

## Proposed Lincoln Electric By-Law Revisions – 2017

### Revision 1

- Remove the requirement for Lincoln Electric to provide and track Membership Certificates.
  - Repeal Article I, Section 2 (Page 1)
  - Remove wording from Article I, Section 3 (Page 2)
  - Remove wording Article VI, Section 4 b (Page 7)
  - Remove wording from Article VI, Section 6 c (Page 8)
  - Repeal Article VI, Section 6 e (Page 8)

### Revision 2

- Add the option of holding the Annual Meeting in April, instead of restricting to only March.
  - Add wording to Article III, Section 1 (Page 3)

### Revision 3

- Add another delivery option for notice of members' meetings if so requested in writing by the member.
  - Add wording to Article III, Section 3 (Pages 3 & 4)

### Revision 4

- Modify to make it a requirement that a member meeting must be adjourned if a quorum of members is not present.
  - Reword Article III, Section 4 (Page 4)

### Revision 5

- Simplify the Trustee term description now that all Trustee terms have been converted to three (3) years.
  - Remove wording from Article IV, Section 2 (Page 4)

### Revision 6

- As LEC is no longer indebted to the United States Government or Rural Utility Services, remove references regarding reporting to, or complying with the regulations of, these agencies.
  - Remove wording from Article VII, Section 4 (Page 10)
  - Remove wording from Article VIII (Pages 10 & 11)
  - Repeal Article X, Section 4 (Page 11)
  - Remove wording from Article XI, Section 4 (Page 12)

### Revision 7

- General housekeeping and language revisions that do not affect the intent of the By-Laws, but create a more cohesive and uniform document.
  - Rewording of various Articles and Sections throughout the By-Laws document

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## BY-LAWS OF LINCOLN ELECTRIC COOPERATIVE, INC.

### ARTICLE I. MEMBERSHIP

#### Section 1. Requirements for Membership

Any natural person, firm, association, corporation, limited liability company business trust, partnership, Federal agency, state or political subdivision or agency thereof, or any body politic, or foreign government may become a member of Lincoln Electric Cooperative, Inc. (hereinafter called the "Cooperative") by:

- a) Filing a written application for membership therein;
- b) Agreeing to comply with the Articles of Incorporation of the Cooperative, these By-Laws and any rules or policies adopted by the Board of Trustees.
- c) Agreeing to provide to the Cooperative, free of charge, an easement for a distribution line required to provide service to other members or new applicants, provided that such line shall be built so that it shall not materially interfere with the normal use of the land by the owner.

No applicant shall become a member unless:

- a) The power lines of the Cooperative have been connected to the applicant's service or they have agreed to accept other products or services from the Cooperative.
- b) The applicant 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.

- ~~c) No applicant shall become a member unless the power lines of the Cooperative have been connected to the applicants service or they have agreed to accept other products or services from the Cooperative and the applicant has been accepted for members; no applicant shall become a member unless the applicant has been accepted for membership 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, and~~
- ~~d) By agreeing to provide to the Cooperative, free of charge, an easement for a distribution line required to provide service to other members or new applicants, provided that such line shall be so built that is shall not materially interfere with the normal use of the land by the owner.~~

At each meeting of the members, all applications received more than ninety (90) days prior to such meeting, and which have not been accepted by the Board of Trustees, shall be submitted by the Secretary to such meeting, and, subject to the compliance by the applicant with the requirements herein above set forth, such applications, or any of them, may be accepted by a vote of the members. The Secretary shall give each such applicant at least ten (10) days notice of the date of the members meeting to which ~~his~~ the applicant's application will be submitted and such applicant 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 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.~~

#### ~~Section 32. Joint Membership~~

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Any two persons receiving electric service from the ~~cooperative~~ Cooperative at the same location may apply for joint membership, and be subject to their compliance with the requirements set forth in ~~Section 1 of this article~~ Article I, Section 1 of these By-Laws, may be accepted for such membership. The term "member" as used in these ~~bylaws~~ By-Laws shall be deemed to include two persons holding a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter actions by or in respect to the holders of a joint membership shall be as follows:

