

# BY-LAWS OF GLACIER ELECTRIC COOPERATIVE, INC.

Cut Bank, Montana

## ARTICLE I

### MEMBERSHIP

SECTION 1. Requirements of Membership. Any person of legal age, firm, association, corporation, or body politic or sub-division thereof will become a member of Glacier Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative provided that he, she or it has first:

- (a) submitted an application for membership and electrical service card therein;
- (b) agreed to comply with 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
- (c) Paid the membership fee established by the Board of Trustees hereinafter specified;

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. Membership in the Cooperative is a prerequisite to receiving electric service or any other products or services.

SECTION 2. Membership Certificates. Membership in the Cooperative shall be evidenced by the completion and signing of the "Application for Membership and Electric Service" which will serve as a membership certificate.

SECTION 3. Membership Classes. The Cooperative may have one or more classes of membership to accommodate various types of service. If the Cooperative has more than one class of membership, the Board of Trustees shall determine, under rules of general application, the definition, rights, and obligations of each class, including the method for allocating patronage capital.

SECTION 4. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these 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 of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;

- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either, but not both, may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

#### SECTION 5. Conversion of Membership.

(a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with 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 indicate the changed membership status.

(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status; provided, however, that the estate of the deceased shall not be released from any debts due to the Cooperative.

SECTION 6. Membership and Service Connection Fees. The membership fee for all new members, shall be established by the Board of Trustees, upon the payment of which a member shall be eligible for one or more service connections. A member of the Cooperative shall be entitled to only one membership, one vote, and the rights and privileges of that membership, irrespective of the number of service connections and products and services provided to him by the Cooperative.

#### SECTION 7. Termination of Membership.

(a) 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 of the provisions of the Articles of Incorporation, By-Laws or rules or regulations adopted by the board of trustees, but only if such member shall have been give written notice by the Cooperative.

(b) Upon the withdrawal, death, 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 his or her estate from any debts due the Cooperative.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative will repay to the member the amount of the membership fee. The Cooperative shall deduct from such fees the amount of any debts or obligations owing from the member to the Cooperative.

## ARTICLE II

### RIGHTS AND RESPONSIBILITIES 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 By-Laws, the remaining property and assets of the Cooperative shall be distributed among the members in proportion to the aggregate patronage of each such member during the seven years next preceding the date of the filing of the certificate of dissolution.

#### SECTION 2. Non-liability for Debts of the Cooperative.

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

#### SECTION 3. Access to Property.

- (a) As determined or required by the Cooperative, each member or patron shall provide the Cooperative safe and reliable access reasonably necessary to operate the Cooperative safely, reliable and efficiently or to provide Cooperative services to any real or personal property in which the member possesses a legal right.
- (b) Members or patrons shall grant the Cooperative the right to inspect, monitor, operate, repair, maintain, or remove or extend or relocate along property boundaries or existing roadways, any Cooperative facilities or equipment. Members or patrons shall also give the Cooperative access to provide, monitor, measure or maintain any Cooperative service or to satisfy or facilitate any obligation incurred or right granted by the Cooperative regarding the use of Cooperative equipment.
- (c) Unless otherwise determined by the Board of Trustees, the Cooperative owns all Cooperative facilities and equipment. Each member and patron shall protect all Cooperative equipment and shall install, implement, and maintain any protective device or procedure required by the Cooperative.

#### SECTION 4. Membership List.

The Cooperative shall maintain a current membership list , but in order to protect the privacy of individual members, the list shall not be made generally available and only distributed at the discretion of the Board of Trustees.

### ARTICLE III

#### MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held during the months of March or April of each year at such place within the Cooperative service area as selected by the Board of Trustees and which place shall be designated in the notice of the meeting. The purpose of the annual meeting shall be for the election of trustees, passing upon reports for the previous calendar 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 during 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 written request signed by any three trustees, by the president, or by not less than ten per cent of all the members, and it shall thereupon be the duty of the secretary to cause such

notice of such meetings to be given as hereinafter provided. Special meetings of the members may be held any place within the Cooperative service area as designated by the board of trustees and shall be specified in the notice of special meeting.

SECTION 3. Notice of Members' Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting 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 given 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 given 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 thereon prepaid. 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. Fifty members or five per centum of the membership present in person, whichever is fewer, shall constitute a quorum for the transaction of business at all meetings of the members. 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.

