

Articles of Incorporation

Articles of Conversion

and

Bylaws

Lower Yellowstone

Rural Electric

Cooperative

Sidney, Montana

STATEMENT OF NONDISCRIMINATION

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

Any person who believes himself, or any specific class of individuals, to be subjected by this organization to discrimination prohibited by Title VI of the Act and the Rules and Regulations issued thereunder may, by himself or a representative, file with the Secretary of Agriculture, Washington D.C. 20250, or the Rural Electrification Administration, Washington, D.C. 20250, or this organization, or all, a written complaint. Such complaint must be filed not later than 180 days after the alleged discrimination, or by such later date to which the Secretary of Agriculture or the Rural Electrification Administration extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.

Lower Yellowstone Rural Electric Association, Inc. is the recipient of Federal financial assistance from the U.S. Department of Agriculture (USDA). The USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental statutes, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call toll free (866) 632-9992 (voice) or (800) 877-8339 (TDD) or (866) 377-8642 (relay voice users). USDA is an equal opportunity provider and employer.

**ARTICLES OF INCORPORATION
STATEMENT AND APPLICATION**

To the Honorable, the Secretary of State of the State of Montana:

We, the undersigned citizens and residents of Montana, desire to become incorporated as a cooperative association under the laws of Montana (Chapter 25 of Part III, Civil Code of 1921) for the purposes mentioned below, and so do show and state:

1. The name of the proposed association is Lower Yellowstone Rural Electrification Association.
2. Its capital stock shall be Four Thousand and no-100 Dollars, (\$4,000.00), consisting of 400 shares of the par value of Ten Dollars (\$10.00) each.
3. The location and the principal place of business of said Association shall be in Sidney, Richland County, Montana.
4. The duration of said Association shall be forty (40) years.
5. The particular branch or branches of industry which we intend to prosecute are:
 - a. To generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members; and to construct, erect, purchase, lease (as lessee), and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease (as lessor), exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any of the foregoing purposes;
 - b. To purchase, receive, lease (as lessee), or in any other manner acquire, own, hold, maintain, use, sell, convey, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable this Association to accomplish any and all of its purposes;
 - c. To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights-of-way and easements necessary, useful or appropriate to accomplish any or all of the purposes of this Association;
 - d. To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer, or otherwise dispose of notes and other evidences of indebtedness and all security therefore;
 - e. To borrow money and otherwise contract indebtedness, and give any form of obligation or security therefore and without limiting the generality of the foregoing, to issue, accept, endorse, discount, sell, pledge or otherwise dispose of notes, bonds and other evidence of indebtedness, and to mortgage or pledge any or all of its property, assets, franchises and income at the time owned or thereafter acquired.
 - f. To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes as may be permitted by the Act under which said Association is formed; and to exercise any of its powers anywhere.

WHEREFORE, we respectfully apply for a license to us as Commissioners to open books for subscription to the capital stock of such corporation at such time and place as we may determine.

DATED at Sidney, Montana, this 16th day of November, 1936.

ARTICLES OF CONVERSION
of
LOWER YELLOWSTONE RURAL ELECTRIFICATION ASSOCIATION
executed pursuant to the
Rural Electric Cooperative Act
Chapter 172, Montana Session Laws, 1939

The Lower Yellowstone Rural Electrification Association, for the purpose of becoming converted into a cooperative, non-profit, membership corporation pursuant to the Rural Electric Cooperative Act, Chapter 172, Montana Session Laws, 1939, hereby certifies and states as follows:

- FIRST: The name of the Corporation prior to its conversion into a cooperative is Lower Yellowstone Rural Electrification Association.
- SECOND: The address of the principal office of the Corporation is Sidney, Montana.
- THIRD: The certificate of complete organization was issued to the Corporation by the Secretary of State on March 4, 1937.
- FOURTH: The Corporation was organized under Chapter 38 of the Civil Code, Revised Codes of Montana, 1935.
- FIFTH: The name assumed by the Corporation is Lower Yellowstone Rural Electric Association, Inc.
- SIXTH: The Corporation elects to become a cooperative, nonprofit, membership corporation subject to the Rural Electric Cooperative Act, Chapter 172, Montana Session Laws, 1939.
- SEVENTH: The manner and basis of converting shares of capital stock of the Corporation into memberships in the converted corporation after completion of the conversion shall be as follows: Each registered holder of a share of the capital stock shall become a member in the converted corporation, or, upon written application by such stockholder and such stockholder's spouse, such stockholder and such stockholder's spouse shall jointly become a member therein and a certificate evidencing such individual or joint membership shall be issued to such stockholder or to such stockholder and such stockholder's spouse, as the case may be.
- EIGHTH: The names and addresses of the persons who shall constitute the board of trustees of the converted corporation and who shall hold office until the next following annual meeting of the members or until their successors shall have been elected and qualified, are as follows:

