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ARTICLE I

MEMBERSHIP

Section 1 Membership: Any adult person, and any partnership, incorporated or unincorporated association, corporation, or body politic capable of entering into a binding legal contract shall become a member of McKenzie Electric Cooperative, Inc., (hereinafter called "Cooperative") upon purchasing electric service from this Cooperative. In purchasing electric service from this Cooperative, each member shall agree to comply with and be bound by the Articles of Incorporation and the Bylaws of the Cooperative, all policies adopted by the Board of Directors, and any reasonable rules and regulations adopted by the Board of Directors ("Governing Documents"). No member may hold more than one membership in this Cooperative, and no membership shall be transferable, except as provided by these Bylaws.

Section 2 Evidence of Membership: Except as otherwise provided in these Bylaws, an individual or an entity may become and remain a member of the Cooperative ("member") only if the individual or entity has the capacity to enter legally binding contracts ("person") and (1) the person purchases electric service from the Cooperative or (2) contracts for the purchase of electric service from the Cooperative. However, if the individual or entity who contracts for the purchase of electric service does not actually purchase electricity from the Cooperative upon the completion of the contract, the membership terminates.

"Electric Service" shall mean electric energy and products or services related to a person using electric energy provided by the Cooperative.

Section 2.01 Membership Agreement: The Articles and these Bylaws are contracts between the Cooperative and a Member. By becoming a member, the member acknowledges that: (1) every member is a vital and integral part of the Cooperative; (2) the Cooperative's successful operation depends upon each Member complying with the Governing Documents; and (3) members are united in an interdependent relationship.

A member shall: (1) comply with the Governing Documents; and (2) pay the Cooperative for the Cooperative's damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the member's failure to comply with the Governing Documents. If a member fails to comply with the Governing Documents the Cooperative may cease providing Electric Service to the member or terminate the membership. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the member from violating the Governing Documents; and (2) bring and maintain a legal action to order the member to comply with the Governing Documents.

Section 2.02 Use of Electric Service: A member shall use Electric Service provided by the Cooperative; however, the Cooperative may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member.

(a) Payment for Electric Service. Based upon the different costs of providing Electric Service to different classes of members, the Cooperative may charge each class a different price or rate. Each member who has requested Electric Service shall be liable to the Cooperative for any minimum amounts required by the Cooperative per month regardless of the amount of electric energy consumed or regardless of whether the member is ready to receive Electric Service. At prices, rates, or amounts determined by the Board, and pursuant to the manner specified by the Cooperative, a member shall pay the Cooperative: (1) for Electric Service provided to a location requested by the member; and (2) other amounts as may be required by the Cooperative.

As provided by the Board: (1) a member may be charged and shall pay late payment fees for amounts owed, but not timely paid, to the Cooperative; and (2) regardless of the Cooperative's accounting procedures, the Cooperative may apply amounts paid by a member to all of the Member's accounts on a pro rata basis.

(b) Resale of Electric Service. Except as the Cooperative may allow in writing, a member may not sell, lease, or otherwise transfer Electric Service provided by the Cooperative or a right to the Electric Service provided by the Cooperative.

Section 2.03 Provision of Electric Service: A member shall comply with reasonable procedures required by the Cooperative regarding the provision of Electric Service and take or cease any act required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and provide Electric Service.

The Cooperative shall provide Electric Service to members in a reasonable manner. Although the Cooperative will use its best efforts to provide adequate, continuous, or non-fluctuating electric energy or other Electric Service, the Cooperative does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Electric Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative providing inadequate, non-continuous, or fluctuating electric energy or other Electric Service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct.

Section 2.04 Right of Entry and Grant of Property Rights: As required by the Cooperative and in partial consideration for providing Electric Service, a Member shall not unreasonably restrict: the Cooperative's access to or use of real property in which the member holds an interest sufficient to grant such use ("Member Property") for the purpose of: (1) restoration efforts; (2) addressing an emergency situation; (3) maintenance, upgrading or removal of Cooperative property; or (4) for any other reasonable purposes required to provide Electric Service.

Section 2.05 Dispute Resolution: Except as provided herein, all claims or disputes between Member and the Cooperative regarding the Governing Documents, Electric Service, Agreements or Contracts or claims for personal injury, property damages or losses between a Member and the Cooperative shall be submitted by the Member to the Board for resolution. The Board may establish a policy establishing a procedure for submitting a claim or dispute to the Board. If the Board and Member are unable to resolve the dispute, then the Cooperative and the member shall cooperate to select one or more mediators to help resolve the dispute. If no resolution of the dispute occurs through mediation any party may demand binding arbitration as provided under the laws of the State of North Dakota, and except as provided for in these bylaws the provisions of Chapter 32-29.3 N.D.C.C. (as amended or replaced) shall provide for the manner and method of arbitration. Venue of any proceedings for arbitration shall be the state of North Dakota and in Dunn County or McKenzie County at a place selected by the Arbitrator.

Section 2.06 Exceptions to Arbitration Dispute Resolution: If Member fails to pay Cooperative for power delivered to Member or used by Member or fails to pay Cooperative for materials provided for or to Member for the delivery or sale of electric power to Member, the Cooperative may elect to proceed for resolution of such claim for unpaid amount claimed as owed provided for in **Section 2.05** or may elect to bring such dispute before a court of competent jurisdiction for resolution. If Cooperative brings such claim in court of competent jurisdiction and should Member desire to resolve such claim(s), Member may demand Dispute Resolution pursuant to **Section 2.05** within 30 days of Cooperative bringing such claim in court of competent jurisdiction; and if such demand is made by Member, the Cooperative shall voluntarily dismiss such court action and the matter shall be submitted to resolution pursuant to **Section 2.05**.