SECTION 5. Voting, Conduct of Elections, Election Judges. Each member shall be entitled to only one vote on each matter submitted to a vote at a meeting. A firm, association, corporation, or body politic or sub-division may cast its vote by and through any of its duly elected officers or representatives. A member as an individual may cast his or her vote as such individual, as well as the vote of any one or more partnerships, associations, corporations, bodies politic or sub-divisions of which he or she is a duly elected officer or partner. If a husband and wife hold a joint membership, they shall jointly be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members.

All questions shall be decided by a vote of a majority of the members voting thereon in person or by mail except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Every elector who votes in person at a meeting of members shall sign or make his mark on a register of members before he votes.

Any member who is absent from an annual or special meeting of the members may vote by mail at such meeting upon any motion or resolution or for the election of trustees. The secretary shall be responsible for enclosing with the notice of such meeting an exact copy of the motion or resolution to be voted upon and the statement as to the trustees to be elected as required by Article IV, Section 5 of these By-laws. The secretary shall also be responsible for enclosing with the notice of such meeting one of each of the following election materials by which the absent member may express his vote on each motion or resolution to be acted upon and his selection of trustees.

(a) an official ballot (b) a secrecy envelope (c) a return/verification envelope (d) complete written instructions for voting and returning ballots

Each packet of election materials mailed shall be addressed to the member's or to the joint member's most current address as shown on the records of the Cooperative, and shall be deposited in the United States mail with sufficient postage for it to be delivered to the member's or joint member's address, and shall be clearly marked on its face with the words "DO NOT FORWARD. RETURN TO SENDER. RETURN POSTAGE GUARANTEED."

The form of the ballot shall be approved by the board of trustees, provided however, that all ballots shall be printed uniformly, shall be neutral as to any motion, resolution or candidate to be voted upon, and shall provide spaces by which the absent member may express his choice by placing an (X) or check mark on the ballot. The return/verification envelope shall contain the printed name and address of the member or joint members and shall provide lines for the signature or mark of the member or one or both joint members.

Upon receipt of his ballot, the member or joint members may vote by:

- (a) marking the ballot in the manner specified;
- (b) placing the marked ballot in the secrecy envelope, free of any identifying marks;
- (c) placing the secrecy envelope containing a single ballot in the return/verification envelope;
- (d) signing the return/verification envelope containing the secrecy envelope with ballot enclosed.

A ballot sent to joint members shall be valid if the return/verification envelope is signed by either or both joint members. If an elector is unable to sign his name, his ballot shall, nevertheless, be valid if he makes his mark on the signature line of the return/verification envelope, provided however, that two adult witnesses who personally know the elector shall also sign the return/verification envelope certifying that they witnessed the elector make his mark.

An elector may return his ballot by depositing the return/verification envelope in the United States mail, with sufficient postage affixed, and addressed to the secretary of the Cooperative at its offices in Cut Bank, or by delivering it in person to either of the Cooperative's offices in Cut Bank or Browning. In order to have his ballot counted, each elector must return it in such a manner that it is received on or before noon of the last business day prior to the meeting of members.

The return/verification envelopes shall be preserved, unopened, and delivered to the election judges at the annual meeting. Return/verification envelopes received after the cutoff date and time specified herein shall also be marked as late. At the meeting of members, after the conclusion of the voting by those electors voting in person, the election judges shall canvass those votes, and shall then immediately proceed to count the ballots received by mail or delivered in person at the Cooperative's offices. The election judges shall:

- (a) compare the name and signature(s) or mark on the return/verification envelopes with the official register to determine that the elector has not voted in person. If the elector has voted in person or if the return/verification envelope is not properly signed or was received after the cutoff date and time, it shall not be opened but shall be retained as hereinafter provided.
- (b) if the elector has not voted in person and if the return/verification envelope is properly signed and was received by the cutoff date and time, open the return/verification envelope and retain it as an official record;
- (c) remove the secrecy envelope and deposit it unopened in a container with all other unopened secrecy envelopes.
- (d) once all the unopened secrecy envelopes have been so deposited, open the secrecy envelopes and count all valid ballots. A ballot is valid only if it is sealed in the secrecy envelope and returned in the return/verification envelope which has been signed or marked by the elector as set forth above and is

received by the cutoff date and time set forth above. A ballot is invalid if more than one ballot is enclosed in a single return/verification or secrecy envelope or any identifying marks are placed on the ballot by the elector or if the ballot is marked in such a fashion that the election judges cannot readily determine the vote of the elector.

