

ARTICLE I - Membership

Section 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in Goldenwest Electric Coop., Inc., Wibaux, Montana (hereinafter called the "Cooperative") by:

- (a) Filing a written application for membership therein;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreeing to comply with the and be bound by the articles of incorporation and by-laws of the Cooperative and any rules and regulations adopted by the Board of Trustees; and
- (d) Paying the membership fee hereinafter specified;

Provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board of Trustees or the members. No member may hold more than one membership in the Cooperative and no membership in the Cooperative, shall be transferable, except as provided in these by-laws.

At each meeting of the members held subsequent to the expiration of a period of six months from the date of incorporation of the Cooperative, all applications received more than ninety (90) days or which have been rejected by the Board of Trustees shall be submitted by the Secretary to such meeting and, subject to compliance by the applicant with the requirements hereinabove set forth, any such application may be accepted by vote of the members. The Secretary shall give each such applicant at least ten (10) days notice of the date of the members' s meeting to which his application will be submitted and such application shall be entitled to be present and heard at the meeting.

Section 2. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board of trustees. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these by-laws, nor until such membership fee has been fully paid for in cash. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the board of trustees may prescribe.

Section 3. 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 the Article, may be accepted for such membership. The term "member" as used in these by-laws 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 have the effect of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one 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 prospective officer or trustee meet the qualification for such office.

Section 4. Conversion of Membership. 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 the articles of incorporation, by-laws and rules and regulations adopted by the board of trustees. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

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

Section 5. Membership and Service Connection Fees. The membership fee shall be \$10.00 except for cottage and town homes, schools, and churches fraternal community organization which membership shall be \$5.00, upon the payment of which a member shall be eligible for one service connection.

Section 6. Purchase of Electric Energy. Each member shall, when electric service is made available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly 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 members shall be credited with the capital so furnished as provided in these by-laws. Each member shall pay to the Cooperative such minimum amount per month 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.

Section 7. Termination of Membership. Any member may withdraw from membership upon compliance with such uniform 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 fails to comply with any provisions of the Articles of Incorporation, bylaws, and rules or regulations adopted by the Board of Trustees, but only if such members shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. The membership of the member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or a member who has ceased to purchase energy from the Cooperative, shall be canceled by the resolution of the Board of Trustees.

Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member of his estate from any debts due to the Cooperative.

ARTICLE II - Rights and Liabilities of Members

Section 1. Property Interest of Members. Upon dissolution, after (a) 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 by-laws, the remaining property and assets of the Cooperative shall be distributed among the members in the portion which the aggregate patronage of each bears to the total patronage of all the members during the seven 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 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 - Meetings of Members

Section 1. Annual Meeting. Beginning with the year 1958 the annual meeting of the members shall be held on the date determined by the Board of Trustees, but at least once in each calendar year at such place in project area in the County of Wibaux and Golden Valley, State of Montana or North Dakota, as shall be designated in the notice of the meeting for the purpose of electing Trustees, 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 of Trustees to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings. Special meetings of the members may be called by resolution of the Board of Trustees or upon a written request by any three trustees, by the president, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the counties of Golden Valley or Wibaux, State of North Dakota or Montana specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour 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 days nor more than twenty-five days before the date of the meeting, either personally or by mail, 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 postage there on prepaid. The failure of any member to receive notice of the 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. As long as the total number of members does not exceed five hundred, five per centum of the total number of members present in the person shall constitute a quorum. In case the total number of members shall exceed five hundred, 25 members or five percent per centum of the members present in person, whichever shall be the larger, 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 shall be entitled to only one vote. All questions shall be decided by a vote of the majority of the members voting thereon in person, except as otherwise provided by law, the articles of incorporation or these by-laws. There shall be no vote by proxy.

Section 6. Voting District (As amended, annual meeting of the members, October 15, 1949).

