

## **LEC Trustee FAQ's**

### **What qualifications do I need?**

To be a trustee, you must be a member of LEC with your principal residence within the district to which you are elected to serve. You may not be elected as an LEC trustee if you were an LEC employee within the immediately preceding five (5) years or if you've been convicted of a felony.

Trustees should have a desire to become knowledgeable about Lincoln Electric, cooperatives, the energy industry, and the issues related to these. They should be willing to act in the best interest of the membership while continuing to maintain Lincoln Electric's strong viability now and for future generations.

For more information, please read Policies 202 – Board of Trustees Principles and 204 – Qualifications for Trustees.

### **How many meetings will I have to attend and how time consuming is a trustee position?**

Newer trustees will generally need to spend more time for at least the first couple of years becoming better educated on cooperative matters. After increasing your knowledge base, you may not need to attend as many conferences, trainings, and other organizations' meetings as when you were first elected.

There are several types of meetings trustees are expected to attend.

Regular board meetings are the third Monday of each month at 6:00 pm in the LEC boardroom and typically last about one to three hours. Trustees will need to read the information packet prior to the meeting, which should take about one to two hours.

Each trustee serves on at least one committee, which typically requires about three to four meetings per year. These are generally one to three hours with the potential for a short amount of reading or preparation prior to the meeting.

All trustees are expected to attend the Annual Meeting, which is held on a Saturday in late March or early April. Expect to spend about two to three hours at the meeting. There is also a meeting the Friday night before that lasts one to two hours.

Each trustee usually attends at least one out-of-town conference or training each year, though new trustees may attend to acquire knowledge required of trustees. These conferences or trainings usually require the trustee to be out of town for three to five days, though some trainings may be longer.

### **Is there any compensation for serving?**

Trustees receive \$150 per day for all regular, special, and committee meetings of the Board of Trustees. When attending meetings outside of Lincoln Electric' service area, trustees receive \$300 per day. Trustees are reimbursed for using their personal vehicle and for other related expenses while on cooperative business.

For more information please read Policies 207 – Trustee Out of Town Travel Authorization and 208 – Board Member Compensation.

# BY-LAWS OF LINCOLN ELECTRIC COOPERATIVE, INC.

Page 1 of 12

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## 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 be a member of Lincoln Electric Cooperative, Inc. (hereinafter called the "Cooperative") if they meet all the following requirements:

- a) Submit a completed and signed application for Cooperative membership.
- b) Agree 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) Agree 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.
- d) Be accepted for membership by the Board of Trustees or the members.
- e) Be receiving electric service from the Cooperative.

No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable.

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 the applicant's application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

### Section 2. Joint Membership

Any two persons receiving electric service from the Cooperative at the same location may apply for joint membership, and be subject to their compliance with the requirements set forth in Article I, Section 1 of these By-Laws, may be accepted for such membership. The term "member" as used in these 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 3. Conversion of Membership

- a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and 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 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.

#### **Section 4. Purchase of Electric Energy**

Each member must purchase from the Cooperative 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 shall be credited on a pro rata basis to the outstanding accounts of said member for all such service connections and products.

#### **Section 5. 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 comply with any of the provisions of the Articles of Incorporation, 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 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. Membership is terminated when a member ceases to receive electric service from the Cooperative. 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 preceding the date of the filing of the certificate of dissolution.

#### **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 passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. The annual meeting may be postponed by the Board of Trustees. Failure to hold the annual meeting at the designated time shall not constitute a forfeiture or dissolution of the Cooperative and does not affect any action taken by the Cooperative.

#### **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 is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered to each member not less than twenty-five (25) days before the date of the meeting, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in a United States or Canadian post office or any regular depository thereof, addressed to the member's 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 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 in conjunction with any such meeting.

### **Section 4. Quorum**

Two percent (2%) of the total members present in person shall constitute a quorum to conduct business at an annual meeting. Five percent (5%) of the total members present in person shall constitute a quorum to conduct business at any other meeting of the members. If less than a quorum is present at any meeting of the members, the Board of Trustees may adjourn the meeting and reschedule at such time that a quorum can be met. Two percent (2%) of the total members voting by mail-in ballot shall constitute a quorum for trustee elections and By-Laws amendments. Two-thirds (2/3) of the total members voting by mail-in ballot shall constitute a quorum for By-Laws repeal.