Section 3 Joint Membership: Unless a purchaser of electric service specifies in writing that it is to be a single membership, (or unless within thirty days after adoption of this Bylaw an existing member specifies in writing that his/her membership is to continue to be a single membership), all present and future memberships in this Cooperative by a married person shall be deemed to be a joint membership by the couple, in joint tenancy, with right to survivorship. A joint membership may be converted to an individual membership at any time upon the written request by both joint members. The term "member" as used in these Bylaws shall be deemed to include a married couple, unless an individual membership is specifically requested in writing. Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the following actions by or in respect of the holders of a joint membership shall be as follows:

- 1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;

- 2) There may be only a single vote cast by one of the joint members. No partial votes shall be cast or accepted as a valid vote by the joint membership;
- 3) A Waiver of Notice signed by either or both shall constitute a joint waiver;
- 4) Notice to either shall constitute notice to both;
- 5) Expulsion of either shall terminate the joint membership;
- 6) Withdrawal of either shall terminate the joint membership;
- 7) Either, but not both, may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office.

Section 4 Changes in a Joint Membership: Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint; provided, that the estate of the deceased shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to purchase electric service from the Cooperative at the same place of service, in the same manner and to the same effect as though such membership had never been joint; provided, that the other spouse shall not be released from any debts due the Cooperative.

Section 5 Service Deposits and Deductions: The Board of Directors may require service connection deposits, facilities extension deposits, contributions in aid of construction or any combination thereof for each connection, extension, or other available service, pursuant to reasonable rules, regulations, and policies adopted by the Board. Before any funds, including capital credits, are paid by the Cooperative to a member, or former member, the amount of any debts owing from the member or former member to the Cooperative shall be deducted therefrom.

Section 6 Purchase and Payment for Electric Service: Each member shall purchase from the Cooperative all electric energy for use on premises to which electric service has been furnished by the Cooperative, including all adjacent area owned or used by the member, in whole or in part, for so long as such premises are occupied or used by the member.

Each member shall pay for all electric service purchased from the Cooperative at the times, and in accordance with the policies, rules, regulations and rate schedules (including any minimum amount that may be charged without regard to the electric power and energy actually used) established by the Board of Directors.

Each member shall also pay the amounts owed by the member to the Cooperative as and when they become due and payable. When any member has more than one service connection from the Cooperative, any payment from the member for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

Section 7 Termination of Membership:

- 1) Membership in this Cooperative shall automatically terminate when the member ceases to purchase electric service from the Cooperative.
- 2) The death of an individual human member shall automatically terminate his/her membership, except that upon the death of either spouse of a joint membership, the membership shall continue to be held solely by the survivor. The cessation of the legal existence of any other type of member shall automatically terminate such membership; provided however, that upon dissolution for any reason of a partnership, such membership shall continue to be held solely by such remaining partner or partners as were parties to the original membership and continue directly to occupy or use the premises served by the Cooperative.
- 3) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe.

- 4) The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board of Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, policies, or rules or regulations adopted by the Board of Directors, (and regardless of whether or not such member continues to purchase electric service from the Cooperative), but only if such member shall have been given written notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten days after such notice was given. An expelled member may again become a member only by reinstatement by a vote of the Board or by vote of the members at any annual or special meeting.
- 5) Upon the termination in any manner of a membership, the member shall be entitled to a refund of any refundable service connection deposits still held by the Cooperative, less any amounts due the Cooperative; but neither the member nor the member's estate shall be released from any debts then remaining due the Cooperative.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

Section 1 Dissolution: Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid and (b) all capital furnished through patronage shall have been retired as provided by these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each 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: The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETINGS OF MEMBERS

Section 1 Annual Meeting: The Cooperative shall annually hold a meeting of members. The Board shall determine the date, time and location of the annual meeting. The annual meeting shall be held for the purpose of electing Directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative and shall cause all Board of Directors' positions to hold over until the next general meeting of the Cooperative, at which time election of any Director positions whose term is completed shall be held.

Section 2 Special Meetings: The Cooperative shall hold a special meeting of members at a date, time and location determined by the Board upon the Cooperative receiving:

- 1) a written or oral request from the Board President;
- 2) by resolution of the Board of Directors;
- 3) a written request signed by at least three (3) Directors (currently in office); or
- 4) one (1) or more written demands signed and dated by at least twenty percent (20%) of the Cooperative's total current members requesting and describing the purpose of a special meeting of members.

Special meetings of the members may be held at any place within McKenzie Electric Cooperative service area, specified in the notice of the special meeting. Such meeting shall be held not sooner than 40 days after the call for such meeting is made or petition therefore is filed.

Section 3 Notice of Member Meetings: As directed by the President, Secretary, or any officer or member properly calling an annual meeting or special meeting (collectively, "Member Meeting"), the Cooperative shall deliver written notice of the Member Meeting:

- 1) personally or by mail or be included with the members' service billings or as an integral part of or with the Cooperative's monthly insert in the North Dakota Association of Rural Electric magazine or other official membership magazine or publication, printed or electronic, adopted by the Board of Directors for the Cooperative;
- 2) to all members entitled to vote at the Member Meeting;
- 3) indicating the date, time and location of the Member Meeting;
- 4) at least fifteen (15) but not more than ninety (90) days prior to the Member Meeting;
- 5) for any annual Member Meeting, describing any matter to be considered or voted or acted upon at the annual Member Meeting; and
- 6) for any special Member Meeting, stating the purpose of, and describing any matter to be considered, or voted or acted upon, at the special Member Meeting.

If mailed, notice of the Member Meeting is delivered when deposited in the United States mail with prepaid postage affixed and addressed to the member at the member's address as it appears on the records of the Cooperative. The inadvertent and unintended failure of any member to receive notice of any Member Meeting shall not affect any action taken at the annual meeting or special meeting.

Section 3.1 Manner of Holding Member Meetings and Attendance by Member at Member Meetings: Member meetings may be held in person or through interactive audio-visual manner or method as well, or a combination of in person and interactive audio-visual manner or method. A member attending by interactive audio-visual manner or method shall be counted as attending the meeting if the member can both hear and has the opportunity to participate in the meeting.

