

**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 in 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 and any rules adopted by the Board of Trustees.
- 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 membership; no applicant shall become a member unless 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, 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 it 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 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 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 days notice of the date of the members meeting to which his 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 3. Joint Membership.

Any two persons receiving electric service from the cooperative at the same location may apply for joint membership, and subject to their compliance with the requirements set forth in Section 1 of this article, may be accepted for such membership. The term "member" as used in these bylaws 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 4. 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, by-laws and rules and regulations adopted by the Board of Trustees.
- b) Upon the death of either party who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status.

Section 5. Purchase of Electric Energy.

Each member may 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.

Section 6. 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 of the Cooperative may, by the affirmative vote of not less than two-thirds of all the trustees, expel any member who shall have refused or failed to comply with any of the provisions of the Articles of Incorporation, by-laws or rules 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 liable to expulsion and such refusal or failure shall have continued for at least ten 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 members 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 of 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 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 Section 6 of this Article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum.

Five percent (5%) present in person, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

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. 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 uncontested 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:

- 1) Report as to the number of members present.
- 2) Reading of the notice of the meeting and proof of delivery thereof.
- 3) Reading of unapproved minutes of previous meetings of the members.
- 4) Presentation of reports of officers.
- 5) Election of trustees.
- 6) Unfinished business.
- 7) New business.
- 8) Adjournment.

ARTICLE IV. TRUSTEES

Section 1. General Powers

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

Section 2. Term of 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 in March of that year, and each of such trustees elected thereafter 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.

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 herein, the term "...trustee...from each district..." means a human being person 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) 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 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, 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 been 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 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 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 shall automatically cease to be a trustee of the Cooperative, and the vacancy created by his removal shall be filled by appointment by the remaining trustees in the same manner as other vacancies on the board be 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 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 days before the next regular Board meeting. All Directors 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 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 not less than five 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 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 Directors participating and being present in person through any means of communication by which all Directors 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 meeting of the Board of Trustees held directly after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until his successor shall have been elected

and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 3. Removal of Officers and Agents by Trustees.

Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its 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 the 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) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board of Trustees or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed.
- 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 inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 6. Secretary.

The Secretary shall:

- a) keep the minutes of the meeting of the members and of the Board of Trustees;
- b) see that all notices are duly given;
- c) be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these by-laws;
- d) keep a register of the names and post office addresses of all members;

- e) sign, with the President, certificates of membership; the issue of which shall have been authorized by the Board of Trustees or the members;
- f) have general charge of the books of the Cooperative;
- g) keep on file at all times a complete copy of the Articles of Incorporation and by-laws of the Cooperative containing all amendments thereto, and at the expense of the Cooperative, forward a copy of the by-laws and all amendments thereto to each member; and;
- h) 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, and;
- 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.

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 obligated 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 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 designed to provide a rotation of capital over a period not more than 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 established; provided 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, 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 restrictions 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 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 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 the 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 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 undertakings 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. 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 5. Fiscal Year.

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

ARTICLE XI. MISCELLANEOUS

Section 1. Membership in Other Organizations.

The Cooperative may upon 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 a meeting required to be given by these by-laws. The attendance of a member or trustee at any meeting shall constitute a waiver of notice of such meeting by such member or trustee, except in case a member or trustee shall attend a meeting

for the express purpose of objecting to the transaction of any business 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 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 times a year at regular meetings of the Board of Trustees. The Board of Trustees shall within sixty 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, 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, manager or assistant manager charging negligence in the performance of duties in such position or errors or omissions 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, director, manager or assistant manager has been grossly negligent or derelict in the performance of his duties or has been guilty of any criminal offense in his capacity as an officer, director, 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 holds 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 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 any 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 articles, 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 any 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 determines otherwise, and to the extent consistent with Law, the Articles, and these by-laws, all:

1. Member meetings;
2. Board Meetings;
3. Member committee meetings; and
4. 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 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 shall be by written ballot.