TRUSTEES	ADDRESSES
Nels Bach.....	Sidney, Montana
Clayton Worst.....	Dore, North Dakota
A.H. Swenson.....	Dore, North Dakota
Volney Anderson.....	Sidney, Montana
Albert Groskinsky.....	Sidney, Montana
George Basso.....	Savage, Montana
L.P. Brown.....	Savage, Montana

NINTH: New by-laws for the converted corporation shall in the first instance be adopted by its board of trustees. Thereafter, by-laws shall be adopted, amended or repealed by the members.

IN WITNESS WHEREOF, the Lower Yellowstone Rural Electrification Association has caused these articles of conversion to be executed in its name by its President, and its corporate seal to be hereto affixed and attested by its Secretary, this 5th day of July, 1939.

BYLAWS
of
LOWER YELLOWSTONE
RURAL ELECTRIC ASSOCIATION, INC.
Sidney, Montana

As Amended and Adopted by
Vote of Members
1977, 1988, 1990, 1991, 1992
1993, 1994, 1998, 2002, 2008, 2014, 2017

ARTICLE I
Membership

SECTION 1. Requirements for membership. Any persons, firm, association, corporation or body politic or subdivision thereof may become a member in the Lower Yellowstone Rural Electric Association, Inc., (hereinafter called the "Cooperative") by:

- a. Filing a written application for membership;
- b. Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- c. Agreeing to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board of trustees; and
- d. Paying the specified membership fee.

SECTION 2. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "Member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- a. The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting
- b. The vote of either separately or both jointly shall constitute one joint vote;
- c. A waiver of notice signed by either or both shall constitute a joint waiver;
- d. Notice to either shall constitute notice to both;
- e. Expulsion of either shall terminate the joint membership;
- f. Withdrawal of either shall terminate the joint membership;
- g. Either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

SECTION 3: Conversion of Membership.

- a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with articles of incorporation, bylaws and rules and regulations adopted by the board of trustees.
- b. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The estate of the deceased member shall not be released from any debt which is owed to the Cooperative.

SECTION 4. Membership Fee. Any new or renewing applicant will pay LYREC the sum of \$10.00 as a membership fee.

SECTION 5. Purchase of Electric Energy. Each member shall, as soon as electric energy is available, obtain from the Cooperative all electric energy purchased on the premises specified in the application for membership, and shall pay rates which shall from time to time be fixed by the board of trustees; provided, however, that the board of trustees may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board of trustees from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Each member shall also pay interest, penalties and collection fees and costs as follows:

- a. Member agrees to pay \$1 or interest at the rate of 1 1/2 percent per month, compounded monthly (annual simple interest equivalent 19.6 percent), whichever is greater, on any account which is past due
- b. Member agrees to pay any and all expenses, including but not limited to attorney fees and costs, incurred by Lower Yellowstone Rural Electric Association for action or collection of member's past due account.
- c. If member's electric service is disconnected for non-payment, a new application and membership fee will be required before service is restored.

SECTION 6. Termination of Membership. Any member may withdraw from membership upon compliance with such terms and conditions as the board of trustees may prescribe. The board of trustees of the Cooperative, may, by the affirmative vote of not less than two thirds of all the trustees, expel any member who has refused or failed to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the board of trustees, but only if such member is given a 10 day written notice by the Cooperative that such refusal or failure makes the member subject to expulsion and such refusal or failure continues after such notice was given. Any expelled member may be reinstated by majority vote of the board of trustees or by majority vote of the members at any annual or special meeting.

Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall terminate. Termination of membership in any manner shall not release a member or his/her estate from any debt owed to the Cooperative.

In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him/her, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

SECTION 7. Furnishing of Other Services. The cooperative may elect to provide services other than electricity as permitted by law and as approved by the board.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after a) all debts and liabilities of the Cooperative have been paid; and b) all capital furnished through patronage have been retired as provided in these bylaws, the remaining property and assets of the Cooperative

shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years preceding the date of the filing of the certificate of dissolution..

SECTION 2. Non-liability for debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held during the month of June of each year at such place within a county served by the Cooperative, as selected by the board and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not cause a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meeting. Special meetings of the members may be called by resolution of the board of trustees, or upon a written request signed by any three trustees, by the President, or by ten percent 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 one of the counties served by the Cooperative, specified in the notice of the special meeting.