Section 4 Quorum: A quorum for membership meetings shall not consist of less than 25 members.

If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice; provided that the Secretary shall notify any absent members of the date, time and place of such adjourned meeting.

In the event a Members' Meeting is held in part or completely by electronic means, or by telephone or interactive video or voting is accomplished by mailed ballots, a Member who appears electronically or by telephone or interactive video or through a mailed ballot shall be counted as a Member present at such meeting for determination of a quorum.

Section 5 Voting: Each member shall be entitled to only one vote, except as limited by ARTICLE IV below. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these Bylaws. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each Member Meeting, of satisfactory evidence entitling the person presenting the same to vote. Members may not cumulate their votes or vote by proxy, or by signed vote, unless authorized by the Board of Directors.

Voting by mail may be authorized by the Board of Directors. If the Directors shall authorize voting by mail, the notice and the ballot must be mailed at least ten (10) days in advance of the balloting and must contain the exact motion, resolution or amendment to be voted upon. The failure of any member to receive the notice and ballot shall not invalidate any action which may be taken as a result of the balloting. The ballot shall be certified and signed by the member, and when received by the secretary of the Cooperative, shall be accepted and counted as the vote of the member.

Section 6 Order of Business: The Board shall determine the agenda and order of business for Member Meetings.

**ARTICLE IV
BOARD OF DIRECTORS**

Section 1 Director Districts: The Cooperative may equitably divide the general area in which members are located or reside into three (3) regions. The three regions may be further divided into nine (9) districts (“Director Districts”). If necessary, the Board may revise the regions and or Director Districts to ensure that members are equitably represented by the Director Districts.

Within thirty (30) days following any Director District revision, and at least fifteen (15) days before the next annual Member Meeting, the Cooperative shall notify, in writing, any members affected by the Director District revision. Director District revisions are effective on the date the Cooperative releases written notice of the Director District revision. No Director District revision may:

- 1) increase an existing Director’s term of office; or
- 2) unless the affected Director consents in writing, shorten any existing Director’s term of office.

The regions shall be numbered and each region shall consist of three (3) Director Districts comprised of the territory described as follows, to wit:

Region #1 – CONSISTING OF THE FOLLOWING DISTRICTS:

District 1A: Beginning at the Missouri River at the West Boundary of Township 152 Range 102, thence South to the Southwest corner of Township 151 Range 102, thence approximately twenty-four (24) miles East to the Southeast corner of Township 151 Range 99, thence North to the Missouri River, thence Westerly along said river to the point of beginning.

District 1B: Beginning at the Missouri River at the East Boundary of Township 154 Range 96, thence South to the Southeast corner of Township 153 Range 96, thence approximately three (3) miles West to the Northeast corner of Township 152 Range 97, thence approximately eighteen (18) miles South to Southeast corner of Township 150 Range 97, thence approximately twelve (12) miles West to the Southwest corner of Township 150 Range 98, thence North to the Missouri River, thence Easterly along said river to point of beginning.

District 1C: Beginning at the Missouri River at the West Boundary of Township 154 Range 95, thence South to Southwest corner of Township 153 Range 95, thence approximately three (3) miles West to Northwest corner of Township 152 Range 96, thence approximately twelve (12) miles South to Southwest corner of Township 151 Range 96, thence East to the Missouri River, thence Northerly and Westerly along said river to point of beginning.

Region #2 – CONSISTING OF THE FOLLOWING DISTRICTS:

District 2A: Beginning at the Southwest corner of Township 148 Range 105 at the North Dakota-Montana state line in McKenzie County, North Dakota, thence East to the Southeast corner of Township 148 Range 102, thence approximately six (6) miles North to Northeast corner of said Township, thence approximately three (3) miles West to the Southeast corner of Township 149 Range 102, thence approximately twelve (12) miles North to Northeast corner of Township 150 Range 102, thence approximately six (6) miles West to the Northwest corner of said Township, thence North to the Missouri River, thence Westerly along said river to Montana border, thence South along said Montana-North Dakota state line to point of beginning, which District area also includes that area in Montana directly West of said District.

District 2B: Beginning at the Southwest corner of Township 148 Range 101, thence East to the Little Missouri River at the South Boundary of Township 148 Range 100, thence Easterly along said river to its intersection with U.S. Highway 85 in Township 148 Range 99, thence Northerly along said U.S. Highway 85 to Southeast corner of Township 149 Range 99, thence approximately twelve (12) miles North to the Northeast corner of Township 150 Range 99, thence approximately eighteen (18) miles West to the Northwest corner of Township 150 Range 101, thence approximately twelve (12) miles South to the

Southwest corner of Township 149 Range 101, thence approximately three (3) miles East to the Northwest corner of Township 148 Range 101, thence approximately six (6) miles South to the point of beginning.

District 2C: Beginning at the point where the Little Missouri River joins the Missouri River in Dunn County, North Dakota, thence Westerly along said Little Missouri River to the point where said river intersects with U.S. Highway 85 in McKenzie County, North Dakota, thence North along said U.S. Highway 85 to the Northwest corner of Township 149 Range 98, thence approximately twelve (12) miles East to Southwest corner of Township 150 Range 96, thence approximately six (6) miles North to the Northwest corner of said Township, thence East to the Missouri River, thence Southerly along said Missouri River to the point of beginning.

Region #3 – CONSISTING OF THE FOLLOWING DISTRICTS:

District 3A: All that territory being served by the Cooperative lying West of the Little Missouri River and South to the North Boundary of Township 147 extending Westerly into the State of Montana and Southerly into Golden Valley County and Billings County, North Dakota.

District 3B: All of that territory being served by the Cooperative lying East and South of the Little Missouri River and West of the East Boundary of Range 96 in McKenzie County, Billings County and Dunn County, North Dakota.

District 3C: All that territory served by the Cooperative lying South of the Little Missouri River and East of the West Boundary of Range 95 in Dunn County, North Dakota.