### **Section 5. Voting**

Each member shall be entitled to only one vote per membership. All questions, except the election of trustees, shall be decided by a vote of the majority of the members voting, except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Trustees shall be elected by receiving the highest number of votes; not necessarily a majority. If more than one trustee is to be elected in a district, all candidates who receive the highest number of votes on a single ballot for that district shall be elected to fill the positions. Tie votes shall be resolved by a coin flip. A person who intends to vote a membership of an organization with multiple ownership, shall be required to furnish, at the time of registering for the meeting and submitting their mail-in ballot, 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 and by mail-in ballot. All votes must be by ballot. No voting by proxy shall be permitted.

### **Section 6. Mail-In Ballots**

Members shall vote by mail-in ballot on all By-Laws amendments, By-Laws repeal, and trustee elections with the results announced at the annual meeting or the last business day of April, whichever first occurs. All other voting arising from a meeting of the members shall be in person by written ballot.

Valid and authorized mail-in ballots received on or before the time and date as specified on the ballot shall constitute a vote. If duplicate ballots are received from a membership, all ballots from that membership shall be disqualified.

Each Cooperative membership shall be provided a mail-in ballot with their official notice of member's meeting or by other method approved by the Board of Trustees. The failure of any member to receive a mail-in ballot does not affect the election results.

The mail-in ballot shall:

- a) Describe each proposed By-Laws amendment and identify all candidates upon which members are asked to vote.
- b) Provide a reason for any proposed By-Laws amendment.
- c) Instruct members how to complete, as well as when and where to return the mail-in ballot for the ballot to be valid.

Mail-in ballots shall be counted by either an election committee consisting of at least five (5) members of the Cooperative or a Certified Public Accountant firm (hereinafter referred to as CPA) selected by the Board of Trustees. The Board of Trustees shall determine if ballots are counted by an election committee or a CPA. The election committee, by a majority vote, or the CPA has the authority to invalidate any ballots.

### **Section 7. 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) Announce trustee election and By-Laws amendments results, if not previously announced by another method.
- f) Unfinished business.
- g) New business.
- h) Adjournment.

## **Article IV. Trustees**

### **Section 1. General Powers**

Except as provided below, 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.

At the Board of Trustees' discretion, the total number of trustees may be reduced from ten (10) to seven (7). This reduction can only occur when a trustee position, during the trustee's term of office, becomes vacant for any reason.

Under this section, a vacancy is not created by the expiration of a term of office.

### **Section 2. Term of Office**

At the annual meeting of the members or the last business day in April, whichever occurs first, 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.

During the period of the reduction of the number of trustees from ten (10) to seven (7), trustee terms may be adjusted by the Board of Trustees to prevent no more than three (3) trustee terms expiring in the same year.

### **Section 3. Trustee Districts**

At the regular meeting of the Board of Trustees in April of each year, said board shall evaluate the member per trustee representation in each district to determine if district boundaries should be adjusted. If districts are to be amended, the trustees will 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 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 not a member of the Cooperative.
- b) Has interest or controlling interest in another organization that is not in good standing with the Cooperative or the qualifications listed herein.
- c) Is a trustee and no longer has his or her principal residence within the district.
- d) Has been employed by the Cooperative within the immediately preceding five (5) years.
- e) Has been convicted of a felony.

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 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 petition for election of trustees submitted to the Secretary of the Cooperative not less than 100 days prior to the annual meeting or at another time as determined by the Board of Trustees at their discretion. Each petition shall consist of the printed name, address, telephone number, Cooperative member number, and original dated signature of not less than five (5) members from the candidate's district. The petition shall be signed by the candidate asserting his or her qualifications for the position and agreement to serve as trustee if so elected.

