



Northern
Electric
Cooperative

A Touchstone Energy® Cooperative



**NORTHERN ELECTRIC
COOPERATIVE, INC.**

**PO Box 457
Bath, SD 57427**

**ARTICLES OF INCORPORATION AND
BYLAWS**

**As Amended
April 24, 2023**

**CURRENT ARTICLES OF INCORPORATION OF
NORTHERN ELECTRIC COOPERATIVE, INC.
BATH, SOUTH DAKOTA
LAST AMENDED ON SEPTEMBER 17, 2012**

ARTICLE I

NAME. The name of the Cooperative is and shall be Northern Electric Cooperative, Inc. (hereinafter referred to as "Cooperative").

ARTICLE II

TERM. The term for which the Cooperative shall exist is perpetual.

ARTICLE III

PRINCIPAL OFFICE. The office of the principal office of the Cooperative is Bath, SD 57427.

ARTICLE IV

DIRECTORS. The management of the Cooperative shall be vested in a Board of Directors consisting of nine members of which there shall be one from each district. The names and addresses of the directors are as follows:

Dale Engelhart, P.O. Box 7, Barnard, SD 57426

Larry Braun, 38774 143rd St., Warner, SD 57479

Randy Knecht, P.O. Box 28, Houghton, SD 57449

Dale Smith, HC 75 Box 75, Hitchcock, SD 57348-9615

Charles Anderson, 40984 122nd St., Claremont, SD 57432

Maralyn Hoops, P.O. Box 51, Groton, SD 57445

Trudy Schaunaman, 38298 123rd St., Aberdeen, SD 57401

Wayne Wright, HCR 2 Box 94, Turton, SD 57477-9367

Ted Pazour, RR1 Box 36, Frankfort, SD 57440-9760

ARTICLE V

LOAN FUNDS. The Cooperative shall have power to borrow money and otherwise contract indebtedness, and to issue notes, bonds, and other evidence of indebtedness, and to secure the payment thereof by mortgage, pledge, or deed of trust, or any other encumbrance upon, any or all of its then owned or after acquired real or personal property, assets, franchises, or revenues.

ARTICLE VI

These restated and amended Articles of Incorporation correctly set forth without change the corresponding provisions of the Articles of Incorporation as previously amended and supersede the original Articles of Incorporation and all amendments thereto.

ARTICLE VII

Dale Englehart, as President of Northern Electric Cooperative certifies that the proposed amendment to the Articles and Restated Articles were presented to a meeting of the members after proper and due notice and were approved by an affirmative vote of 309 in favor thereof, and 4 against, which is more than two thirds of the members voting thereon.

He further certifies that said meeting was regularly called, and that due and legal notice of the proposed amendments and restated articles were given.

In witness whereof, I have hereunto signed this certificate as President of the corporation known as Northern Electric Cooperative, Inc. and have caused the seal of said corporation to be attached hereto.

**RESTATED AND AMENDED BYLAWS OF
NORTHERN ELECTRIC COOPERATIVE, INC.**

**ARTICLE I
MEMBERSHIP**

Section 1. Requirements for Membership. Any person, firm, trust, estate, limited liability company, partnership, association, corporation, cooperative, or body politic or subdivision thereof shall become a member of NORTHERN ELECTRIC COOPERATIVE, INC., (hereinafter called the “Cooperative”) by:

(a) Making written application for electric service either prior or subsequent to being furnished with the same, and

(b) Agreeing to purchase from the Cooperative electric energy and to comply with and be bound by the Articles of Incorporation, Bylaws, rules, regulations, general terms and conditions for electric service as adopted or amended by the membership or Board of Directors (hereinafter referred to as “Board”).

No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

Section 2. Membership Record. Membership in the Cooperative shall be evidenced by enrolling the name of a member upon the Membership Record kept and maintained in the office of the Cooperative which record shall be available for inspection by any authorized person as established by Board policy.

Section 3. Joint Membership.

Two individual persons may request electric service as joint membership. The term joint membership shall be deemed to be a joint tenancy with full rights of survivorship as authorized by the laws of this state. The words “member”, “applicant”, or “person”, as used in these Bylaws shall include individual persons requesting 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 (1) member, a joint waiver of notice of the meeting, and a revocation of any vote executed by either or both;

(b) any vote of either separately or both jointly shall constitute, respectively, one (1) joint 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 Board member of the Cooperative but only if both meet the qualifications required thereof.