Having counted all the ballots as above set forth, the election judges shall combine the results of their count with the results of the votes cast in person and shall then certify in writing the results of the vote on each matter and candidate voted upon, indicating the number of votes cast for and against each matter and the number of votes for each candidate.

At the last regular meeting of the Board of Trustees prior to the meeting of members, the Board shall appoint six (6) election judges consisting of two members from each trustee district. If an election judge so appointed fails to attend the meeting, then the trustees at the meeting shall appoint a member attending the meeting to serve as election judge, provided that, if a qualified member cannot be found to serve as an election judge, then those election judges attending the meeting shall proceed to discharge their duties as hereinafter set forth. An election judge may not be a trustee, officer, employee or nominee for trustee of the Cooperative or a spouse or child of such person. The election judges shall be responsible for insuring the integrity of the voting process at the meeting of members, for counting the ballots mailed or delivered to the offices of the Cooperative in accordance with this Section, for ruling upon the validity of any ballot, for canvassing the votes whether by machine or paper ballot, and for certifying in writing the results of the vote on each matter and candidate voted upon. Decisions of the election judges shall be made by majority vote and shall be final as to any matter ruled upon, provided that any such decision shall conform to the provisions of these By-laws.

All election materials including packets of materials returned as undeliverable, return/verification envelopes (whether opened or unopened), secrecy envelopes, ballots, registers, and any other materials used by the election judges shall be retained at the Cooperative's principal office until the next annual meeting, at which time said materials may be destroyed.

The failure of any member to receive a ballot or any of the election materials hereinabove set forth or the occurrence of any irregularity which involves no substantial risk of undermining the election process shall not invalidate any vote or any action which may be taken by the members at any meeting.

**SECTION 6. Initiative of Members.** There shall be submitted to the members of the Cooperative any proposition embodied in a petition signed by not less than ten per cent of its members, together with any document submitted with such petition to give the effect to the proposition, either at a special meeting of the members held within forty-five days after the presentation of such petition or, if the date of the next annual meeting of members falls within ninety days after such presentation or if the petition so requests, at such annual meeting. The approval of the Board of Trustees shall not be required in respect of any proposition or document submitted to the members pursuant to this section and approved by them, but such proposition or document shall be subject to all laws of the State of Montana and of the United States of America. Any affidavit or affidavits required to be filed with any such document pursuant to applicable provisions of the laws of the State of Montana or the United States of America shall, in such case, be modified to show compliance with the provisions of this section.

**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 on the number of members present in person 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 the unapproved minutes of previous meetings of the members and taking necessary action thereon, provided that, on motion, the reading of the minutes may be waived;

4. thereafter the order of the meeting shall be prescribed by the president or chairman of the meeting, provided that the following shall be included:

a) election of trustees;

b) presentation and consideration of reports of officers, trustees and committees;

c) unfinished business;

d) new business;

5. adjournment.

## ARTICLE IV

### TRUSTEES

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. The persons named as trustees in the Articles of Incorporation shall compose the board of trustees until the first annual meeting or until their successors shall have been elected and shall have qualified. Trustees shall be elected by secret ballot by those members voting in person or by mail at the annual meeting of the members. Trustees shall be elected for terms of three (3) years, with one-third of the terms to expire each year.

There shall be nine (9) trustees who shall serve from the following districts:

Cut Bank District: Three trustees. Browning District: Two trustees. Rural District: Four trustees.

Three trustees shall be elected for a term of three years to replace those trustees whose terms have expired, with the nominee receiving the largest number of votes to be declared elected. If an election of trustees shall not be held on the day designated herein for the annual meeting of members, or at any adjournment thereof, the board of trustees shall cause the election to be held at a special meeting of the members within a reasonable time thereafter. Trustees may be elected by a plurality vote of the members, provided however, that should there be a tie in the number of votes cast for any candidate, the winner shall be determined immediately after the votes are canvassed by a flip of the coin. Trustees shall serve until their successors are elected and shall have qualified.

The election of a trustee shall be submitted to the entire membership of the Cooperative attending the annual meeting or voting by mail.

SECTION 3. Districts Defined. The territory to which the Cooperative supplies electric energy to its members shall be divided into three (3) trustee districts, named the Cut Bank District, the Browning District and the Rural District, respectively.