#### **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 with respect to the filing of vacancies caused by any reason other than term expiration, 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. Except, during the board size reduction from ten (10) to seven (7) trustees, the Board of Trustees may elect not to fill a vacancy. If filling a vacancy, 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 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 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 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. 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**

Unless otherwise provided in these By-Laws, any regular Board meeting or special Board meeting may be conducted with absent trustees participating and being present in person through any means of communication by which all trustees participating in the Board meeting may simultaneously hear each other during the 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 next regular or special meeting of the Board of Trustees held after the trustee election results are announced. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as possible. Each officer shall hold office until his or her successor shall have been elected and 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 the principal executive officer of the Cooperative and shall preside at all meetings of the members and the Board of Trustees.
- b) 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 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 the minutes of the meeting of the members and of the Board of Trustees.
- b) See that all notices are duly given.
- c) Be custodian of the Cooperative records and of the seal of the Cooperative and affix the seal of the Cooperative 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.
- d) Keep a register of the names and mailing addresses of all members.
- e) Have general charge of the books of the Cooperative.
- f) Keep on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Cooperative containing all amendments thereto, and at the expense of the Cooperative, forward a copy of the By-Laws and all amendments thereto to each member.
- g) In general perform all duties incident to the office of Secretary.



## **Section 7. Treasurer**

The Treasurer shall:

- a) Have charge of and be responsible for all funds and securities of the Cooperative.
- b) 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 By-Laws.
- c) 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-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.

# **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 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. 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 Cooperative shall retire capital credits in the manner, method, timing, and amount as approved and at the discretion of the Board of Trustees.

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, 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 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 the Articles of Incorporation and 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 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 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, 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. 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 or corporations, and own stock in other 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. 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**

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, 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. 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, 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, 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 shall not apply to a situation where an officer, 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, 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 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 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 articles, sections and sub-sections are for convenience and reference only, and do not affect the interpretation of any By-Law article, section or sub-section.

### **Section 9. Partial Invalidity**

When reasonably possible, every By-Law article, section, sub-section, paragraph, sentence, clause, or provision (collectively "By-Law Provision") must be interpreted in a manner by which the By-Law Provision is valid. The invalidation of any 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 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, 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*.

## **Article XII. Amendments**

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

These By-Laws may be altered, amended, or repealed by the members only by mail-in ballot as provided in these By-Laws. The final amendment to the By-Laws, 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 or repeal of the By-Laws shall only be by mail-in ballot.



Subject: <b>Board of Trustees Principles</b>		Policy #: <b>202</b>
Original Date of Issue: December 1, 1988	Date of Last <u>Review</u> and Approval: <b>October 17, 2022</b>	Page 1 of 2

**I. OBJECTIVE:**

To state the general principles which the Board of Trustees will use in conducting the business of the Cooperative.

**II. POLICY CONTENT:**

The Board shall maintain the following principles in conducting the business of the Cooperative:

1. Good management is the most important factor to the success of the Cooperative. This includes an effective Board, General Manager, staff and capable and dedicated employees. The Board reserves the right to establish policies, approve plans and programs, appraise results and delegate authority to the General Manager, except those that are reserved to the Board by laws, Articles of Incorporation or By-Laws.
2. Policies of the Board shall be adopted at regular or special meetings of the Board. The General Manager or other supervisory personnel are delegated the responsibility of carrying out the policies adopted by the Board and reporting results to the Board.
3. Trustees shall not, in private conversation with others, make commitments for the Board unless officially so authorized by the Board.
4. Trustees, as individuals, shall refrain from discussing management and personnel problems with personnel of the Cooperative. The Board, in consultation with the General Manager, may confer with key personnel at meetings of the Board.
5. The Board shall receive complete information from the General Manager concerning all material matters in connection with the management of the cooperative as set forth in Board policies.



Subject: <b>Board of Trustees Principles</b>		Policy #: <b>202</b>
Original Date of Issue: December 1, 1988	Date of Last <u>Review</u> and Approval: <b>October 17, 2022</b>	Page 2 of 2

6. The Board recognizes responsibility for the employment of a General Manager and the additional responsibility for a systematic annual appraisal of the Manager's performance.

**III. RESPONSIBILITY:**

- A. The President shall be responsible for calling attention to the Board members to any violation of this policy. A trustee in violation of this policy may be subject to censure by the entire board.
- B. The President shall be responsible to see that the performance of the Manager is appraised annually.

**IV. TERMINATION OR REVIEW DATE**

This policy shall be reviewed every two years or sooner as needed.