Section 2 Board: The Cooperative shall have a Board consisting of one natural person from each Director District elected by the members located or residing in each region. Except as otherwise provided by Law, the Articles or these Bylaws:

- 1) all Cooperative powers must be exercised by the Board, or under the Board's authority; and
- 2) all Cooperative affairs must be managed under the Board's direction.

Section 3 Director Qualifications: A Director or Director candidate must:

- 1) be a natural person;
- 2) be a member in good standing permanently residing in the Director District from which the Director is elected or chosen; a "member in good standing" is a member who is in compliance with MEC policies for a period of two years preceding the election;
- 3) use, receive, and purchase electric service at the Director's primary residence;
- 4) have the capacity to enter legally binding contracts;
- 5) be eligible to vote in state and national elections;
- 6) while a director, and during the five (5) years immediately prior to becoming a director, not:
 - a) be, nor have been, convicted of a felony;
 - b) plead, nor have pled, guilty to a felony,
 - c) be on probation as a result of a felony;
- 7) attend at least nine (9) out of twelve (12) monthly Board meetings for each year of their term;
- 8) while a director, he/she must:
 - a) be loyal to the Cooperative;
 - b) treat sensitive issues with confidentiality;
 - c) disclose conflicts of interest;
 - d) actively support the objectives of the Cooperative;
 - e) exercise and insist upon sound business principles in the conduct and affairs of the Cooperative;
 - f) uphold the laws and regulations pertaining to Cooperative business activities;
 - g) serve all members of the Cooperative without giving special consideration to any individual or group;
 - h) communicate no false or misleading information to members of the Cooperative or the public;

- i) not exploit or permit exploitation of the position of director;
 - j) abide by and support decisions and policies made by the majority of the Board;
 - k) treat other Board members with dignity and respect;
 - l) maintain high standards of personal conduct;
 - m) seek education and training to improve performance as a director;
 - n) maintain and not violate the confidentiality of all matters discussed by Directors and staff in the conduct of the Cooperative affairs until these matters become public knowledge;
 - o) maintain and not violate the confidentiality of the Board room discussions and issues presented;
- 9) comply with any other reasonable qualifications determined by the Board from time to time.

While a director, and during the five (5) years immediately prior to becoming a director, a Director or Director candidate must not be, nor have been:

- 1) employed by, materially affiliated with, or share a material financial interest with, any other director;
- 2) engaged in, nor employed by, materially affiliated with, or have a material financial interest in, any individual or entity directly and substantially competing with the Cooperative;
- 3) selling goods or services in substantial quantity to the Cooperative, or to a substantial number of members;
- 4) possessing a conflict of interest with the Cooperative to be determined by the existing Board,
- 5) been employed by the Cooperative,
- 6) is or was married to, a child or parent of, or a brother or sister of any present employee of the Cooperative or person who was employed by the Cooperative,
- 7) by contract acted as a consultant for the Cooperative;
- 8) is or has been involved with, associated with or engaged as a person or employed by an entity of a group or entity that has represented interests or issues of employees of the Cooperative in labor contracts or negotiations for labor contracts.

After being elected or appointed a Director, if any Director fails to comply with any Director qualification as reasonably determined by the Board, then the Board is authorized to remove the Director. If at least a majority of Directors authorized by these Bylaws comply with the Director qualifications and approve a Board action, then the failure of any Director to comply with all Director qualifications does not affect the Board action.

Section 4 Director Nominations: Unless otherwise provided in these Bylaws, prior to electing Directors:

- 1) **Nomination Committee Nominations:** At least ninety (90) days prior to any Member Meeting at which members are scheduled to elect Directors, the Board may appoint a member committee consisting of at least one member from each Director District for which a Director will be elected. Nominating committee members may not be an existing or a close relative of an existing, Cooperative director, officer, employee, agent, representative or known Director candidate. At least seventy (70) days prior to the Member Meeting at which members are scheduled to elect Directors, the nominating committee shall: a) nominate at least one (1) individual to run for election for each Director position; and b) by Director District, post the nominating committee nominations at the Cooperative's principal office. As determined by the Board, and as allowed by the governing documents, the Cooperative may reasonably compensate or reimburse nominating committee members. The term "close relative" as used in this bylaw means an individual who is either by blood, law or marriage, including half, step, foster and adoptive relations, a spouse, child, grandchild, parent, grandparent or sibling; or principally resides in the same residence.
- 2) **Nomination by Petition:** Members may nominate by petition additional individuals to run for election for any Director position for which members are scheduled to vote at any Member Meeting. Members make member petition nominations by delivering to the Cooperative at least sixty (60) days prior to the Member Meeting a writing for each member petition nomination:
 - a) listing the name of the member petition nominee;
 - b) indicating the Director position for which the member petition nominee will run; and
 - c) containing the printed names, addresses and telephone numbers, and original signatures, of at least fifteen (15) members from the district for which a Director will be elected.

- i. After verifying that a member petition complies with this bylaw, the Cooperative shall post the member petition nomination in approximately the same location as the nominating committee nominations.
- 3) **Notice of Director Nominations:** At least fifteen (15) days prior to any Member Meeting at which members are scheduled to elect Directors, the Cooperative shall notify members of the:
 - a) Director positions for which members are scheduled to vote;
 - b) names and corresponding Director positions of all nomination committee nominations;
 - c) names and corresponding Director positions of all member petition nominations.

Section 5 Director Elections: Members located or residing in the Cooperative service area shall annually elect Directors:

- 1) for which the incumbent Director's term is expiring;
- 2) from the nominating committee nominations or member petition nominations;
- 3) at the annual meeting or other properly called Member Meeting; by a majority of the votes cast with a member quorum of members entitled to vote for the Director position present;
- 4) by the nomination committee nominations method only members residing in said region shall be eligible to participate in the election of a Director for that region;
- 5) by the nomination by petition method only the members of a particular district may nominate candidates for the particular district and only members residing in said region shall be eligible to participate in the election of a Director for that region;

The Board of Directors may enact policies concerning the conduct of the election, including but not limited to the establishment of credentials or election committees. In case of a tie Director vote, the Director elected is determined by a drawing by lot.