Cut Bank District: The Cut Bank District shall include all of that portion of the Cooperative's service area within the city limits of Cut Bank, Montana.

Browning District: The Browning District shall include all of that portion of the Cooperative's service area within the city limits of Browning, Montana and within Township 32 North, Range 11 West, Glacier County, Montana, SECTION 3, E1/2, E1/2W1/2, SECTION 2, W1/2W1/2, SECTION 11, W1/2W1/2 and SECTION 10, E1/2, E1/2W1/2.

Rural District: The Rural District shall include the rest of the Cooperative's service area not included in either the Cut Bank or Browning Districts.

SECTION 4. Qualifications. No person shall be eligible to become or remain a trustee of the Cooperative who:

(a) is not an active member receiving service from the Cooperative and a bona fide resident in the district nominated from and who has not resided in his said district for at least one year preceding the time when he shall be nominated for said office; 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 appliances, fixtures or supplies to the members of the Cooperative.

(c) is a member that has been an employee of the Cooperative for any length of time within the immediately preceding three (3) years.

(d) is a member of his or her immediate family ("immediate family" meaning one's spouse, parents, grandparents, grandchildren, children, or spouses of children) that is, or becomes, an employee 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 shall effect in any manner whatsoever the validity of any action taken at any meeting of the board of trustees.

SECTION 5. Nominations. Not less than sixty (60) nor more than one hundred twenty (120) days before the date of a meeting of the members at which trustees are to be elected, it shall be the duty of the board of trustees to appoint a nominating committee consisting of nine (9) members. Three (3) members of the committee shall be selected from the Cut Bank District, two (2) members of the committee shall be selected from the Browning District, and four (4) members of the committee shall be selected from the Rural District. No member of the board of trustees may serve on such committee. At least forty-five (45) days before the meeting, the committee shall prepare and post at the offices of the Cooperative in Cut Bank and in Browning, a list of nominations for trustees which may include one or more candidates for each Board position to be filled by the election. In the Rural District, keeping in mind the principle of equitable representation, candidates shall be selected from different quadrants of that district, to the extent possible and practicable.

The board of trustees shall designate one member of the nominating committee as the chairman whose duty it shall be to call and preside at meetings of the committee, to prepare and post the list of nominees and to deliver the report of the committee at the annual meeting of members. Members of the nominating committee shall be given reasonable notice of all committee meetings. A majority of the committee shall constitute a quorum for the transaction of business, providing that a majority of those present may adjourn the meeting from time to time without further notice.

Any fifteen (15) or more members acting together may make other nominations by petition not less than thirty (30) days prior to the meeting, and the Secretary shall post such nominations at the same places where the list of nominations made by the committee are posted. At least ten (10) days before the meeting, the Secretary shall mail with the notice of the meeting a statement of the number of trustees to be elected and the names and addresses of the candidates, specifying separately the nominations made by the nominating committee and also the nominations made by petition, if any.

SECTION 6. 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 cent 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 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 to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at the 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, provided, however, that no member shall be elected who shall not meet the qualifications of Section 4 of this Article.

SECTION 7. Forfeiture of Office. A trustee shall automatically forfeit his office if he misses five regular or special meetings in any twelve month period, which twelve month period shall commence and end on the anniversary date of his election, or if he misses ten regular or special meetings during his term of office.

SECTION 8. Vacancies. Subject to the provisions of these By-Laws with respect to the filling of vacancies, 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. The appointee shall meet the qualifications of Section 4 of this Article.

SECTION 9. Compensation. Board members shall not receive any salary for their services as such, except that the board of trustees may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member 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 the board member or his close relative shall have been certified by the board as an emergency measure.

## ARTICLE V

### MEETING OF TRUSTEES

SECTION 1. Regular Meeting. A meeting of the board of trustees shall be held without notice, immediately after, the annual meeting of the members. A regular meeting of trustees shall also be held monthly at Cut Bank, Glacier County, Montana, at the principal office of the Cooperative, at such hour as fixed by the trustees by resolution. Such regular monthly meetings may be held without notice other than the resolution fixing the time thereof.

SECTION 2. Special Meetings. Special meetings of the board of trustees may be called by the president or by any three (3) trustees, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The president or the trustees calling the meeting shall fix the time for holding the special meeting, the place for holding a special meeting will be the principal office of the Cooperative, at Cut Bank, Glacier County, Montana.