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

### **Section 43. 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 another party receiving electric services from the cooperative at the same location to comply with the Articles of Incorporation of the Cooperative, ~~by Laws, and rules and regulations~~ By-Laws, and any rules or policies adopted by the Board of Trustees.
- b) Upon the death of either party who is a part to the 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.~~

### **Section 54. Purchase of Electric Energy**

Each member ~~may~~ must purchase from the Cooperative ~~or an alternate power supplier (provided LEC elects to open its system pursuant to SB 390)~~ all electric energy used on the premises specified in the application for membership, except in such cases as a member may have a private source of electricity. Each member shall pay therefore monthly at the 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. Each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board of Trustees from time to time, regardless of the amount of electric energy consumed.

~~When a member has more than one service connection from the Cooperative, or purchases more than one product or service, any payment, by the member for service or product furnished to the member, shall be deemed to be credited on a pro rata basis to his outstanding accounts for all such service connections and product.~~

When a member has more than one service connection from the Cooperative, or purchases more than one product or service, any payment by the member shall be credited on a pro rata basis to the outstanding accounts of said member for all such service connections and products.

### **Section 65. Termination of Membership**

Any member may withdraw from membership upon compliance with such uniform terms as the Board of Trustees may prescribe. The Board of Trustees may, by the affirmative vote of not less than two-thirds of all trustees, expel any member who shall have refused or failed to

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comply with any of the provisions of the Articles of Incorporation, ~~by laws or rules~~ By-Laws, rules or policies adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such refusal or failure makes ~~him the~~ member liable to expulsion and such refusal or failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board of Trustees or by vote of the members at any annual or special meeting.

Upon 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 a member's estate from any debts due the Cooperative.

### Article II. Rights and Liabilities of Members

#### Section 1. Property Interest of Members

Members shall have no individual interest in the property of the Cooperative except that upon dissolution the property of the Cooperative remaining after all debts and liabilities of the Cooperative are paid, shall be distributed among the members in the proportion which the aggregate patronage of each member bears to the total patronage of all 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 its existence.~~

#### Section 2. Non-Liability for Debts of the Cooperative

No member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

### Article III. Meetings of Members

#### Section 1. Annual Meeting

The annual meeting of the members shall be held in March or April each year, beginning with the year 1948, at such place in the County of Lincoln, State of Montana, 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.

#### Section 2. Notice of Special Meetings

Special meetings of the members may be called by the Board of Trustees, by any three trustees, by the President or by ten per centum (10%) or more of all 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 any place within the County of Lincoln, State of Montana, specified in such notice.

#### Section 3. Notice of Members' Meetings

Written notice, stating the place, day and hour of the meeting, and, in case of a special meeting or an annual meeting in which business other than listed in Article III, Section 6 of these By-Laws ~~Section 6 of this Article~~ is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered to each member not less than ten (10) days nor more than twenty-five (25) 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 a~~ United States or Canadian post office or any regular depository thereof ~~mail~~, addressed to the member's ~~at his~~ address as it appears on the records of the Cooperative, with postage thereon prepaid. Written notice may be delivered by email instead of by post office if requested in writing by the member. Electronic delivery is complete at the time of the electronic

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transmission or at the time the electronic notification of service of the notice is sent to the email address provided by the member and as it appears on the records of the Cooperative. 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

Five percent (5%) of the total members present in person, shall constitute a quorum. If less than a quorum is present at any meeting of the members, ~~a majority of those present in person may adjourn the meeting from time to time without further notice~~ the Board of Trustees shall adjourn the meeting and reschedule at such time that a quorum can be met.