SECTION 3. Notice of Members Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, a district meeting or an annual meeting at which business other than that listed in Section 8 of this article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either by mail or delivered at the direction of the Secretary, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with the postage thereon prepaid. The failure of any members to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members of any such meeting.

SECTION 4. Quorum. In case the membership of the Cooperative shall be less than 1000 members, 5 percent of the total membership present in person shall constitute a quorum. At all times when the membership exceeds 1000 members, 50 members present in person shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided that the secretary shall notify any absent members of the time and place of such adjourned meeting.

SECTION 5. Voting. Each member or entity member (i.e., corporation, partnership, association, district or municipality) shall be entitled to only one vote. Entity members shall designate, in writing an officer, shareholder, or director of the corporation as its voting proxy. Voting may be conducted by any means authorized by state law and as approved by the Trustees.

An individual member may vote in person, or by proxy. An individual member shall appoint a member as proxy in writing on an appointment form and file it with Member or Customer Service before or at the time of the annual meeting. However, no individual member may be designated as proxy for more than three (3) other individual members. No individual member proxy shall be valid after one (1) year from the date it was made.

All questions shall be decided by a vote of a majority of the members voting in person, except entities, which may vote through their authorized proxy, as set forth in the preceding paragraph, and except as otherwise provided by law, the Articles of Incorporation, or these bylaws.

SECTION 6. Voting Districts. The territory served or to be served by the cooperative shall be divided into seven districts. Each district shall be represented by one trustee. The districts shall be designated and bounded as follows:

District No. 1. Commence at the Southwest corner of Section 31, Township 24 North, Range 57 E.M.P.M.; thence due north on Range 57's west line to the Missouri River; thence east along south side of said Missouri River to the Yellowstone River; thence south along the west side of the Yellowstone River in North Dakota to intersection with Township 23 North line Montana; thence west to point of beginning.

District No. 2. Commence at the Southwest corner of Section 31, Township 23 North, Range 57 E.M.P.M.; thence north to south boundary of District No. 1 ; thence east to Northeast corner of Section 28, Township 150 north Range 104 in North Dakota; thence due south to the Southeast corner of Section 21, Township 149 North of Range 104W in North Dakota; thence west to point of beginning.

District No. 3. Commence at the Southwest corner of Section 31, Township 21 North, Range 57 E.M.P.M.; thence north to the Southwest corner of Section 31, Township 23 North of Range 57; thence east to along southern boundary of District 2 to Northeast corner of Section 25, Township 149 North of Range 104 in North Dakota; thence due south to the Southeast corner of Section 33, Township 148 North of Range 104W in North Dakota; thence due west to Montana/ North Dakota border; thence due south to Township 20 line; thence west to point of beginning.

District No. 4. Shall include all territory served by the Cooperative west of Montana/ North Dakota state line and south of the southern boundary of Districts No.'s 3 and 7.

District No. 5. Shall include all territory served by the Cooperative north of the Missouri River and all that territory west of Highway No. 85 in North Dakota extending west to the eastern boundary of the other districts.

District No. 6. Shall include all territory served by the Cooperative north of Township 23 and west of Range 57 to the Missouri River.

District No. 7. Shall include all territory served by the Cooperative north of the southern boundary of Township 21 to Township 24 line and west of Range 57, E.M.P.M.

SECTION 7. Nomination and Election of Trustees.

a. Nomination by Committee. Not less than 90 days before any meeting at which trustees are to be elected, the President shall appoint a nominating committee composed of two members from each district from which the trustees are to be elected during that given year. As such committee, they shall nominate one or more candidates from each of those districts, and certify the names of such candidates to the board of trustees at least 30 days prior to the date of the meeting at which trustees are to be elected.

b. Nominations From the Floor. At any annual meeting at which trustees are to be elected, nominations for trustees may be made from the floor.

c. Nomination by Petition. Nomination of a Candidate to the board of trustees may be made by petition signed by ten (10) members of the Cooperative. The petition must designate the district for which the candidate is to be elected. All members signing such petition must be residents of the district for which the candidate is to be elected. The petition must be submitted to the nominating committee not less than sixty (60) days before any meeting at which trustees are to be elected, and the nominating committee shall certify the names of such candidates nominated by petition to the board of trustees at least thirty (30) days prior to the date of the meeting at which trustees are to be elected.

d. Election of Trustees. Not less than ten (10) nor more than twenty-five (25) days before the date of the meeting at which trustees are to be elected, written notice shall be mailed or delivered by the direction of the Secretary to each member containing the list of the candidates nominated by the nominating committee, the names to be arranged by districts. The list may be included with the notice of meeting. Election of trustees shall then at such meeting be by ballot with such ballots listing the candidates nominated by the committee and from the floor by districts. Candidates nominated shall be limited to one two-minute nominating speech. There shall be no seconding speech, and no speech by the person nominating.

