three members at a meeting of the members.

Each cooperative must provide a method by which members of the cooperative can cast a ballot in an election for trustees on a day other than, and before, the annual meeting day. The method for this alternative early voting should allow for voting by cooperative members prior to and after regular working hours and should include reasonable accommodations for elderly, disabled, or infirmed members.”

B. Section 33‑49‑620 of the 1976 Code is amended to read:

“Section 33‑49‑620. Notwithstanding any other provision of this chapter, the bylaws may provide that the territory in which a cooperative supplies electric energy to its members shall be divided into two or more voting districts and that, in respect of each ~~such~~ voting district:

(1) a designated number of trustees ~~shall~~ must be elected by the members residing ~~therein~~ in the respective voting district;

(2) a designated number of delegates ~~shall~~ must be elected by ~~such~~ the members; or

(3) both ~~such~~ trustees and delegates ~~shall~~ must be elected by ~~such~~ the members.

~~In any such case~~ The bylaws shall prescribe the manner in which such voting districts, the members ~~thereof~~ of them and the delegates and trustees, if any, elected ~~therefrom~~ from them shall function and the powers of the delegates, which may include the power to elect trustees. ~~No~~ A member at ~~any~~ a voting district meeting and ~~no~~ a delegate at ~~any~~ a meeting shall vote in person, at the meeting or an alternative early voting site, or by proxy ~~or by mail~~.”

SECTION 3. Section 33‑49‑610 of the 1976 Code is amended by adding an appropriately numbered subsection to read:

“( ) Notwithstanding any provisions in the bylaws to the contrary, a vacancy in the office of trustee only may be filled by a vote of the membership at the next annual meeting.”

SECTION 4. Article 7, Chapter 49, Title 33 of the 1976 Code is amended by adding:

“Section 33‑49‑615. (A) The board of trustees must disclose on its website or through another available public medium by March fifteenth of each year, all compensation or benefits by category paid to or provided for board members during the previous calendar year. For purposes of this section, categories include:

(1) daily per diem amount;

(2) total per diem compensation paid for attendance at regular meetings of the board of trustees;

(3) total per diem compensation for attendance at special meetings of the board, including board of trustee committee meetings;

(4) total per diem compensation for attendance at meetings of cooperative service originations;

(5) total per diem compensation for trustee training and certification;

(6) total expenses paid or reimbursed, including mileage, subsistence, entertainment or travel expenses paid in conjunction with subsection (A)(2) through (5); and

(7) the total amount of fringe benefits provided.

(B) The provisions of this section first apply to the 2018 calendar year with the disclosures required by this section to be made no later than March 15, 2019.”

SECTION 5. Article 7, Chapter 49, Title 33 of the 1976 Code is amended by adding:

“Section 33‑49‑625. (A) In addition to all other notice requirements, written notice of all annual, regular, or special meetings of the board of trustees or the membership of the cooperative, including membership meetings pursuant to the provisions of Section 33‑49‑620, must be posted at a location accessible and visible to the cooperative membership at the cooperative’s principal place of business at least ten days before the meeting. The notice must state at a minimum the time, place, location, and purpose of the meeting. If the cooperative has an electronic website, the notice must be posted on its website as well.

(B) All votes cast by trustees at these meetings must be taken in open session except where discussions include:

(1) matters related to employees of the cooperative;

(2) matters related to contracts or agreements with vendors or suppliers;

(3) matters related to particular cooperative members that involve account or personal information;

(4) matters related to economic development that involve the discussion of potentially identifiable information about businesses or industries that might be locating or expanding in or near the cooperative service territory;

(5) matters related to information or physical security measures;

(6) matters related to legal advice; and

(7) matters not specifically listed but determined by the board, on the advice of counsel, to constitute a reasonable risk of damage to the cooperative membership due to the release of proprietary, personnel, member, or account information.

(C) Where votes are taken in executive session, the vote then must be ratified in open session in a manner that does not compromise the purpose of the executive session.

(D) Approved board minutes detailing the actions taken at these meetings must be provided within ten days of their approval to cooperative members in the same manner that notice of the meeting was provided.”

SECTION 6. Article 7, Chapter 49, Title 33 of the 1976 Code is amended by adding:

“Section 33‑49‑645. In the conduct of an election authorized by this chapter or in the bylaws of the cooperative, including the annual election of trustees, a cooperative must prohibit advocacy or campaigning within a distance of the polling place that reasonably ensures that cooperative members are able to vote without harassment, intimidation, or interference. The polling place, for purposes of this section, is the location where votes are collected for tabulation.”

SECTION 7. Where the provisions of new or revised 1976 Code sections or subsections contained in this act conflict with provisions of the bylaws of an electric cooperative, the provisions of this act shall control and the cooperative, as permitted by Section 33‑49‑280, shall amend and conform its bylaw provisions accordingly.

SECTION 8. This act takes effect upon approval by the Governor.

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