Section 6 Director Terms: A Director's term is three (3) years. The Cooperative shall stagger Director terms by dividing the total number of authorized Directors into groups of approximately equal number. The Director terms of two (2) or more Directors from any Region may not coincide. Members, therefore, will annually elect an approximately equal number of Directors.

Decreasing the number of Directors or length of Director terms may not shorten an incumbent Director's Director term. Despite the expiration of a Director term, the Director continues to serve until a new Director is elected or until the number of Directors is decreased. Unless otherwise provided in these Bylaws, the Director term of a Director filling a vacant Director's position is the remaining unexpired Director term of the vacant Director's position.

Section 7 Director Resignation: A Director may resign at any time by delivering written notice of resignation to the Board, President or Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the Board, President or Secretary receiving the written notice of resignation. If a Director's resignation is effective at a later date and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be filled before the effective date of the Director's resignation.

Section 8 Director Removal: Any Director may be removed from office pursuant to ARTICLE IV Section 3 or by member petition as follows:

- 1) **Director Removal Petition:** As provided in this bylaw, members may request the removal of one (1) or more Directors for committing any negligent, fraudulent or criminal, act or omission significantly and adversely affecting the Cooperative. For each Director for whom removal is requested, members shall deliver to the President or Secretary a dated written petition:
 - a) identifying the Director
 - b) explaining the basis for requesting the Director's removal and identifying the negligent, fraudulent or criminal, act or omission underlying the removal request; and
 - c) as members existed on the Director removal petition date, containing the printed names, printed addresses and original and dated signatures obtained within sixty (60) days of the Director removal

date, of at least twenty percent (20%) of the members of the region from which the Director resides, who are entitled to vote at any Member Meeting.

Within thirty (30) days following the President or Secretary receiving a Director removal petition:

- a) the Cooperative shall forward a copy of the Director removal petition to the implicated Director;
 - b) the Board shall meet to review the Director removal petition; and
 - c) the Board will determine whether the Director removal petition meets the qualifications as required by the Bylaws; and, if the Board finds it meets the bylaw qualifications, then it shall be presented to the membership.
- 2) **Presentation of Member Petition for Director Removal:** If the Board determines that the Director removal petition complies with this bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that:
- a) a purpose of the Member Meeting is to consider removing a Director;
 - b) evidence may be presented and a member vote taken, regarding removing the Director; and

If a member quorum is present at the Member Meeting, then for the Director names in each Director removal petition:

- a) prior to any member vote, evidence must be presented supporting the basis for removing the Director;
- b) the Director may be represented by legal counsel and must have the opportunity to refute and present evidence opposing, the basis for removing the director; and
- c) following the Director's presentation and following member discussion, the members entitled to vote must vote whether to remove the Director.

If a number sufficient to elect the Director at a Member Meeting of members present and entitled to vote for the Director vote to remove the Director, then the Director is removed effective the time and date of the member vote. The vacancy created will be filled pursuant to Section 9.

Neither a Director removal petition or Director removal affects any Board action. No Director may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets or any Cooperative dissolution.

Section 9 Vacancy: Unless otherwise provided in these Bylaws: by the affirmative vote of a majority of the remaining Directors, the Board may fill any vacant Director position until the next annual meeting of the members. An election shall be held at the next ensuing annual membership meeting to fill the remaining term of the Director position for which appointment was made to fill the vacancy.

Section 10 Director Compensation: As allowed by Law and the Articles, the Cooperative may reasonably reimburse, compensate or provide benefits to Directors. The Directors shall, as determined by a policy duly passed by the Board of Directors, receive on a per diem basis a fixed fee, which may include insurance benefits, for attending:

- 1) Board meetings;
- 2) functions involving the Cooperative; or
- 3) functions reasonably enhancing the Director's ability to serve as a Director.

ARTICLE V MEETINGS OF DIRECTORS

Section 1 Regular Meetings: A reorganizational meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after and at the same place as the annual meeting of the members. Regular meetings shall be held by the Board of Directors at such time and place as the Board of Directors may provide by resolution or consensus. Such regular meetings may be held without notice other than such

resolution or consensus fixing the time and place thereof. The Board of Directors shall hold not less than 11 regular meetings each year.

Section 2 Special Meetings: Special meetings of the Board of Directors may be called by the President or (or in his absence the Vice President) by any three Directors; and, it shall thereupon be the duty of the Secretary or the Secretary's designee to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time, place, and manner for the holding of the meeting. Special meetings, upon proper notice as otherwise provided herein, may also be held via telephone conference call, or other audio-visual or other electronic manner or method, without regard to the actual location of the Directors at the time of such telephone conference or other audio visual or other electronic manner or method noticed for said meeting.

Section 3 Notice of Special Director Meetings: Notice of the time, place, and purpose of any special meeting of the Board of Directors shall be given not less than five (5) days previous, thereto. Notice may be given by mail, telephone, electronic communication, or hand delivered by the Secretary, President, or Directors or their designee calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the mail. If given by telephone notice shall be deemed to be delivered when communicated to the Director. If given by electronic communication, such notice shall be deemed to be delivered when sent. If given by hand delivery, such notice shall be deemed to be delivered when received by the Director. Notice or timeliness of notice of any special meeting may be waived; attendance at such meeting without objection to the timeliness, manner, or content of the notice of the meeting is waiver of notice. Electronic communication shall include email, text message, or other electronic communication normally and commonly used to communicate with a particular director.