### Section 5. Voting

Each member shall be entitled to only one vote per membership. 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~~ By-Laws. No voting by mail or by proxy shall be permitted. A person who intends to vote a membership of a corporation, association, school, political body, church or firm with multiple ownership, shall be required to furnish, at the time of registering for the meeting, a certificate from a duly authorized officer of the organization certifying that such person shall have the right to vote the membership at the meeting. All votes must be by ballot, provided however, in contested Trustee elections the individual presiding over the meeting may require the members to vote by voice.

### Section 6. Order of Business

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

- a) Report as to the number of members present.
- b) Reading of the notice of meeting and proof of delivery thereof.
- c) Reading of unapproved minutes of previous meetings of the members.
- d) Presentation of reports of officers.
- e) Election of trustees.
- f) Unfinished business.
- g) New business.
- h) Adjournment.

## Article IV. Trustees

### Section 1. General Powers

The business of the Cooperative shall be managed by a board of ten (10) trustees which shall exercise all the powers of the Cooperative except such as are reserved to the members.

### Section 2. Term of ~~office~~ Office

At the annual meeting of the members ~~\_in 2011, two trustees will be elected for two-year terms and three trustees will be elected for three-year terms. At the annual meeting of the members in 2012, one trustee will be elected for a one-year term, one trustee will be elected for a two-year terms and three trustees will be elected for three-year terms. Thereafter, at each annual meeting of the members,~~ there shall be elected the number of trustees equivalent to the number of trustees whose terms expire that year. Each trustee shall hold office for the term of three years. Despite the expiration of a trustee term, the trustee continues to serve until a new trustee is elected.

### Section 3. Trustee Districts

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At the regular meeting of the Board of Trustees in January of each year, said board shall divide the project into districts with boundaries determined along natural geographical lines and the distribution lines of this project and shall specify the number of trustees that shall be elected from each district at the next annual meeting. As used here, the term "...trustee...from each district..." means ~~a human being person~~ an individual member (as contrasted with a corporate, partnership or similar entity) whose principal residence is within the district. The number of trustees to be elected from each district shall be determined by the board upon the basis of the Cooperative membership in said district and shall be so determined that the number of members per trustee to be elected in each district shall be as nearly equal as possible.

### Section 4. Trustee Qualifications

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

- a) ~~is-Is~~ not a member of the Cooperative.
- b) ~~is-Is~~ in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies or other products offered by the Cooperative.
- c) ~~is-Is~~ a trustee and no longer has his or her principal residence within the district.

Upon the establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, the Board of Trustees shall immediately remove such trustee from office. ~~provided-PROVIDED~~ that in the case of (c), the trustee shall continue until the next annual meeting of the Cooperative.

### Section 5. Trustee Nominations

There shall be nominated from each district at least as many candidates as there are trustees to be elected from such district and there be elected from each district the number of trustees specified as hereinbefore provided. Each nomination of the office of trustee in any district shall be made by a member, whose principal residence is within the district, and voted upon by the entire membership present. If the election of trustees has not be held on the day designated herein for the annual meeting or any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

### Section 6. Removal of Trustee by Members

Any member may bring charges against a trustee by filing such charges in writing with the Secretary, together with a petition signed by at least ten per centum (10%) of the members and request the removal of such trustee by reason thereof. The question of such removal shall be considered and voted upon at the next regular or special meeting of the members, and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

### Section 7. Vacancies

Subject to provisions of these ~~by-laws~~ By-Laws with respect to the filing of vacancies caused by the resignation or removal for failure to attend meetings, removal of trustees by members, a vacancy occurring on the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining trustees for the unexpired portion of the term of trustee in respect of whom the vacancy occurs. The trustees must give public notice of such vacancy and shall fill such vacancy within one hundred twenty (120) days of its occurrence.

### Section 8. Attendance at Meetings

If a trustee fails to attend three consecutive meetings of the board, without authorization by such board, he or she shall automatically cease to be a trustee of the Cooperative, and the

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vacancy created by his or her removal shall be filled by appointment by the remaining trustees in the same manner as other vacancies on the board ~~be~~are filled.