**V. APPROVED:**

\_\_\_\_\_  
President - Lincoln Electric Cooperative, Inc.

\_\_\_\_\_  
Secretary - Lincoln Electric Cooperative, Inc.



Subject: <b>QUALIFICATIONS FOR TRUSTEES</b>		Policy #: <b>204</b>
Original Date of Issue: August 21, 1989	Date of Last <u>Review</u> and Approval: <b>June 26, 2023</b>	Page 1 of 5

**I. OBJECTIVE:**

- A. To state desirable qualifications which have been determined to be essential characteristics of those individuals who are elected as Trustees.
- B. To provide, and to inform the membership, on guidelines for those persons nominated and voted upon for service as a member of the Board of Trustees of the Cooperative.
- C. To provide the membership with a means of assuring themselves of the election of members to the Board of Trustees who are qualified to carry out the ideals and objectives, formulate policy, develop plans and insure their execution.

**II. POLICY CONTENT:**

Prior to nominating an individual to be voted upon for election to the Board of Trustees of the Cooperative any committees, member or members should carefully and seriously consider the following legal and other requirements, responsibilities and personal qualifications of a trustee before such a nomination is entered:

- A. Requirements for Trustees:
  - 1. Must be a member, and have their principal residence within the trustee district they are nominated from.
  - 2. Must be willing to promote and safeguard the interests of the Cooperative.
  - 3. Will be required, and, therefore, must be able to represent the entire membership on an impartial basis for the good of all.
  - 4. Must not be employed by or in any way financially interested in a competing enterprise or business or a business selling electric energy or supplies or other products offered by the Cooperative.





Subject: <b>QUALIFICATIONS FOR TRUSTEES</b>		Policy #: <b>204</b>
Original Date of Issue: August 21, 1989	Date of Last <u>Review</u> and Approval: <b>June 26, 2023</b>	Page 2 of 5

5. Must be willing to attend regularly scheduled and special meetings of the Board of Trustees; national, state and other meetings of organizations with associated interests that further the Cooperative movement; training institutes or seminars which will aid in keeping the Trustee well informed on matters affecting the Cooperative.
  6. Must be aware that members of the Board of Trustees serve without salary and on a fee basis only for time given to regularly scheduled and approved affairs of the Cooperative plus reimbursement for all reasonable expenses in connection with such scheduled activities.
  7. Must not use, or cause to be used, their position as Trustee to further any political ambitions.
  8. Must agree to disclose any potential conflict of interest on any item brought before the Board and to abstain from all discussion and voting on that item. A conflict of interest exists whenever a Trustee has a personal interest in a matter of such nature or magnitude that they are not able to exercise independent and objective judgment on a matter in the best interests of the Cooperative as opposed to his or her own self-interest.
  9. Must agree to take an Oath of Office.
- B. Responsibilities of Trustee  
Service as a Trustee shall include the following responsibilities for growth and development, for keeping themselves and others informed, and for participating in all functions of the Board:
1. To expend the effort needed to understand the Cooperative's problems, and to provide the judgment needed to reach decisions in constantly changing circumstances.
  2. To support all official decisions and actions made or taken by a majority of the Board.



Subject: <b>QUALIFICATIONS FOR TRUSTEES</b>		Policy #: <b>204</b>
Original Date of Issue: August 21, 1989	Date of Last <u>Review</u> and Approval: <b>June 26, 2023</b>	Page 3 of 5

3. To conscientiously study the information contained in reports submitted to the Board.
4. To contribute to the development of statements on functions and responsibilities of Board members and to work toward their constant improvements.
5. To receive a NRECA Credentialed Cooperative Director Certificate within six years of becoming a Trustee.
6. To encourage each Trustee to take at least one continuing education class every other year after becoming a Credentialed Director.
7. To objectively evaluate and consider the questions and problems with which the Cooperative is faced.
8. To keep informed as to the ideals and objectives of the Cooperative and to further study and analyze the policies, plans and problems, which result from efforts to achieve such ideals and objectives.
9. To keep informed on, alert to, and aware of the attitudes of the members and general public toward the cooperative's objectives and policies.
8. To inform all interested persons about the Cooperative's ideals, objectives, programs and service.