The Board may also adopt such rules and regulations applicable to joint memberships in regard to death, dissolution, separation, divorce, allocation of patronage, termination of membership, assignment of capital credits or any other matter relating thereto not inconsistent with these Bylaws and the Articles of Incorporation.

Section 4. Effect of Death, Legal Separation or Divorce Upon a Joint Membership. Upon the death of either individual person 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 conclusion of the relationship 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 neither of the individual persons of the joint membership shall be released from any debts due the Cooperative.

Section 5. Assignment of Capital Credits. If two (2) or more names appear on the membership record, the capital credits shall be assigned in the first name mentioned unless otherwise arranged and stated between or among them.

In the event of the death of one (1) of the individual persons of the joint membership, patronage shall be assigned and vested in the name of the surviving individual person. Upon the legal conclusion of the relationship of the individual persons of the joint membership, other than by death, the capital credits shall be equally assigned and vested in the names of the individual persons of the joint membership, unless informed by a court having jurisdiction over the matter to the contrary.

Section 6. Purchase of Electric Energy. A customer desiring electricity shall make written application for service either prior to or within thirty (30) days of receiving electric service and shall pay therefore at rates which shall from time to time be fixed by the Board.

It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital. Each member shall be credited with the capital and reserves so furnished as provided in these Bylaws. As a condition of receiving electrical service, a member may be required to pay to the Cooperative a minimum amount as determined by the Board, regardless of the amount of electric energy consumed, as a deposit, in aid of construction or as a guarantee of revenue.

Each member shall also pay all amounts owed by such member to the Cooperative as and when the same shall become due and payable. When the member has more than one (1) service connection from the Cooperative, any payment for service to the member by the Cooperative shall be deemed, pro forma, to be allocated and credited on a pro rata basis to the member's outstanding accounts for all said service connections,

notwithstanding that the Cooperative's actual accounting procedures do not reflect proration.

Section 7. Termination of Membership. Any member may terminate their electric service or withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by an affirmative vote, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, these, Bylaws, and rules or regulations adopted by the Board, but only if such member shall have been given written notice by certified mail from the Cooperative that such failure makes the member liable to expulsion and such failure continues for at least ten (10) days after notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at an annual or special meeting.

Upon the termination of all electric service or the withdrawal, death, dissolution, termination, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or the member's estate, successors, or assigns from any debts due the Cooperative.

ARTICLE II

RIGHT AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members. Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall 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 aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

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 liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting shall be held, at a time, date and place within the service area of the Cooperative, as shall be determined by the Board. For good cause, if not prohibited by the law, in the case of a health emergency, natural disaster or other emergent circumstances, the Board may delay, reschedule or suspend any requirement that an annual meeting of the membership be held.

Section 2. Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three (3) Board members, by the President, or by ten percent (10%) 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 (1) of the counties served by the Cooperative as specified in the notice of the special meeting as determined by the Board.

Section 3. Notice of Members' Meetings. Written or printed notice stating the place, day, hour, method and means of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally, electronically by mail, or 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 or electronically transmitted, such notice shall be deemed to be delivered when sent to the member at the member's address as it appears on the records of the Cooperative. Any such notice may be included with the member's service billing or as an integral part of or with the Cooperative monthly newsletter or insert. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum. A quorum for the transaction of business at all meetings of the members shall be fifty (50) members, present in person or if mail or electronic voting is authorized, ballots voted by mail or cast electronically shall be returned before or at any membership meeting, and each ballot-vote cast or submitted counts as a member present and voting at a meeting for any quorum requirements of §47-21-56 or a cooperative's bylaws. 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. The record of the events of each meeting shall contain a list of the members present in person as well as those voting by mail, if any.

Section 5. Voting. Each member of the Cooperative shall be entitled to one (1) vote on each matter submitted to a vote at a meeting of the members. Mail voting is authorized either by a majority vote of the directors or by petition of not less than twenty-five (25) members requesting mail voting, unless prohibited by these bylaws or South Dakota law.

If mail or electronic voting is permissible and authorized by the Board, it shall be the sole method of voting on that matter. The Board may prescribe any conditions procedures or limitations of such voting subject to the provisions of the bylaws. Member ballots voted by mail or cast electronically may be returned and counted before or at any membership meeting, and each ballot submitted counts as a member present and voting at a meeting for any quorum requirements of SDCL § 47-21-56 or the cooperative's bylaws. No cooperative member may vote by proxy on any issue.