### Section 9. Compensation

Trustees as such shall not receive any salary for their services, but by resolution of the Board of Trustees, a fixed sum and expenses of attendance, if any, may be allowed trustees for attendance at each meeting of the Board of Trustees, or a committee of the board, and for any trip made or meeting attended on Cooperative business and previously authorized by 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.

## Article V. Meetings of the Trustees

### Section 1. Regular Meetings

A regular meeting of the Board of Trustees shall be held without notice other than this by-law, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Trustees shall be held monthly at such time and place in Lincoln County or Flathead County, Montana, as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution. For good cause, the President may change the date, time and location of any regular Board meeting.

Any ~~Director-trustee~~ not attending any Board meeting at which the regular meeting date, time or location is changed is entitled to receive notice of the regular Board meeting at least five (5) days before the next regular Board meeting. All Trustees are entitled to receive notice of a President's change in the regular Board meeting date, time or location at least five (5) days before the changed regular Board meeting.

### 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.

### Section 3. Open Meetings

All meetings of the Board of Trustees shall be conducted in conformance with the open meeting law of the State of Montana.

### Section 4. 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 of the trustees calling the meeting, ~~to each trustee~~. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the trustee at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid.

### Section 5. Quorum

A majority of the Board of Trustees shall constitute a quorum, provided, that if less than such majority of the trustees present may adjourn the meeting from time to time. 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.

### Section 6. Conduct of Board Meetings

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Unless otherwise provided in these ~~by-laws~~By-Laws, any regular Board meeting or special Board meeting may be conducted with absent ~~Directors-trustees~~ participating and being present in person through any means of communication by which all ~~Directors-trustees~~ participating in the Board meeting may simultaneously hear each other during the ~~Board-board~~ meeting.

## Article VI. Officers

### Section 1. Number

The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer. The offices of Secretary and Treasurer may be held by the same person.

### Section 2. Election and Term of Office

The officers shall be elected by ballot, or other method approved by the board, 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 or her 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 any officer by filing such charges in writing with the Secretary, together with a petition signed by ten per centum of the members, and request the removal of the particular officer for reason thereof. The question of removal of such officer shall be considered and voted upon at the next regular or special meeting of the members.

### Section 4. President

The President shall:

- a) ~~be~~Be the principal executive officer of the Cooperative and 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~~ May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed.
- c) ~~in~~In general perform all duties incident to the office of President.

### Section 5. Vice President

In the absence of the President, or in event of his or her 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 or her by the Board of Trustees.

### Section 6. Secretary

The Secretary shall:

- a) ~~keep~~Keep the minutes of the meeting of the members and of the Board of Trustees;



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- b) ~~see-See~~ that all notices are duly given;.
- c) ~~be-Be~~ custodian of the Cooperative 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 required~~ documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these ~~by-laws;By-Laws.~~
- d) ~~keep-Keep~~ a register of the names and mailing addresses of all members;.
- e) ~~sign, with the President, certificates of memberships; the issue of which shall have been authorized by the Board of Trustees or the members;~~
- f)e) ~~have-Have~~ general charge of the books of the Cooperative;.
- g)f) ~~keep-Keep~~ on file at all times a complete copy of the Articles of Incorporation and ~~by-lawsBy-Laws~~ of the Cooperative containing all amendments thereto, and at the expense of the Cooperative, forward a copy of the ~~bylaws-By-Laws~~ and all amendments thereto to each member;.
- h)g) ~~in-In~~ general perform all duties incident to the office of Secretary.

### Section 7. Treasurer

The Treasurer shall:

- a) ~~haveHave~~ charge of and be responsible for all funds and securities of the Cooperative;.
- b) ~~be-Be~~ responsible for the receipt and the issuance of receipts for 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;By-Laws.~~
- c) ~~in-In~~ general perform all duties incident to the office of Treasurer.