C. Personal Qualifications

The following suggested questions should be considered when reviewing the personal qualifications of the proposed nominee:

1. What is the business record of the individual and what has the management of their own affairs indicated as to the possession of sound business judgment?



Subject: <b>QUALIFICATIONS FOR TRUSTEES</b>		Policy #: <b>204</b>
Original Date of Issue: August 21, 1989	Date of Last <u>Review</u> and Approval: <b>June 26, 2023</b>	Page 4 of 5

2. What is the judgment of the proposed nominee’s neighbors as to their demonstrated capacity for leadership and their reputation for honesty and integrity?
3. What has the proposed nominee done that would demonstrate their capacity for working with others?
4. What are the ideas and objectives of the proposed nominee as they relate to Cooperative principles and philosophy?
5. What are the problem areas, which the proposed nominee might encounter when helping their fellow members obtain a more complete understanding of the Cooperative and its activities and problems?

D. The foregoing policy sets out the desirable qualifications of a member of the Board of Trustees; however, the legal requirements are as set out in the Bylaws of the Cooperative.

**III. RESPONSIBILITY:**

- A. The President shall make certain that a copy of these instructions is published periodically in the news media of the Cooperative.
- B. The President is responsible for determining this policy is adhered to and made known to interested persons at all times.
- C. The President is responsible for reviewing with trustee any issue of non-compliance with this policy. Failure to comply with this policy may result in censure of trustee by full board.

**IV. TERMINATION OR REVIEW DATE**

This policy shall be reviewed every two years or sooner as needed.



Lincoln Electric  
Cooperative, Inc.

**Board of Trustees**  
**Policy**

Subject: <b>QUALIFICATIONS FOR TRUSTEES</b>		Policy #: <b>204</b>
Original Date of Issue: August 21, 1989	Date of Last <u>Review</u> and Approval: <b>June 26, 2023</b>	Page 5 of 5

**V. APPROVED:**

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President - Lincoln Electric Cooperative, Inc.

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Secretary - Lincoln Electric Cooperative, Inc.



Subject: <b>OATH OF OFFICE</b>		Policy #: <b>205</b>
Original Date of Issue: August 21, 1989	Date of Last <u>Review</u> and Approval: <b>June 26, 2023</b>	Page 1 of 1

**I. OBJECTIVE:**

Trustee of the Cooperative should affirmatively demonstrate to the membership a willingness and intention to honestly and faithfully perform their duties as a Board Member, including a willingness to support and observe the governing documents of the Cooperative as adopted by the membership and the Board of Trustees. The purpose of the Board in prescribing an oath of office is to afford a Trustee the opportunity to make a public demonstration of this intention to carry out that trust.

**II. POLICY CONTENT:**

At the first regular meeting of the Board of Trustees occurring after the annual membership meeting, or as soon thereafter as is practicable, the presiding officer shall present to each newly elected trustee the attached oath of office or alternative approved by board.

**III. RESPONSIBILITY:**

The President is responsible for determining that this policy is adhered to and that the oath of office is administered in accordance with this policy.

**IV. TERMINATION OR REVIEW DATE**

This policy shall be reviewed every two years or sooner as needed.

**V. APPROVED:**

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President - Lincoln Electric Cooperative, Inc.

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Secretary - Lincoln Electric Cooperative, Inc.

# *Oath of Office*

I, \_\_\_\_\_, being a newly elected Trustee of Lincoln Electric Cooperative, Inc., do hereby affirm that I will honestly and faithfully perform the duties of a Trustee of Lincoln Electric Cooperative, Inc., and will observe and support the Articles of Incorporation, By-Laws and Policies of the Cooperative.

Dated: \_\_\_\_\_

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Trustees Signature



Subject: <b>TRUSTEE OUT OF TOWN TRAVEL AUTHORIZATION</b>		Policy #: <b>207</b>
Original Date of Issue: October 20, 2008	Date of Last Review and <u>Approval</u> : <b>August 15, 2022</b>	Page 1 of 2

**I. OBJECTIVE:**

To establish policy for out of town travel by Trustees to attend meetings and educational classes.