SECTION 3. Notice of Trustees' Special Meetings. Written notice of the time, place and purpose of all special meetings of the board of trustees shall be given 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 notice shall be deemed to be given 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; provided further, that a special meeting of the trustees may be held without notice, if all are present and sign a waiver of notice.

SECTION 4. Quorum. A majority of the board of trustees shall constitute a quorum provided, that if less than a majority of the trustees are present at said meeting, a majority of the trustees present may adjourn the meeting from time to time; and provided further, that the secretary shall notify any absent trustees of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the board of trustees, except as otherwise provided in these By-Laws.

## ARTICLE VI

### OFFICERS

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 of trustees 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 elected by ballot, annually by and from the board of trustees at the meeting of the board of trustees 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 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 judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the secretary such charges in writing together with a petition signed by ten per cent of the members, or three hundred (300), whichever is lesser, may 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 board meeting at which the charges

are to be considered and shall have opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted at the next annual or special 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 of the board of trustees, shall preside at all meetings of the members and the board of trustees;

(b) sign, or cause to be signed, as directed by the board, with the secretary, certificates of membership, the issuance of which shall have been authorized by the board of trustees of 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

(c) in general perform all duties incident to the office of president and such other duties as may be prescribed by the board of trustees from time to time.

SECTION 5. Vice President. In the absence of the president, or in the event of his inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall also perform such other duties as from time to time may be assigned him by the board of trustees.

SECTION 6. Secretary. The secretary shall be responsible for:

(a) keeping the minutes of the meetings of the members and of the board of trustees in one or more books provided for that purpose;

(b) seeing that all notices are duly given in accordance with these By-Laws or as required by law;

(c) the safe keeping of the corporate records and of the seal of the Cooperative and the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws.

(d) keeping a register of the names and post office addresses of all members;

(e) signing, with the president, as directed by the board, certificates of membership, the issue of which shall have been authorized by the board of trustees or the members;

(f) keeping 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, furnishing a copy of the By-Laws and of all amendments thereto to any member upon request; and

(g) 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 be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) 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 By-Laws; and
- (c) in general perform 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 be bonded 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, manager, 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 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 trustees.

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

## ARTICLE VII

### NON-PROFIT OPERATION

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 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 and service, the Cooperative's operation shall be conducted so that all members will, through their patronage, furnish capital for the Cooperative. The term "capital" shall include amounts necessary for operating costs and expenses and any sums received in addition thereto.

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 of its members, and the board of trustees of the Cooperative will credit to the membership as a whole, at the close of each fiscal year, refunds of capital which exceed the amount thereof necessary to:

- (1) defray expenses of the Cooperative and of the operation and maintenance of its facilities during such fiscal year;
- (2) pay interest and principal obligations of the Cooperative coming due in such fiscal year;
- (3) provide a reserve for the financing of the construction or acquisition by the Cooperative of additional facilities to the extent determined by the board of trustees;
- (4) provide a reasonable reserve for working capital;
- (5) offset losses incurred in any prior fiscal year;
- (6) provide a reserve for the payment of indebtedness of the Cooperative maturing more than one year after the date of the incurrence of such indebtedness in an amount no less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year;
- (7) provide a fund, which shall not be less than 2% or more than 5% of the balance remaining, for education in cooperation and for dissemination of information concerning the effective use of electric energy and other services made available by the cooperative; and
- (8) make any other expenditure as authorized by law.

The decision of the board of trustees to refund capital to the membership as a whole in the form of capital credits shall be deemed a "retirement" of capital credits.

The individual members have a right to their respective portion of the capital credits retired to the membership and to any other refund or payment made to members on a prorata or percapita basis.

### SECTION 3. Redemption of Member/Patron Capital Credits at a Discount.

Notwithstanding any other provisions of these Bylaws, the Board of Trustees, in its sole discretion, may establish an equity discounting program whereby all or partial balances of existing allocated patronage capital may be paid in cash at a discount to members/patrons or former members/patrons. Determination of eligibility for participation in the equity discounting program will be exclusively in discretion of the Board of Trustees and may include but will not be limited to current members, current nonmember patrons, members/patrons that are permanently ending membership in the Cooperative, decedents' estates, among others.

The Board will establish a rotation cycle for all allocated equity; that cycle will serve as the period for normal equity redemption as well as the maximum number of discount periods for early redemption of current patronage allocations. For redemption of earlier allocated patronage, the rotation cycle will also be used to determine the number of remaining years for each patronage vintage before redemption would occur. All calculations will be made to the most recent year-end date of the Cooperative.