### 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 ~~or her.~~

### Section 9. Bond of Officers

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for custody of any of its funds or property shall give bond in such sum 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 give bond in such amount as it shall determine.

### Section 10. Compensation

The powers, duties and compensation of all officers, agents and employees shall be fixed by the Board of Trustees, subject to the provisions of these ~~by-lawsBy-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 fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

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## 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 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 and Other Services and Products.

In the furnishing of electrical energy or other products and services 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 or other products and services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obliged to allocate and pay by credits to a capital account for each patron 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 is clearly reflected and credited in an appropriate record to the capital account of 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~~ the member's 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.

### Section 3. Patronage Allocation

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

### Section 4. Capital Credit Retirement

In the event of dissolution 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, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to the patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least fifteen per centum (15%) of the total assets of the Cooperative.

The Board of Trustees of the Cooperative shall establish a general retirement program for capital credits earned and allocated. The retirement shall be designated to provide a rotation of capital over a period not more than twenty (20) years and the Board of Trustees shall have the right to determine the method basis, priority and order of retirement according to the table

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established; provided that after an order is once established, it shall not be changed without the approval of the members by a vote at a meeting of the members.

The Board of Trustees shall have the power to provide for the special retirement of all capital credited to a deceased person, a person permanently leaving the area in which the Cooperative operates, or a bankrupt or dissolved corporation. Such capital credits may be retired in advance of the regular time such capital would be retired under these ~~by-laws~~By-Laws, provided that such advance retirement shall be requested in writing by a duly authorized representative of the parties seeking such early retirement. Any special retirement of capital credits shall only be made when such retirement will not impair the financial condition of the Cooperative. Any retirement of capital credits shall be subject to any restriction imposed against such retirement by ~~the United States Government and~~ the Cooperative Finance Corporation.

The Board shall establish rates for products and services to provide a sufficient cash flow for the general retirement program herein established.

### Section 5. Assignment of Capital Credits

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the Cooperative.

### Section 6. Members Bound by By-Laws

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the provisions of these ~~se~~ Articles of Incorporation and ~~by-laws~~By-Laws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patron are bound by such contract as fully as though each patron had individually signed a separate instrument containing such provisions.

### Section 7. Redemption of Member 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 or former members.

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 or former member to participate.

## 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 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 the Board of Trustees of the Cooperative, without authorization of 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 pledging or encumbering of, any or all the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever

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situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Trustees shall determine to secure any indebtedness of the Cooperative to ~~the United States of America or any instrumentality or agency thereof, or to~~ a national financing institution, organized on a cooperative plan for the purpose of financing its members' programs, projects and undertaking in which institution the Cooperative holds membership.

## Article IX. Seal

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

## Article X. Financial Transactions

### Section 1. Contracts

Except as otherwise provided in these ~~by-laws~~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 payment of money, and all notes, bonds or other evidence 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 from time to time to be determined by resolution of the Board of Trustees.

### Section 3. Deposits

All funds of the Cooperative shall be deposited to the credit of the Cooperative in such bank or banks as the Board of Trustees may select.

### ~~Section 4. Change 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 days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.~~

### Section ~~54~~. Fiscal Year

The fiscal year of the Cooperative shall begin on the first (1<sup>st</sup>) day of January of each year and end on the thirty-first (31<sup>st</sup>) day of December of the same year.

## Article XI. Miscellaneous

### Section 1. Membership in Other Organizations

The Cooperative may upon authorization of the Board of Trustees become a member in one or more other ~~Cooperatives~~cooperatives or corporations, and own stock in other ~~Cooperatives~~cooperatives or corporations.

### Section 2. Waiver of Notice

Any member or trustee may waive in writing, any notice of meeting required to be given by these ~~by-laws~~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 because the meeting shall not have been lawfully called or convened.