**II. POLICY CONTENT:**

- A. Trustees who have been appointed by the Board of Trustees to serve as board members or alternates for an associated organization are authorized to attend board and annual meetings of that organization.
- B. Trustees who have been approved by the Board of Trustees to serve on committees for associated organizations are authorized to attend those committee meetings of that organization. Trustees assigned to subcommittees must keep the Board informed.
- C. Trustees who have not received NRECA Credential Director Certification are authorized to attend the necessary classes to become so. All efforts should be made to coordinate this training with other out of town meetings and to attend in state whenever possible to minimize overall cost to the cooperative.
- D. For the benefit of the Cooperative, Trustees are encouraged to attend continuing education classes and out of town meetings. However, all classes and meetings must have the approval of the Board of Trustees. All efforts should be made to coordinate this training with other out of town meetings and to attend in state whenever possible to minimize overall cost to the cooperative.
- E. Trustees attending out of town meetings may submit a brief summary of meetings attended to be included with the next month's board packet.
- F. Prudent risk management suggests no more than four (4) members of the Board of Directors shall travel in the same aircraft, rail car, personal vehicle, taxi, or other mode of transportation.

**III. RESPONSIBILITY:**

The Board President shall be responsible for the administration of the policy.

**IV. TERMINATION OR REVIEW DATE**

This policy shall be reviewed every year or sooner as needed.



Subject: <b>TRUSTEE OUT OF TOWN TRAVEL AUTHORIZATION</b>		Policy #: <b>207</b>
Original Date of Issue: October 20, 2008	Date of Last Review and <u>Approval</u> : <b>August 15, 2022</b>	Page 2 of 2

**V. APPROVED:**

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President - Lincoln Electric Cooperative, Inc.

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Secretary - Lincoln Electric Cooperative, Inc.



Subject: <b>Board Member Compensation</b>		Policy #: <b>208</b>
Original Date of Issue: January 1, 1992	Date of Last Review and <u>Approval</u> : <b>October 17, 2022</b>	Page 1 of 2

**I. OBJECTIVE:**

To establish the services for which trustees will be compensated, the levels of such compensation and the conditions applying thereto.

**II. POLICY CONTENT:**

- A. Article IV, Section 9, of the Cooperative Bylaws provides the trustees with the authority to fix compensation for the individual trustees.
- B. Trustees shall receive compensation at the rate of \$150.00 per day for all regular meetings, special meetings and committee meetings of the Board of Trustees. The Board Chairman will receive an additional \$200.00 per month.
- C. When a personal vehicle is used, trustees will be reimbursed at the maximum nontaxable rate allowed by the IRS. Mileage may only be claimed by the driver of the vehicle.
- D. When attending meetings outside Lincoln and Flathead Counties, trustees shall receive:
  1. \$300.00 per day trustee's fee.
  2. Travel will be reimbursed at the maximum nontaxable rate allowed by the IRS when using a personal vehicle, or actual cost if commercial transportation is used, whichever is most beneficial for the cooperative.
  3. The basic daily rate by location allowed by the IRS per day for meals and incidentals, or, actual expenses by receipt - whichever is more, for trips which require overnight lodging. Only actual expenses will be paid for trips which don't require overnight lodging.
  4. Actual cost of lodging by receipt.
  5. Actual cost of other necessary out of pocket expenses by receipt.
  6. Any fees and expenses relative to meals and entertainment that is part of the official curriculum of an approved event or meeting will be covered by the cooperative for the trustee and their guest.



Subject: <b>Board Member Compensation</b>		Policy #: <b>208</b>
Original Date of Issue: January 1, 1992	Date of Last Review and <u>Approval</u> : <b>October 17, 2022</b>	Page 2 of 2

- E. All receipts will be tabulated and presented to the President for approval, or in his/her absence, the Vice President. If the trustee requests assistance, they may use the Cooperative’s travel credit card.
- F. The Finance Committee of the Board will spot review Trustees’ and General Manager’s Expense reports quarterly.

**III. RESPONSIBILITY:**

The Board President shall be responsible for the administration of this policy.

**IV. TERMINATION OR REVIEW DATE**

This policy shall be reviewed every two years or sooner as needed.

**V. APPROVED:**

\_\_\_\_\_  
President - Lincoln Electric Cooperative, Inc.

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Secretary - Lincoln Electric Cooperative, Inc.