In processing the procedure for mail or electronic voting, the Secretary shall be responsible for the enclosure with the notice of such meeting of an exact copy of such motion or resolution to be acted upon.

Any mail or electronic vote valid at any meeting shall be valid at any adjournment thereof. The presence in person of a member at a meeting or any adjournment thereof shall not revoke any vote theretofore executed by such member for such meeting or for such adjournment thereof, as the case may be.

The failure of any member to receive a copy of any such motion or resolution shall not invalidate any action which may be taken by members at any such meeting.

The Board of Directors may set forth additional voting requirements in a written policy.

Section 6. Order of Business. The order of business at any meeting of the members shall be determined by the Board.

Section 7. Meeting Decorum. Except as otherwise provided by the Board, before or at a meeting of the members, the President, officer, director or the Cooperative's legal counsel: (a) shall preside at the member meeting; (b) may remove a person from the member meeting for unruly, disruptive, or similar behavior; and (c) may exercise power reasonably necessary for efficiently and effectively conducting the member meeting.

Section 8. Notice of Matters to be Voted Upon. Pursuant to procedures promulgated by the Board, before or at a member meeting, members attending the member meeting may consider, vote, or act only upon a matter for which: (a) except as otherwise provided in these Bylaws, the Board and Members were notified and (b) the members are authorized to consider, vote, or act only upon a matter for which the power to consider, vote, or act is conferred upon members by law, the Articles of Incorporation or these Bylaws. Members attending a special member meeting may consider, vote, or act only upon a matter described in the notice of the special member meeting.

Section 9. Electronic Participation. To the extent permitted by law, the Articles of Incorporation, or these Bylaws and as authorized by the Board, and subject to guidelines and procedures adopted by the Board, members may participate in any member meeting through remote or electronic communication. Members participating in a member meeting through remote or electronic communication are deemed present, and may vote, at the member meeting if the Cooperative has implemented reasonable measures: (a) to verify that each person participating remotely or electronically is a member; and (b) to provide the members a reasonable opportunity to participate in the member meeting, and to vote on matters submitted to the members, including an opportunity to communicate, and to read or hear the proceedings of the member meeting. If the Board authorizes participation through remote or electronic communication, then the notice of the member meeting must describe the means of remote or electronic communication to be used.

Section 10 Additional Rules. The Board may provide for additional rules, regulations, procedures, notice requirements, voting, balloting applicable to the requirements set forth in Article III of these Bylaws that are not inconsistent with these Bylaws or the Articles of Incorporation.

ARTICLE IV

BOARD MEMBERS

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by the Board consisting of nine members elected by the membership from districts as provided in this article, each of whom shall be a member of the Cooperative; and if the member is an entity other than a natural person, is the Designated Representative of the entity member; which Board shall exercise all of the powers of the Cooperative, except those set forth by law, the Articles of Incorporation, these Bylaws, or as conferred upon or referred to the members. It shall be the duty of each Director to participate in such activities as are deemed necessary to enhance the prestige of the Cooperative, broaden its operation and fulfill its public obligation as a member of the various communities in which it does business and in furtherance, thereof, to devote reasonable time and attendance at meetings of affiliate organizations and at training sessions to assist and improve Directors and Officers in carrying out their duties.

Section 2. Election and Tenure of Office. At each annual meeting of the members, directors shall be elected by secret ballot; provided, that when there is no contest for the representation of a particular district and there is no objection, balloting may be dispensed with and the sole candidate may be declared elected by unanimous consent. A director shall be elected by a plurality vote of the members within such district. Drawing by lot shall resolve, when necessary, any tie votes.

Except as hereinafter provided, no directors shall be eligible for re-election, appointment or to serve as a director, who has served as a director for fifteen (15) consecutive years and such director shall have ceased to serve as a director for a period of three (3) consecutive years.

Section 3. Voting Power. Each director will be entitled to one (1) vote upon all issues which they are called upon to vote.