Section 4 Quorum: A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 5 Electronic Meeting Attendance: Electronic meetings are permitted. A number or all directors may attend a meeting electronically by use of telephone or by an audio-visual method or means in the manner or fashion as shall be provided for in the notice of the meeting. As is the same for an in-person attendance of a meeting, attendance by telephone or audio-visual means shall be considered attendance at such meeting unless a director states he is attending said meeting for the sole and limited purpose of objecting to the form or manner of notice of said meeting. At a minimum any such meeting held by telephone conference call, or other audio visual or other electronic manner or method, all directors attending such electronic meeting must be able to hear and understand the audio portion of said meeting and communicate with the other directors attending the meeting.

ARTICLE VI OFFICERS

Section 1 Required Officers: The Cooperative must have the following officers: President, Vice-President, Secretary and Treasurer (Required Officers). The Board shall elect required officers:

- 1) At the first (1st) regular Board meeting following each annual Member Meeting, or as soon after each annual Member Meeting as reasonably possible and convenient;
- 2) By affirmative vote of a majority of Directors in office; and
- 3) In contested elections by secret written ballot without prior nomination.

Only Directors may be elected and serve, as a required officer. One (1) Director may simultaneously be Secretary and Treasurer. Unless not allowed by Law, however, this Director may execute, acknowledge or verify any document in more than one (1) capacity.

Subject to removal by the Board, each required officer shall hold office until the Required Officer's successor is duly elected. The Board shall fill any vacant Required Officer's position for the remaining unexpired portion of the required officer's term.

Section 2 President: Unless otherwise determined by the Board and unless otherwise required by Law, the Articles or these Bylaws, the President:

- 1) shall preside, or designate another individual to preside, at all Board and Member Meetings;
- 2) on the Cooperative's behalf, may sign any document properly authorized or approved by the Board; and
- 3) shall perform all other duties, shall have all other responsibilities and may exercise all other authority, prescribed by the Board.

Section 3 Vice-President: Unless otherwise determined by the Board and unless otherwise required by Law, the Articles or these Bylaws, the Vice-President:

- 1) upon the President's death, absence, disability or inability or refusal to act, shall perform the duties and have the powers, of the President, and
- 2) shall perform all other duties, shall have all other responsibilities and may exercise all other authority, prescribed by the Board.

Section 4 Secretary: Unless otherwise determined by the Board and unless otherwise required by Law, the Articles or these Bylaws, the Secretary:

- 1) shall be responsible for preparing minutes or cause to be prepared minutes of Board and Member Meetings;
- 2) shall be responsible for authenticating the Cooperative's records;
- 3) may affix the Cooperative's seal to any document authorized or approved by the Board or members; and
- 4) shall perform all other duties, shall have all other responsibilities and may exercise all other authority, prescribed by the Board.

Section 5 Treasurer: Unless otherwise determined by the Board and unless otherwise required by Law, the Articles or these Bylaws, the Treasurer or his/her designee shall

- 1) have charge or may limit custody of all funds and securities of the Cooperative; and
- 2) perform all duties, shall have all responsibility and may exercise all authority prescribed by the Board.

Section 6 Delegation of Secretary's and Treasurer's Responsibilities: Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer herein before provided, the Board of Directors, may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for and the regular and routine administration of, one or more of such officers' duties to one or more agents or other officers of the Cooperative who are not Directors. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

Section 7 Other Officers: The Board may elect or appoint other officers ("Director at Large"). A Director at Large:

- 1) must be a Director;
- 2) must be elected or appointed by the affirmative vote of a majority of current Directors;
- 3) may be elected by secret written ballot and without prior nomination;
- 4) may assist required officers; and
- 5) shall perform all duties, shall have all responsibilities and may exercise all authority, prescribed by the Board.

The same individual may simultaneously hold more than one (1) office. Unless allowed by Law, however, this individual may not execute, acknowledge or verify and document in more than one (1) capacity.

Section 8 Chief Executive Officer (CEO): The Board may appoint a CEO who may be but who shall not be required to be a member of the Cooperative. The CEO shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him/her. The CEO shall be the Principal Executive Officer of the Cooperative and shall have general and active management of the business affairs of the Cooperative subject to the supervision, order and direction of the Board of Directors.

Section 9 Officer Resignation and Removal: At any time, any required officer or other officer (collectively, “Officer” or “Cooperative Officer”) may resign by delivering to the Board an oral or written resignation. Unless the resignation specifies a later effective date, an officer resignation is effective when received by the Board. If an officer resignation is effective at a later date, then the Board may fill the vacant officer position before the later effective date but the successor officer may not take office until the later effective date. At any time, the Board may remove any officer with or without cause.

Section 10 Officer Standard of Conduct: Every officer shall discharge the officer’s duties:

- 1) in good faith;
- 2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- 3) in a manner the officer reasonably believes to be in the Cooperative’s best interests.

Section 11 Officer Contract Rights: The election or appointment of any officer, by itself, does not create a contract between the Cooperative and the officer. An officer’s resignation does not affect the Cooperative’s contract rights, if any, with the officer.

Section 12 Authority to Execute Documents: On the Cooperative’s behalf, any two (2) required officers may sign, execute and acknowledge any document properly authorized or approved by the Board or members. The Board may authorize additional Cooperative Directors, officers, employees, agents or representatives to sign, execute and acknowledge any document on the Cooperative’s behalf.

Section 13 Officer Compensation: Unless otherwise provided in a bylaw addressing Director compensation, reimbursement or provision of benefits and as determined by the Board, the Cooperative may reasonably compensate, reimburse or provide benefits to any officer.

Section 14 Bonds: At the Cooperative’s expense, the Cooperative may purchase a bond or insurance covering any Cooperative Director, officer, employee, agent or representative.

Section 15 Indemnification: The Cooperative shall indemnify and hold harmless its past and present Directors and officers, including the CEO—and may but shall not be obligated to so indemnify and hold harmless one or more of its past and present agents and other employees—against liability and related costs, including reasonable attorney’s fees, because of any act or omission in connection with their relationship to the Cooperative in such capacities, to the maximum extent allowable by law, including, and supplementary and subject to, but not limited to the indemnification allowed under N.D.C.C. 10-15-03 (10). Such indemnification shall not be construed to waive any immunity granted under state law, including but not limited to the immunity granted under codified section or sections of law or as determined by Court decree, judgment or opinion. The Cooperative may purchase insurance to cover such indemnification.