### Section 3. Rules and Regulations

## Proposed Lincoln Electric By-Law Revisions - 2017

The Board of Trustees shall have the power to make and adopt such rules and regulations, not inconsistent with laws, the Articles of Incorporation, or these ~~by-laws~~By-Laws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative.

### Section 4. Accounting System and Reports

The Board of Trustees shall cause to be established and maintained a complete accounting system ~~which shall conform so long as the Cooperative is indebted to the Government or any agency or instrumentality thereof, to such accounting system as may from time to time be designated by the administrator of the Rural Utility Services (RUS).~~ All accounts of the Cooperative shall be examined by a committee of the trustees appointed by the Board of Trustees which shall render reports to the Board of Trustees at least four (4) times a year at regular meetings of the Board of Trustees. The Board of Trustees shall within sixty (60) days after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the annual meeting next following the close of such fiscal year.

### Section 5. Indemnity

The Cooperative shall indemnify any officer, ~~director~~trustee, manager or assistant manager of the Cooperative for losses incurred as a result of claims and expenses paid or necessarily incurred in connection with any court action, or proceeding brought against such officer, ~~director~~trustee, manager or assistant manager charging negligence in the performance of such duties, and the Board of Trustees of the Cooperative may purchase insurance coverage to provide such indemnification at the cost of the Cooperative. The provision of this ~~by-law~~By-Law shall not apply to a situation where an officer, ~~director~~trustee, manager or assistant manager has been grossly negligent or derelict in the performance of his or her duties or has been guilty of any criminal offense in his or her capacity as an officer, ~~director~~trustee, manager or assistant manager.

### Section 6. Conflict of Interest

No person who is employed by the Cooperative, who is legal counsel to the Cooperative or who hold any position of trust with the Cooperative shall, in any way, have an interest, monetary or otherwise, in a business that truly competes with the Cooperative. Nor shall any such person utilize ~~his~~their position with the Cooperative to facilitate the purchase by the Cooperative of goods or services from such person or any business in which he may have an interest, monetary or otherwise. By this provision, it is intended to preclude the occurrence of conflict of interest or self-dealing.

Upon establishment of the fact that any such person has violated the foregoing provision, the Board of Trustees shall immediately remove such person.

### Section 7. Governing Law

These ~~by-laws~~By-Laws must be governed by, and interpreted under, the laws of the state in which the Cooperative is incorporated.

### Section 8. Titles and Headings

All titles and headings of ~~by-law~~By-Law articles, sections and sub-sections are for convenience and reference only, and do not affect the interpretation of any ~~by-law~~By-Law articles, section or sub-section.

### Section 9. Partial Invalidity

## Proposed Lincoln Electric By-Law Revisions - 2017

When reasonably possible, every ~~by-law~~By-Law article, section, sub-section, paragraph, sentence, clause, or provision (collectively "~~by-law~~By-Law Provision") must be interpreted in a manner by which the ~~by-law~~By-Law Provision is valid. The invalidation of any ~~by-law~~By-Law Provision by an entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and members, does not invalidate the remaining ~~by-law~~By-Law Provisions.

### Section 10. Rules of Order

Unless the Board of Trustees determines otherwise, and the extent consistent with law, the Articles of Incorporation of the Cooperative, and these ~~by-laws~~By-Laws, all member meetings, board meetings, member committee meetings and board committee meetings shall be governed by the latest edition of Robert's Rules of Order.:

- ~~a) member meetings;~~
- ~~b) board meetings;~~
- ~~c) member committee meetings; and~~
- ~~d) board committee meetings~~

~~are governed by the latest edition of Robert's Rules of Order.~~

## Article XII. Amendments

### Section 1. Amendment or Repeal of By-Laws

These ~~by-laws~~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 proposed alteration, amendment or repeal and provided that the final amendment, as adopted, need not be in the exact wording contained in the notice.

### Section 2. Amendment Vote

A final vote of the members on a proposed Amendment to the ~~by-laws~~By-Laws shall be by written ballot.