Section 4. Qualifications. No person shall be eligible to become or remain a director who:

- (a) is an employee of the Cooperative;
- (b) is not a member and bona fide resident of the service area served by the Cooperative located within the particular district, provided that if the member is an entity other than a natural person then such person must be the Designated Representative of the entity, and such Designated Representative must reside within the district they represent;
- (c) is in any way employed by or financially interested in a competing enterprise or business selling electric energy or supplies to the Cooperative or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative;
- (d) has been previously removed as a director in accordance with the procedures provided for removal in these Bylaws;

(e) has failed to attend at least 2/3 of all regular board meetings during any consecutive twelve (12) month period;

(f) has been employed by the Cooperative in the past five (5) years;

(g) has pled guilty or has been convicted of a: a felony, any crime involving dishonesty, any crime involving moral turpitude; or

(h) does not have the capacity to enter into legally binding contracts.

The term “Designated Representative” as used in these Bylaws means an officer of a corporation or cooperative, member or manager of a limited liability organization, general partner, managing partner, individual on a joint account, personal representative of an estate, or such similar person having full authority to legally bind the entity.

The terms “Reside” “residence” “residing” as used in these Bylaws means the dwelling where the individual member maintains their permanent place of abode, and typically spend the majority of the calendar year; that place where a person has his or her true, fixed, and permanent home and to which that individual has the intention of returning to, whenever absent. A person may have only one principal residence at any one time. in determining a member’s residence, factors include, but are not limited to: (i) the members’ place of employment; (ii) the principal place of abode of the members family members; (iii) the address listed on the members federal tax returns, driver's license, automobile registration, or voter registration card; (iv) the members mailing address for bills and correspondence; (v) the location of the members financial institutions; and (vi) the location of religious organizations and recreational clubs with which the member is affiliated.

If a director appears to be holding office in violation of any of the foregoing provisions, the Board will give notice to the director and the director will be afforded an opportunity to be heard by the Board. In the sole discretion of the Board, upon establishment of the fact that the director is holding office in violation of any of the foregoing provisions, the Board is authorized by resolution to and shall remove such director from office. Nothing in this Section shall contain 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 (1) or more of the directors have an interest adverse to that of the Cooperative.

Section 5. Director Districts. The territory served or to be served by the Cooperative shall be divided into nine (9) director districts, the boundaries of each being established by the Board based upon number of members, types of services, density, area served and such other equitable factors as the Board reasonably determines. One (1) director shall be elected from each district. The Board shall from time to time review the districts and may reconstitute the districts to ensure that the districts equitably represent the members.

Section 6. Nomination of Directors. Any ten or more members including a Designated Representative of an entity, in such District, may file or sign a nominating petition, in the form provided by the Cooperative, with the Secretary placing in nomination any qualified member from such District. Each signatory shall place the date of signing and the member’s address on said petition. No member may sign a petition to nominate more than one candidate, and to do so shall invalidate the member’s signature on the petition

signed on the latest date. This procedure shall be followed in each director district in which the director term shall expire. Upon receipt of such petition and having found the same to be in order, the Secretary shall post such nomination in the principal office of the Cooperative. Candidates so nominated shall be identified in the Notice of the Meeting and shall also be named on the official ballot. Such Petition for Nomination shall be filed with the Cooperative not more than one hundred-twenty (120) nor less than forty-five (45) days before the membership meeting. The order in which the nominees shall appear on the printed ballot shall be determined by lot under the supervision of the Secretary. If any nominee should refuse to become a candidate or is not qualified, in accordance with the requirements of these Bylaws, the Secretary of the Cooperative is authorized and directed to remove the name or names from the list of posted nominees and/or from the ballot.

The Secretary shall be responsible for mailing with the notice of the annual meeting, or separately, but at least ten (10) days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates nominated. No nominations shall be permitted from the floor. Each member of the Cooperative present at the meeting shall be entitled to vote for one candidate from their specific district from which a director is to be elected. Upon establishment of a quorum the annual member meeting shall be deemed convened. Voting may occur in accordance with the procedure established by the Board. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected as a director.

Section 7. Removal of Director by Members. Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent (10%) or 300 members from such director's district, whichever is lesser, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges by certified mail, return receipt requested, at least ten (10) days prior to the meeting of the members 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 director shall be considered and voted upon at the 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.

Section 8. Vacancies. The unexpired portion of the term created by a vacancy occurring on the Board shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term or opened for election at the next membership meeting.