In the event more than three candidates are nominated from one District, there shall first be conducted a run-off election in which the two nominees receiving the highest number of votes shall be determined. The members of the Cooperative shall then cast a second ballot to decide which of those two nominees shall be elected as trustee.

Each member of the Cooperative present at the meeting shall be entitled to vote for one candidate from each district from which trustees are to be elected in any given year. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected as trustee.

SECTION 8. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report as to the number of members present 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 meeting of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees and committees.
5. Election of trustees.
6. Unfinished business.
7. New business.
8. Adjournment.
9. The most recent edition of Robert's Rules of Order Revised shall be applicable to the conduct of business at any meeting of members, except for when such Robert's Rules of Order Revised are specifically in conflict with the Articles of Incorporation or By-laws of the Coop, in which case, the applicable article of bylaw shall govern.

**ARTICLE IV
TRUSTEES**

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of seven trustees which shall exercise all of the powers of the Cooperative except such as are bylaws, the articles of incorporation, or these bylaws conferred upon or reserved to the members.

SECTION 2. Qualifications and Tenure.

Trustees shall be elected for terms of three (3) years as their respective terms expire. If the election of trustees has not been held on the day designated herein for the annual meeting, or at any adjournment thereof, the board of trustees shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

No person shall be eligible to become or remain a trustee or to hold any position of trust in the Cooperative who:

a. is not a member of the Cooperative (or is not an officer, shareholder, or director of a entity member designated as the entity voting proxy) and a bonafide resident of, and physically residing in, the particular district which he/she is to represent, or

b. 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 is an officer, director or shareholder owning ten percent or more of the stock of a corporation whose officer, shareholder, or director as corporate voting proxy (see a. Above) presently holding a trustee seat.

c. is related by blood or marriage to any employee of Lower Yellowstone Rural Electric Assc. Inc. within the third degree.

Upon the 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.

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

SECTION 3. Removal of Trustees by Members. Any member may bring charges against a trustee by filing such charges in writing with the Secretary, together with a petition signed by at least ten percent of the members and request the removal of such trustees by reason thereof. The Trustee against whom such charges have been brought shall be informed in writing of the charges at least five days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that the new trustee must reside in the same district as the trustee in respect to whom the vacancy occurs.

SECTION 4. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of trustees by the members, a vacancy occurring in the board of trustees shall be filled by the affirmative vote of a majority of the remaining trustees for the unexpired portion of the term of the trustee in respect of whom the vacancy occurs. The member elected as trustee to fill the vacancy must reside in the same district as the trustee as to whose office he succeeds.

SECTION 5. Compensation. Trustees as such shall not receive any salary for their services, but by resolution of the board of trustees a fixed sum and expenses of attendance, if any, may be allowed for attendance at any meetings authorized by the board of Trustees. No trustee shall receive compensation for serving the Cooperative in any other capacity, unless such compensation shall be specifically authorized by a vote of the members, or such payment and amount shall be specifically authorized by the remaining Trustees upon the certification of such as an emergency measure.

ARTICLE V MEETINGS OF TRUSTEES

SECTION 1. Regular Meetings. A regular meeting of the board of trustees shall be held without notice other than this bylaw, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the board of trustees shall also be held monthly at such time and place in Richland County, Montana, as the board of trustees may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings.

- a. Special meetings of the board of trustees may be called by the President or by any three 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 or the trustees calling the meeting shall fix the time and place which shall be within one of the counties served by the Cooperative for the holding of the meeting.
- b. Telecommunications Meetings and Actions By Consent. The Board of Directors may permit any and or all Directors to participate in a special meeting through the use of any means of communication by which all directors participating are able to simultaneously hear each other during the meeting. A director participating in a meeting pursuant to this section is deemed to be present in person at the meeting.

SECTION 3. Notice of Trustees' Meetings. Written notice of the time, place and purpose of any special meeting of the board of trustees shall be delivered not less than five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President, 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.

SECTION 4. Quorum. A majority of the board of trustees shall constitute a quorum, provided, that if less than such majority of the trustees is present at said meeting, a majority of the trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent trustees of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the board of trustees, except as provided in Article 1, Section 7 of these bylaws.