Section 16 Insurance: Regardless of any indemnification authority or requirements, the Cooperative may purchase and maintain insurance on behalf of any individual who is, or was, a Cooperative director, officer, employee, agent or representative against any:

- 1) liability, including judgment, settlement or otherwise; or
- 2) reasonable expenses, including reasonable attorney fees, asserted against or incurred by, the individual’s status, as a Cooperative Director, officer, employee, agent or representative.

ARTICLE VII NON-PROFIT OPERATION

Section 1 Deposition of Revenues and Receipts: Revenues of the Cooperative for any fiscal year in excess of the amount thereof necessary:

- 1) to defray expenses of the Cooperative and of the operation and maintenance of its facilities during such fiscal year;
- 2) to pay interest and principal obligations of the Cooperative coming due in such fiscal year;
- 3) to finance or provide a reserve for the financing of the construction or acquisition by the Cooperative of additional facilities to the extent determined by the Board of Directors;
- 4) to provide a reasonable reserve for working capital;
- 5) to provide a reserve for the payment of indebtedness of the Cooperative maturing more than one year after the date of the incurrence of such indebtedness in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year; and
- 6) to provide a fund for education in cooperation and for the dissemination of information concerning the effective use of electric energy and other services made available by the Cooperative; shall, unless otherwise determined by a vote of the members, be distributed by the Cooperative to its members as patronage allocations prorated in accordance with the patronage of the Cooperative by the respective members paid for during such fiscal year. Nothing herein contained shall be construed to prohibit the payment by the Cooperative to all or any part of its indebtedness prior to the date when the same shall become due.

Section 2 Non-Profit and Cooperative Operation: The Cooperative shall at all times be operated on a Cooperative, non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 3 Patronage Capital in Connection with Furnishing Electric Energy: In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members 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 members for all amounts received and receivable from operating revenue in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital. The Cooperative is obligated to allocate by credits to a capital account for each member all such amounts in excess of operating costs and expenses in proportion to the value or quantity of electric energy purchased by each member during the applicable fiscal year.

Section 4 Assignment and Notification: 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 member is clearly reflected and allocated in an appropriate record to the capital account of each member. The Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so allocated to the member's account. All such amounts allocated to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of the legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital. All current margins in the operations of the Cooperative shall be applied to accumulated deficits of the prior year or years of operation before allocation of capital credits.

Capital allocated to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest, or successors in occupancy in all or part of such member's premises served by the Cooperative unless the Board of Directors, acting under policies of general applications, shall determine otherwise.

All other amounts received by the Cooperative from sources other than operations (non-operating margins) that exceed the Cooperative's costs and expenses may be:

- 1) used to offset any losses incurred during the current or any prior fiscal year;

- 2) at the discretion and determination of the Board of Directors, be credited to a general unallocated reserve or
- 3) to the extent not needed for those purposes, allocated to its members on a patronage basis of electric energy purchased and any amount so allocated shall be included as a part of the capital credited to the accounts of members as herein provided.

Section 5 Retiring and Refunding Capital Credits: In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on an account of property rights to members. If at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part.

The Board of Directors in determining the method, basis, priority and order of retirement, if any, for all members shall, through resolution or motion, from year to year as such capital is retired, determine the method, basis, priority and manner to be used for the year in which said capital is retired. The Board of Directors in determining the method, basis, priority and order of retirement, if any, for all amounts furnished as capital by its members, may if appropriate, retire capital credits on a present value basis, or as is permissible by law.

The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion (power supply portion) of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules may:

- 1) establish the method for determining the power supply portion of capital credited to each member for each applicable fiscal year;
- 2) provide for separate identification on the Cooperative's books of the power supply portion of the capital credited to the Cooperative's members;
- 3) provide for appropriate notifications to members with respect to the power supply portion of capital credited to their accounts and
- 4) provide for the power supply portion of capital credited to members for any fiscal year to not be retired when other capital credited for the same fiscal year is retired.

If the legal representative of the member's estate shall request in writing that the capital credits of a deceased natural person be retired, then notwithstanding any other provisions of these Bylaws, the Board of Directors, at its discretion, shall have the power, at any time after the death of any natural member or in other cases, upon the Board's own motion, that capital credits attributed to the deceased member's account be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws or applicable policies. Such retirement of capital credits may be provisioned upon such terms and conditions as the Board of Directors, acting under the policies of general application to situations of like kind or as the Board of Directors and the legal representative of the estate of a deceased natural member may agree upon. The Board of Directors shall not be obligated to retire capital credits should it determine that the financial condition of the Cooperative may be impaired thereby.

The Board of Directors may enact policies to provide for the retirement of capital credits before priority of any member which is a natural person and has attained Medicare eligibility or is found to be Medicare eligible for the year or years in which a request for capital credit retirement is made.

Except upon the death of a member who is a natural person or as otherwise hereinafter provided, there shall be no retirement of capital credits before priority despite the insolvency, dissolution or cessation of existence of a member who is a natural or non-natural person. The dissolution, insolvency or bankruptcy of a corporation, limited partnership, limited liability company or similar entity, shall not constitute grounds for early retirement of capital credits as provided above.

The Cooperative, before retiring any capital credited to any member's account, shall recoup to the extent possible therefrom any amount owing by such member to the Cooperative, together with interest thereon at the rate charged by the Cooperative on overdue accounts when such amount became overdue or at the North Dakota legal rate on judgements in effect when such amount became overdue, whichever is higher.

To secure a member's obligation to pay amounts owed to the Cooperative, including any compounded or simple interest and late payment fee, and in return for the Cooperative providing a Cooperative Service to the member, the Cooperative has a security interest in capital credits allocated to the member. If necessary, the member authorizes the Cooperative to perfect this security interest by filing a financing statement.