A vacancy on the Board occurring due to the failure of any qualified member to seek or be elected to a vacant seat, shall be filled by the affirmative vote of a majority of the remaining Board members for the full or unexpired portion of the term. The time spent completing an unexpired term of office shall not be counted against the term limits imposed under Article IV, Section 2 of these bylaws.

Section 9. Compensation. A director shall not receive any salary for their services, as such, except a fixed sum for each day or portion thereof spent on Cooperative business. The Board will set such fixed sum in Board policy, with the Board taking into consideration: (a) the current hourly rate of a Cooperative lineworker; (b) electric cooperative director compensation at comparable electric cooperatives; and (c) such other reasonably comparable factors that the Board may determine. If authorized by the Board, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business. The compensation of a director shall be determined by resolution of the Board. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any Close Relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the Board.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Meetings Open to Membership. Subject to policy and procedures adopted by the Board, , all regular and special meetings of the Board shall be open to the members conducting themselves in a civil and appropriate manner, having proper business with the cooperative, except for executive sessions. Executive sessions may be held for the purposes of considering any matters concerning the Cooperative. A majority vote of directors present is required for considering matters in executive sessions.

Section 2. Regular Meetings. A regular meeting of the Board shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as convenient. A regular meeting of the Board shall also be held monthly at such date, time and place within the area served by the Cooperative 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 director 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 notice of such determination or change at least five (5) days prior to the next meeting of the Board. A director, with the permission of the president, may attend any meeting, special or regular, through electronic means, and such participation shall be considered attendance at such meeting for all purposes.

Section 3. Special Meetings. Special meetings of the Board may be called by Board resolution, by the President or by any three (3) directors, 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. The President or directors calling the meeting shall fix the date, time and place for the meeting, which shall be held within the area served by the Cooperative unless a majority of the Board consents to it being held in some other place in South Dakota or elsewhere.

Section 4. Notice of Board Meetings. 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 the Board shall be delivered to each director not less than five (5) days prior thereto, either personally, electronically or by mail, by or at the direction of the Secretary or, upon a default in duty by the Secretary, by the Secretary 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. The membership shall be informed of regular or special Board meetings by posting a copy of the notice of such meeting on the Cooperative's web site at least five (5) days prior to such meeting.

Section 5. Quorum

The presence in person remotely or electronically of a majority of the directors 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 director 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 directors in office; AND PROVIDED FURTHER, that if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause all absent directors to be duly and timely notified of the time, date and place of such adjourned meeting. Any Board meetings may, with the oral consent of the majority of the directors, be convened and conducted by telecommunication, or other electronic media, without regard to the actual physical location of any of the individual directors.

Section 6. Executive Committee. The Board may in its discretion appoint an executive committee consisting of the officers of the Cooperative and determine their powers and duties. The Board may allot to such executive committee all or any stated portion of the functions and powers of the Board, subject to the general direction, approval, and control of the Board. Copies of the minutes of any meeting of the executive committee shall be made available to all directors within seven (7) days following such meeting.

Section 7. Other Committees. The Board may, at its discretion, appoint such other committees as may be necessary.

Section 8. Waiver of Board Meeting Notice. At any time, a director may waive notice of any Board meeting by delivering to the Cooperative a written waiver of notice signed by the director and later filed with the Board meeting minutes or the Cooperative's records. Unless a director upon arriving at a Board meeting or prior to the vote on a particular matter, objects to lack of, or defective, notice of the Board meeting or a matter being considered at the Board meeting; and does not vote for, or assent to, an objected matter; then the director's attendance at, or participation in, a Board meeting waives notice of the Board meeting and any matter considered at the Board meeting.

Section 9. Board Action by Written Consent. Without a Board meeting, the Board may take any action required, or permitted, to be taken at a Board meeting if the action is taken by all directors; and evidenced by one (1), or more, written consents; describing the action taken; signed by each director; and included with the Cooperative's Board meeting minutes. Unless the director written consent specifies a different effective date, action taken by director written consent is effective when the last director signs the director written consent. A director written consent has the effect of, and may be described as, a

duly adopted Board resolution.