District No. 1. Beginning at the point fo the Northeast corner of Section 22, Twp. 19 North, Range 60 East thence West on the North line of Sections 22, 21, 20 and 19 to the Northwest corner of Section 19, Twp. 19 North, Range 60 East thence South on the West line of Sections 19, 30 and 31 to the Southwest corner, Section 31, Twp. 19, Range 60 thence West on the North line of Twp. 18 North, Range 57 East to the Dawson and Wibaux County line on the Yellowstone River, thence in the Southwesterly Direction following the South side of the Yellowstone River to a point of the Yellowstone River meet the Dawson and Prairie County Line, East and West, thence East on the Dawson and Prairie County Line, East and West, thence East on the Dawson and Prairie County line to the Southwest corner of Section 23, Twp. 13 North, Range 56 East, thence North 2 miles on the west side of Section 23 and 14, Twp. 13, Range 56 East to the Southwest corner of Section 11 of Twp. 13, Range 56 East to Montana and North Dakota state line on the section line and thence North on the North Dakota and Montana state line to the point of beginning.

District No. 2. Comprising of an area within the following described boundaries beginning at the Northeast corner of Section 1, Twp. 144 North, Range 103, North Dakota and thence West on the Golden Valley and McKenzie County line to the Montana-North Dakota State line thence South to the Southwest corner of Section 15, Twp. 138, Range 106, thence East on the Section line to the Southeast corner of Section 13, Twp. 138, Range 103 West thence North on the County line of Golden Valley and Billings counties to the Northeast corner of Section 1, Twp. 140, Range 103 thence West on the Golden Valley and Billings County line to the Southeast corner of Section 36, Twp. 141, Range 103 thence North on the Golden Valley and Billings County line to the point of beginning.

District No. 3. This district comprises of an area lying within the following described boundaries to wit: beginning at an intersection between Section 7 and 18, Twp. 13, Range 61 on the North Dakota and Montana State line, thence West on the Section line to the Northwest corner, Section 14, Twp. 13, Range 56 thence South to the Southwest corner of Section 19, Twp. 11, Range 57 East on the Prairie and Wibaux County line to the Southeast corner of Section 21, Twp. 11, Range 58, thence South on the Section line to the Southwest corner of Section 27 of the same Twp. Thence East to the Southeast corner of Section 25 thence South to the Southwest corner of Section 31, Twp. 11, Range 59, thence East on the Section line to the Southeast corner of Section 19, Twp. 137 North, Range 106 North Dakota, thence North on the Section line to the Northeast corner of Section 7, same Twp. Thence West on the section line to the Southwest corner of the Section 3, Twp. 137, Range 106, thence North to the point of beginning.

District No. 4. The point of beginning for District No. 4 is the Northeast corner of Section 24, Twp. 138, Range 103 West of Golden Valley County, North Dakota thence West on the Section line to the Northwest corner of Section 22, Twp. 138, Range 106 thence South on the Section line to the Southwest corner of Section 3, Twp. 137, Range 105, thence East on the Section line to the Southeast corner of Section 6, Twp. 137, Range 105 thence South on the Section line to the Southwest corner of Section 35, Twp. 136, Range 106 thence East on the Section line to the Southeast corner of Section 36, Twp. 136, Range 104 West, thence North on the Section line to the Northeast corner of Section 1, Twp. 136, Range 104 West, thence East on the Section line to the Southeast Corner of Section 36, Twp. 137, Range 103 West, thence North to the point of beginning.

District No. 5. The point of beginning of District 5 is the Northeast corner of Section 30, Twp. 137, Range 106 to Golden Valley County, North Dakota thence West on the Section line to the Southwest corner of Section 31, Twp. 10, Range 59 thence South on the Section line to the Southwest corner of Section 31, Twp. 9, Range 60, thence South to the Southwest corner of Section 31, Twp. 8, Range 60 thence East to the Montana and North Dakota State line thence East on the South line of Twp. 134, Range 106 and 105 to the Southeast corner of Section 36, Twp. 134, Range 105 thence North to the Northeast corner of Section 1, Twp. 135, Range 105, thence West to the Southwest corner of Section 35, Twp. 136, Range 106 thence North to the point of beginning.