ARTICLE VI OFFICERS

SECTION 1. Number. The Officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer. The offices of Secretary and of 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. 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 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 3. Removal of Officers and Agents by the Trustees. Any officer or agent elected or appointed by the board of trustees may be removed by the board of trustees whenever in its judgment the best interests of the Cooperative will be served thereby.

SECTION 4. President. The President shall:

- a. 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;
- b. sign, with the Secretary 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 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. 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. Secretary. The Secretary shall be responsible for:

- a. keeping the minutes of the meetings of the members of the board in books provided for that purpose;
- b. seeing that all notices are duly given in accordance with these bylaws or as required by law;
- c. the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- d. keeping a register of the names and post office addresses of all members;
- e. keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and

f. in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board.

SECTION 7. Treasurer. The treasurer shall be responsible for:

- a. custody of all funds and securities of the Cooperative;
- b. the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- c. the general performance of 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.

SECTION 8. Manager. The board of trustees may appoint a manager who may, but who shall not be required to, be a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the board of trustees may from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the board shall determine. The board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 10. 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 for trustees and close relatives of trustees.

SECTION 11. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the conditions of the Cooperative at the close of such fiscal year.

ARTICLE VII NON-PROFIT OPERATIONS

SECTION 1. Patronage Capital In Connection with Furnishing Electric Energy and Other Services. In the furnishing of electric energy, and other services the Cooperative's operations shall be so conducted that all members 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 members for all amounts received and receivable from the furnishing of electric energy and other services in excess of operating costs and expenses properly chargeable against the furnishing of electric energy and providing of additional services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members, as capital. The Cooperative is obligated to pay by credits to a capital account for each member 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 member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to their account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member 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 members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members, 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 credited to members' accounts may be retired in full or in part. The board shall determine the method, basis, priority and order of retirement, if any, for all amounts hereafter furnished as capital.

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

Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time to determine the application and retirement of capital credits in the best interest of the Cooperative and the board at its discretion shall have the power at any time upon the death of any member, (who was a natural person) if the legal representatives of their estate shall request in writing that the capital credited to any such member 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 member immediately upon such terms and conditions as the board, acting under policies of general application, and the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The Board of Trustees shall have the power, at any time, to adopt rules provided for the separate retirement of the portion ("Power supply portion") of capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall:

- a. establish a method of determining the power supply portion of capital credited to each member 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 members;
- c. provide for appropriate notifications to members 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 members for any fiscal year prior to the general retirement of other capital credited to members for the same year or of any capital credited to members for any prior fiscal year.

Unclaimed capital credits shall be held in the name of the member entitled thereto until properly claimed by the member. There may be charged against said capital credits a reasonable service charge, as prescribed by the board, as a maintenance fee for said account.

SECTION 2. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services, shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of members thereof by an affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, or any other provision of law, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative to the United States of America, or any instrumentality or agency thereof, or to any other financing source within the United States; provided further, that the Board may upon the authorization of a majority of those members of the Cooperative voting at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this state, pursuant to the act under which the Cooperative is incorporated.

ARTICLE IX

SEAL

The Corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, (Name of the State)."

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the board of trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confirmed to specific instances.

SECTION 2. Checks, Drafts, Etc. Except as otherwise provided by law, or in these bylaws, all checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer, officers, agent or agents of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of trustees.

SECTION 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of trustees may select.

SECTION 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the 1st day of January of each year.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of any other organization without an affirmative vote of the trustees.

SECTION 2. Waiver of Notice. Any member or trustee may waive, in writing, any notice of a meeting required to be given by these bylaws. The attendance of a member or trustee at any meeting shall constitute a waiver of notice of such meeting by such member or trustee, except in case a member or trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 3. Policies, Rules and Regulations. The board of trustees shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports. The board of trustees shall cause to be established and maintained a complete accounting system which shall conform so long as the Cooperative is indebted to the Government or any agency of instrumentality thereof, to such accounting system as may from time to time be designated by the Administration of the Rural Utilities Service of the United States of America. Within a reasonable time after the close of each fiscal year the board of trustees shall cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative, as of the end of such fiscal year. A report of the audit shall be submitted to the members at the annual meeting next following the close of each fiscal year.

SECTION 5. Area Coverage. The board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who:

- a. desire such service; and
- b. meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Bylaw Provisions Contractual. The members of the cooperative, by dealing with the cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the cooperative and each member, and both the cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions.

ARTICLE XII AMENDMENTS

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