ARTICLE VI

OFFICERS; MISCELLANEOUS

Section 1. Number. The officers of the Cooperative shall be a president, vice president, secretary, 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 2. Election and Term of Office. The officers shall be nominated and elected by secret ballot, annually by and from the Board at the reorganizational meeting of the Board held immediately 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 convenient. The two nominations receiving most of the secret nominating votes shall be the official candidates for office. All others are thereby eliminated for consideration to that particular office. Each officer shall hold office until the reorganizational meeting of the Board following the next succeeding annual meeting of the members or until the officer's successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

Section 3. Removal. Any officer, agent or employee elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will thereby be served. The officer against whom such charges have been brought shall be informed in writing of the charges by certified mail, return receipt requested, at least ten (10) days prior to the Board 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.

Section 4. President. The president shall:

- (a) preside at all meetings of the members and the Board;
- (b) sign, with the secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board 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 from time to time.

Section 5. Vice President. In the absence of the president, or in the event of the president's inability or refusal to act, the vice president shall perform all 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 the vice president by the Board.

Section 6. Secretary. The secretary shall supervise, direct and be responsible for:

(a) keeping the minutes of the meetings of the members and of the Board in one or more 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 corporate records and of the seal of the Cooperative, and see that the seal of the Cooperative is affixed 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 as required by law;

(d) keeping a register of the post office address of each member, which address shall be furnished to the Cooperative by such member;

(e) having general charge of the books of the Cooperative in which a record of the members is kept;

(f) keeping on file at all times a complete copy of the Articles of Incorporation and these Bylaws, together with all amendments or restatements thereto, which copy shall always be open to the inspection of any member; and

(g) generally performing all duties incident to the office of secretary and such other duties as from time to time may be assigned to the secretary by the Board.

Section 7. Treasurer. The treasurer shall supervise, direct and be responsible for:

(a) having custody of all funds and securities of the Cooperative;

(b) receiving and giving 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, except as may be delegated by the Board; and

(c) generally performing all 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. Delegation of Secretary's and Treasurer's Responsibilities.

Notwithstanding the duties, responsibilities and authorities of the secretary and of the treasurer hereinbefore provided in Sections 6 and 7, 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 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 9. Chief Executive Officer. The Board shall appoint a chief executive officer (CEO), who may be, but who shall not be required to be, a member of the Cooperative. Such officer shall perform such duties as the Board may from time to time vest in the CEO.

Section 10. Bonds. The Board shall require the treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody and any of its funds or property to give bonds 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 give bond in such amount and with such surety as it shall determine.

Section 11. Compensation. The powers, duties and compensation of officers, the CEO, and agents shall be fixed by the Board, subject to the provisions of these Bylaws with respect to compensation for a Board member and Close Relatives of a Board member.

Section 12. “Close Relative” Defined. As used in these Bylaws, “Close Relative” means a person who is related to the principal person by consanguinity of 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.

Section 13. Indemnification of Officers, Directors, Employees, and Agents; Insurance. Each director, officer, employee, or person, acting as agent for or on behalf of the Cooperative now or hereafter serving as such, shall be indemnified by the Cooperative against any and all claims and liabilities to which such person has or shall become subject by reason of serving or having served as such, shall be indemnified by the Cooperative against any and all claims and liabilities to which such person has or shall become subject by reason of serving or having served as such director, officer, employee or agent for said Cooperative, or by reason of any action alleged to have been taken, omitted, or neglected by such person as such director, officer, employee or agent and the Cooperative shall reimburse each such person for all legal expenses reasonably incurred by such person in connection with any such claim or liability; PROVIDED, however, that no such person shall be indemnified against or be reimbursed for any expense incurred in connection with any claim or liability arising out of his own willful misconduct or gross negligence or in the event they were not authorized to take such action on behalf of the Cooperative.

The amount paid to any such person by way of indemnification shall not exceed such person’s actual, reasonable and necessary expenses incurred in connection with the matter involved. The right of indemnification hereinabove provided for shall not be exclusive of any rights to which any director, officer, employee or agent may otherwise be entitled by law.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent or is serving at the request of the Cooperative as a director, officer, employee or agent of another corporation, cooperative, partnership, joint venture, trust or other enterprise against any liability asserted against him or incurred by him in any such capacity, or arising out of his status as such whether or not the Cooperative would have the power to indemnify him against such liability under the provisions of this section.