Section 7. 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 which members are present in person and which members are represented by proxy in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting as the case may be
3. Reading of unapproved minutes of previous meetings of the members and 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

Section 8. Rules of Order. At all meetings of the members, of the Board of Directors and of any committees thereof, meeting procedure, except as provided by law or the articles of incorporation, shall be governed by the latest edition of Robert's Rules of Order.

ARTICLE IV - Trustees

Section 1. General Powers. The business and affairs of the cooperative shall be managed by a Board of five trustees which shall exercise all of the powers of the Cooperative, except such as are required by law, the articles of incorporation or these by-laws conferred upon or reserved to the members.

Section 2. Election and Tenure of Officers. The trustees of the cooperative shall be 5 in number and selected by secret ballot at the annual meeting of the members. Starting with the 1991 annual meeting when the two-year terms of three trustees expire, two Trustees shall be elected for a three-year term. Thereafter, all Trustees, when their term expires, shall be elected for a three-year term, or until their successors have been elected and qualified.

Section 3. Qualifications. No person shall be eligible to become or remain A trustee, or to hold position of trust in the cooperative who:

- a) Is not a member and bona fide resident in the area served or to be served by the Cooperative; 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 a business primarily engaged in selling electrical, or plumbing appliances, fixtures, or supplies to the members of the Cooperative;

Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions the board of trustees shall remove such Trustee from office.

Nothing contained in this section fact in any manner whatsoever, the validity of any action taken at any meeting of the Board of Trustees, unless such action is taken with respect to a matter in which one or more trustees have interest adverse to that of the Cooperative.

Section 4. Nomination. Shall be the duty of the board of trustees to appoint not less than thirty days nor more than sixty days before the date of a meeting of the members at which trustees are to be elected, many or nominations consisting of not less than five, nor more than eleven members who shall be selected from different sections so as to ensure equitable representation. No member of the Board of Trustees may serve on such committee. The committee keeping in mind the principal of geographical representation, shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting, a list of nomination for Trustees which may include a greater number of candidates than are to be elected. Any fifteen or more members acting together may make other nominations by petition not less than fifteen days prior to the meeting and the Secretary shall post such nomination at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of meeting or separately but at least seven (7) days before the date of the meeting, a statement of the number of Trustees to be elected and the names and addresses of the number of Trustees to be elected and the names and addresses of the candidates, specifying separately the nominations made by petition, if any. The chairman shall invite additional nominations from the floor and nominations shall not be closed until at least one minute has passed during which no additional nomination has been made. No member may nominate more than one candidate.

Section 5. Removal of Trustees by Members. Any member may bring charges against a trustee and by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum (10%) of the members, may request the removal of such Trustee by reason thereof. Such trustee shall be informed in writing of the charges 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 trustees 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 forgoing provisions with respect to nominations.

Section 6. Vacancies. Subject to the provisions of these by-laws with respect to the filing of vacancies caused by the removal of Trustees by members or otherwise, 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.

Section 7. Compensation. Trustees shall not receive any salary for their services as Trustees except that by resolution of the Board of Trustees a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Trustees. No Trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a trustee receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such Trustee or close relative shall have been certified by the Board of Trustees 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 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 quarterly at such time and place in Wibaux, Montana, County of Wibaux, as the Board of Trustees may provide by resolution. Such regular quarterly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. 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 of the Trustees calling the meeting shall fix the time and place (which shall be the Project Area) for the holding of 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 to each trustee not less than five (5) 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. If mailed, such notices 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 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 providing further, than 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 the meeting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE VI - Officers