The Board of Trustees will determine the cost of patronage capital to serve as the discount rate to be used in calculation of the early redemption amount for all vintages from the original face value for each year which early redemption is sought. The discount rate will be the 20 year Treasury Bond yield, plus an additional risk premium for the Cooperative determined as of the most recent year-end.

The unredeemed amount (i.e., the face amount less the discounted amount paid in cash) will be transferred to temporary patronage capital of the Cooperative and will be redeemable to participating

members/patrons or former members/patrons only upon dissolution of the corporation. The temporary patronage capital will be subordinate to any regular patronage capital credited to members'/patrons' or former members'/patrons' accounts. Records of participants' identity, taxpayer identification number, last known address, and amounts transferred to temporary capital will be maintained.

The Board of Trustees is authorized to suspend the discounting program if, in their sole judgment, such action is in the best interest of the Cooperative. Further, the Board is authorized to adopt administrative policies and rules for the effective implementation of the program.

If the patronage capital discounting is offered by the Board of Trustees, then it will be at the option of the member/patron or former member/patron to participate.

However, the Board and management of the Cooperative shall have the authority, in their sole discretion, to apply discounted capital credits to any debts or overdue accounts owed to the Cooperative.

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 prorated 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, and there are no limitations in mortgages or deeds of trust, the capital then credited to members' accounts may be retired in full or part. The board of trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

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

The members of the Cooperative, by dealing with the Cooperative acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each member, and both Cooperative and 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 the By-Laws, shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 4. Permissible Uses of Payments of Capital Credits or Other Refunds or Payments Not Accepted. If any member or former member fails to accept the Cooperative's payment of capital credits or any other refund or payment made to members on a prorata or percapita basis, as set forth in Section 2 above, then and in that event any or all of such funds may be used, in the discretion of the board of trustees, for scholarships or for other programs benefiting the Cooperative, its members or their dependents.

## ARTICLE VIII

### DISPOSITION OF OR ENCUMBRANCE OF PROPERTY

SECTION 1. Disposition of Property. The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease

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

SECTION 2. Long Term Indebtedness - Generation. Before the Cooperative may create or enter into an agreement that results in any direct or indirect obligation for the repayment of long term bonded indebtedness for financing directly or indirectly the construction, maintenance, or operation of power generating facilities that may result in a rate increase to the Cooperative's members for repayment of the obligation, the Cooperative must receive approval from a majority of those members present and voting at a special meeting called for that purpose.

## ARTICLE IX

### SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, State of Montana".

## 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 evidence of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned 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; except petty cash, of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of trustees may select.

SECTION 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## ARTICLE XI

### MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative may, upon the authorization of the Board of Trustees, upon majority vote of said Trustees, become a member of or purchase stock or other equity ownership in another organization, whether a for-profit or a not-for-profit organization.

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. Policies, Rules and Regulations. The board of trustees shall have power to make and adopt such policies, rules and regulations, not inconsistent with the 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 and approved by the board, upon the advice of the Cooperative's auditors in accordance with generally accepted methods of accounting. The board of trustees shall, after the close of each fiscal year cause to be made by a duly licensed and certified public accountant, a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. The report of such audit shall be available to the members at the next following annual meeting.

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

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

SECTION 6. Indemnification. The Cooperative shall indemnify any officer, trustee, manager or assistant manager of the Cooperative for any losses incurred as a result of claims, liabilities, expenses and legal fees paid or necessarily incurred in connection with any court action or proceeding brought against the officer, trustee, manager or assistant manager charging negligence in the performance of duties or errors or omissions in the performance of such duties and the board of trustees of the Cooperative will purchase insurance coverage to provide such indemnification at the cost of the Cooperative.

The provision of this By-Law shall not apply where an officer, trustee, manager or assistant manager has been found guilty of any criminal offense in his or her capacity as an officer, trustee, manager or assistant manager.

## ARTICLE XII

### AMENDMENTS - GENDER

SECTION 1. Amendments. These By-Laws may be altered, amended or repealed 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 or repeal.

SECTION 2. Gender. The use of the masculine gender in these By-Laws shall and does include the feminine and, as appropriate, the neuter.

AS ADOPTED AND AMENDED 4/12/2008

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