Section 14. Member Inspection of Records. Any member in good standing, with good cause and with the approval of the Board, in accordance with policies adopted by the Board, and for a proper purpose, shall have the right to examine, in person, during regular business hours, only those records related to their purpose and designated as nonproprietary, not confidential, nor privileged. The Board shall have the authority to establish by written policy which of the Cooperative’s records are confidential.

ARTICLE VII

NON-PROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

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 members will, through their patronage, furnish capital for the Cooperative. The Board of the Cooperative before allocating and crediting margins to its members may, by resolution, provide for the adoption of margin stabilization plans, revenue or expense deferral plans or other plans that provide for the retention of revenues and receipts in excess of those needed to meet current losses and expenses. Reasonable reserves may be created by the Cooperative for the payment of the incremental cost of electric power and energy purchased by the Cooperative for resale to its members. Any amounts received by the Cooperative in excess of the funds necessary to provide for the reserves and plans as herein provided and in excess of operating costs and expenses shall be accounted for by the Cooperative on a patronage basis to all its members. All such amounts 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 such member all such amounts in excess of those funds needed by the Cooperative for the purposes stated herein. 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 to 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 the member's account; PROVIDED, that individual notices of such amounts furnished by each member may not be required if the Cooperative notifies all members of the aggregate amount of such excess and provides a clear explanation of how each member may compute and determine for themselves the specific amount of capital so credited to such member. 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.

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 members' accounts may be retired in full or in part. Notwithstanding any other provision of these Bylaws, the Board shall determine the

method of allocation, basis, priority and order of retirement, if any, for amounts furnished as patronage capital. PROVIDED, however, that the Board shall have the power to adopt rules providing for the separate retirement of that portion "power supply or other service or supply portion" of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service or any other service or supply to the Cooperative. Such rules shall:

- (a) establish a method for determining the portion of such capital credited to each member for each applicable fiscal year;
- (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's members
- (c) provide for appropriate notifications to members with respect to such portions of capital credited to their accounts and
- (d) preclude a general retirement of such portions 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.

Capital credited to the account of each member 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 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 provisions of these Bylaws, the Board shall, at its discretion, have the power at any time upon the death of any member, who was a natural person, if the legal representative of the estate or the heirs, beneficiaries or assigns 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 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 conditions of the Cooperative will not be impaired thereby.

The Cooperative shall have a first lien and a right of "set off" upon all certificates of interests, membership, patronage capital, or other interests standing on its books for all indebtedness of the respective holders or owners thereof to the Cooperative.

The Cooperative, before retiring any capital credited to any member's account, shall deduct therefrom any amount owing by such member to the Cooperative.

The members of the Cooperative, by receiving service from 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. The provisions of this article of these Bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Notwithstanding any other provisions of these Bylaws, if any member or former member fails to claim any cash retirement of capital credits or other payment from the Cooperative within three (3) years after payment of the same has been made available by check mailed to the member's last address furnished by the member to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such member of such capital credit , or other payments to the Cooperative

Failure to claim any such payment within the meaning of this section shall include the failure of such member or former member to cash any check mailed to the member by the Cooperative at the last address furnished to the Cooperative.

The assignment and gift provided for under this section shall become effective only upon the expiration of three (3) years from the date when such payment was made available to such member or former member without claim therefore and only after the further expiration of sixty (60) days following the giving of a Notice by mail or publication that unless such payment is claimed within sixty (60) days, such gift to the Cooperative shall become effective.

The Notice by mail herein provided shall be one mailed by the Cooperative to such member or former member at the last known address. If Notice by publication is given, such publication shall be one insertion in a newspaper circulated in the service area of the Cooperative.

The sixty (60) day period following the giving of such Notice, either by mail or publication, shall be deemed to terminate sixty (60) days after the mailing of publication of such Notice.

Section 3. Patronage in Connection with Furnishing Other Services. Funds and amounts received from non-members of the cooperative and funds and amounts other than operating margins generated from providing electrical service, received by the Cooperative from any source that exceed the Cooperatives costs and expenses may be used by the Cooperative as permanent, non-allocated capital.

ARTICLE VIII

DISPOSITION OF PROPERTY

Section 1. Encumbering Property and Making Loans. The Board shall have full power to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust of, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, license, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any agency or instrumentality thereof or any other lender, and loan money to such lenders.