Section 1. Number. The officers of the Cooperative shall be President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board of Trustees from time to time. 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 Trustees. Any officer or agent elected or appointed by the board of trustees may be removed by the board of trustees whenever in its judgement the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer by filing such charges in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members and request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) 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 against him shall have the same opportunity. In event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

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, certificates of membership, the issue of which shall have been authorized by the Board of Trustees or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and 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 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:

- (a) keep the minutes of the meeting of the members and of the Board of Trustees in books provided for that purpose;
- (b) see that all notices are duly given in accordance with the by-laws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative, and affix the seal of the Cooperative to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the names and post office addresses of all members;
- (e) sign, with the President, certificates of membership, the issues of which shall be authorized by the Board of Trustees of the members;
- (f) have general charge of the books of the Cooperative.
- (g) keep on file at all times a complete copy of the Articles of Incorporation and by-laws 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, forward a copy of the bylaws and all amendments thereto to each member and
- (h) 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 of Trustees.

Section 7. Treasurer. The treasurer shall:

- (a) have charge and custody of and responsible for all funds and securities of the Cooperative;
- (b) be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys 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 of trustees.

Section 8. Manager. The board of trustees may appoint a manager who may be, 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 give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to 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 by-laws with respect to compensation for Trustees and close relatives of Trustee.

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 condition of the Cooperative at the close of such fiscal year.

ARTICLE VII - Non-Profit Operations

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

Section 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each 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 patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. The Board of Trustees shall determine the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital.

Capital credited to the account for each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the signer and only to successors in interest or successors in occupancy in all or a part of such patrons premises served by the Cooperative unless the board of directors acting under the policies of general application shall determine otherwise in the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Now withstanding any other provision of these bylaws the Board of Trustees at its discretion shall have the power at any time upon the death of any patron who was a natural person if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws to retire capital credited to any such patron immediately upon such terms and conditions as the board of directors acting under policies of general application and the legal representation representatives of such patrons estate shall agree upon provided however that the financial condition of the Cooperative will not be impaired thereby.

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

The Board of Trustee shall have the power to adopt rules providing for the separate regiment of that portion (Power Supply Portion) of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or any capital credited to patrons for any prior fiscal year.

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 meeting of the members thereof by the affirmative vote of not less than two-thirds $2/3$ of all 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 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, The Board of Trustees of the Cooperative, with 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 permit 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 United States of America or any instrumentality of agency thereof; provided further that the Board of Trustees may upon the authorization of two-thirds ($2/3$) of those members of the Cooperative of a foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated or to the holder or holders of any notes, bonds or other evidence of indebtedness issues to United States of America or any agency or instrumentality thereof, or to any other financing sources within the United States; provided, further that the Board may upon the authorization of the majority of those member of the Cooperative voting at the meeting of the member 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 X - Financial Transactions

Section 1. Contracts. Except as otherwise provided in these by-laws, 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 confined to specific instances.

Section 2. Checks, Drafts, etc. 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 or officers, agent or agents, employee or employees 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 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. Charge in Rates. Written notice shall be given to the Administrator of the Rural Utility Services of the United States of America, not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

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 (31st) day of December of the same year.

ARTICLE XI - Miscellaneous

Section 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided however, that the Cooperative may upon the authorization of the Board of Trustees, purchase stock in or become a member of any corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification or with the approval of the Administrator of RUS, any other corporation for the purpose of acquiring electric facilities.

Section 2. Waiver of Notice. Any member or Trustee may waive in writing, any notice of a meeting required to be given by these by-laws. 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 on the ground that the meeting has not been lawfully called or convened.

Section 3. 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 by-laws, as it may deem advisable for the management 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, 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 Utilities Service of the United States of America. The books of the Cooperative shall be examined by a committee of the Board of Trustees which shall render reports to the Board of Trustees at least four times a year at regular meetings of the Board of Trustees. The Board of Trustees shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books, financial condition of the Cooperative as of the end of the next following annual meeting.