Section 2. Encumbering Property to Others. The Cooperative may not, except as provided by Section 1 above, sell, lease or otherwise dispose of all or a substantial portion of its property unless such sale, lease or other disposition is authorized by the

affirmative vote of not less than two-thirds (2/3) of all members of the Cooperative; members voting thereon must be present and vote in person; PROVIDED, however, that notwithstanding any other provision of these Bylaws, or any other provisions of law, the Board may, upon authorization of two-thirds (2/3) of all members of the Cooperative at a meeting of the members thereof, called for that purpose, sell, lease or otherwise dispose of all or a substantial portion of its property to another Cooperative or to the holder or holders of any notes, bonds or other evidences of indebtedness issued to the United States of America or any agency or instrumentality thereof or any other lender.

ARTICLE IX

SEAL

The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, South Dakota".

ARTICLE X

FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, employee or employees, 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 confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts and other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative as shall from time to time be determined by resolution of the Board.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in a bank, banks or depositories as the Board may select.

Section 4. Change in Rates. The Board shall have full authority to adopt, modify and amend rates to be charged to the members.

Section 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December in the same year.

Section 6. Debt Limitation. The Cooperative shall have power to borrow money and otherwise contract indebtedness, and to issue notes, bonds, and other evidences of indebtedness, and to secure the payment thereof by mortgage, pledge, or deed of trust, or any other encumbrance upon, any or all of its then owned or after acquired real or personal property, assets, franchises, or revenues.

ARTICLE XI

MISCELLANEOUS

Section 1. Membership in Other Organizations. The Cooperative may upon the authorization of the Board, purchase stock in or become a member of any entity or organization for the purpose of engaging in or furthering the cause of rural electrification or this Cooperative, or of any other entity for the purpose of acquiring electric facilities, all of which may be to the best interest of the Cooperative.

Section 2. Waiver of Notice. Any member or director may waive in writing any notice of a meeting required to be given by these Bylaws, either before or after such meeting. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 3. Policies, Rules and Regulations. The Board 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 of the business and affairs of the Cooperative.

Section 4. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utility Services of the United States of America. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial conditions of the Cooperative as of the end of such audit period. A summary of such audit shall be submitted to the members at the next following annual meeting.

Section 5. Publication. For the purpose of advising the members concerning the general activities and business of the Cooperative and disseminating such other information as management may deem advisable, there shall be established an official publication of the Cooperative.

Section 6. Area Coverage. The Board shall make diligent efforts to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 7. Rules of Order. Unless the Board determines otherwise, and to the extent consistent with law, the Articles, and these By-laws, all member meetings, Board meetings and committee meetings are governed by the fundamental fairness rule with *Robert's Rules of Order* as a guide only, not the ultimate authority, of such rule.

Section 8. Credentials and Election Committee. The Board shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members not less than three (3) members. It shall be the responsibility of the Credentials and Election Committee to pass upon all questions that may arise with respect to the registration of members, to count all ballots cast in any election or in any other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. The Credentials and Election Committee's decisions on all such matters shall be final. The Board shall adopt such rules, regulations and policies as are necessary to ensure that the credentials and election committee may fulfill its obligations and duties in a fair, objective and orderly manner.

Section 9. Electronic Notice. Notice, dissemination of documents and actions may be completed by electronic means to the members, as determined by the Board and as allowed by law. An electronic document electronically sent or transmitted to a member or former member at the member or former member's last known electronic address is considered sent, received, transmitted, and effective on the date sent by the Cooperative. An electronic document electronically received or transmitted from a member or former member is considered sent, received, transmitted, and effective on the date received by the Cooperative. If electronically delivered, such notice shall be deemed to be delivered when sent to the last known electronic address of the member for which no non-delivery notice is returned.

ARTICLE XII AMENDMENTS

These Bylaws may be altered, amended, restated, or repealed in accordance with the following by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, restatement, or repeal.

The Board by a majority vote may sponsor or propose Bylaw amendments to the members.

Bylaw amendments proposed by the membership must be:

- (a) sponsored by, and accompanied by a dated petition containing the printed names, addresses, and original dated signatures, obtained within sixty (60) days of the petition date, of at least fifty (50) members entitled to vote on the bylaw amendment;
- (b) Delivered to, and received by, the Cooperative at least sixty business days prior to the meeting at which the members will consider the proposed bylaw amendment;
- (c) after review by the Board, be determined lawful; and
- (d) not altered or modified after delivery to the Cooperative.