Section 6 Donated Capital Credits: Any distribution of capital credits, which remain unclaimed six years after the date authorized for retirement or payment in cash, may be forfeited by the Board of Directors pursuant to North Dakota law by following the procedure listed below:

- 1) the check issued to the member must remain unclaimed for six years after the Board of Directors authorized payment of capital credits.
- 2) six months before forfeiture to the Cooperative, the Cooperative must mail a notice to the last known address of the former member advising the former member that the credits are available for payment. In the case there is no last known address, the Cooperative must publish, once a month for four months, a notice that the credits are available, including the name of the former member entitled to the payment, in a publication circulated among cooperative members and a newspaper of general circulation in the area.
- 3) the Board of Directors, six years after authorizing payment and complying with the above steps, can then declare the unclaimed payments forfeited to the Cooperative as contributed (donated) capital.

ARTICLE VIII DISPOSITION OF PROPERTY

The Board of Directors, without authorization by the members, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and 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 shall determine, to secure any indebtedness of the Cooperative.

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property, unless:

- 1) The Board of Directors adopts a resolution to sell, lease or otherwise dispose of all or any substantial portion of its property, and
- 2) such sale, lease or otherwise disposition of all or any substantial portion of Cooperative property is authorized by an affirmative vote of all the members of the Cooperative at a meeting where notice of such proposed sale, lease or other disposition was contained in the notice of the meeting.

A "substantial portion of its property" shall mean assets consisting of more than 10% of the gross value of the Cooperative's property.

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, North Dakota."

ARTICLE X FINANCIAL TRANSACTIONS

Section 1 Contracts: Except as otherwise provided by these Bylaws, the Board of Directors may authorize any officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2 Checks, Drafts, Etc: All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3 Deposits: Funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such banks, or entities as the Board of Directors may select.

Section 4 Changes in Rates: Written notice shall be given to the appropriate lending agencies as required.

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 that year.

ARTICLE XI MISCELLANEOUS

Section 1 Purposes for which the Cooperative is Organized: The purpose or purposes for which the Cooperative is organized are to engage in all lawful business, as authorized by the laws of the State of North Dakota, including, but not limited to the following:

- 1) To generate, manufacture, purchase, acquire and accumulate electric energy and to transmit, furnish, sell and dispose of such electric energy to its members;
- 2) To engage in any activity within the purposes of which Cooperatives may be organized and lawfully conduct business under Chapter 10-13 and Chapter 10-15 of the North Dakota Century Code, as determined by the Board of Directors of said Cooperative to be necessary to provide adequate services to its members and to the community, including the formation of one or more subsidiary business organizations to provide such services as may be permitted by law for the benefit of the Cooperative, its members or nonmembers, to the extent that such activities are not in violation of any federal or state laws applicable to rural electric Cooperatives or to the contractual agreements heretofore or hereafter made with the United States of America acting through the Rural Utility Service or its successor;
- 3) To engage in all lawful purposes as may be permitted for a Cooperative association under the laws of North Dakota.

The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers of this Cooperative and this Cooperative is authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon associations of the character of this Cooperative by the laws of the State of North Dakota now or hereafter in force and effect.

Section 2 Membership in Other Organizations: The Cooperative shall not become a member of any other organization without an affirmative vote of the Board of Directors or in accordance with policies which may be adopted by the Board of Directors from time to time.

Section 3 Waiver of Notice: Any member or Director may waive in writing or verbal acknowledgment, any notice of a meeting required to be given by these Bylaws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in the case of a member or Director who 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 4 Rules and Regulations: The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 5 Savings Clause: If any of the provisions of these Bylaws shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Bylaws, but rather the entire Bylaws shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the party shall be construed and enforced accordingly, to effectuate the essential intent and purposes of the Bylaws.

Section 6 Accounting System and Reports: The Board of Directors shall cause to be established and maintained a complete accounting system which, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the appropriate governmental agency. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of 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 following annual meeting.

ARTICLE XII AMENDMENTS

The Bylaws of McKenzie Electric Cooperative may be amended or repealed as follows:

METHOD 1 - AMENDMENT BY THE BOARD OF DIRECTORS:

These Bylaws may be added to, amended or repealed by a vote of two-thirds of the Board of Directors at any regular or special meeting of the Board of Directors, provided the notice of such meeting shall have contained a copy or summary of the proposed addition, amendment or repeal.

Any Bylaw adopted or amended by the Board of Directors shall be reported to the membership at the next annual membership meeting or special membership meeting called for that purpose or other purpose. Any such Bylaw shall be subject to amendment or repeal by the members.

METHOD 2 - AMENDMENT BY BOARD SPONSORSHIP:

The Board of Directors may also present to the membership any amendment or repeal of any portion of these Bylaws. Provided that no Bylaw may be added to, amended or repealed by the members unless the notice of the membership meeting shall have contained a copy or summary of the proposed amendment or repeal.

METHOD 3 - AMENDMENT BY THE MEMBERS OF THE COOPERATIVE:

A Bylaw may be added to, amended or repealed by a majority of the members present at a membership meeting. Any proposed Bylaw amendment or repeal by the membership without Board of Director sponsorship must be by Petition. The Petition shall be sponsored by the membership in the following matter:

- 1)** Members shall obtain a Petition to add, amend or repeal Bylaws. The Petition shall contain the full text of proposed Bylaw, amendment or repeal to be considered. The Petition shall be dated and contain the printed names, addresses and original dated signatures of members signing the same. The signatures on the Petition shall be obtained within sixty (60) days of the Petition date. At least fifty (50) Members entitled to vote on the Bylaw amendment or repeal shall have signed the Petition within the requirements stated above to have the proposed Bylaw, amendment or repeal considered.

- 2) The Petition shall be delivered to and received by the Cooperative at least ninety (90) business days prior to the Membership Meeting at which the Members will consider the proposed Bylaw, amendment or repeal.
- 3) The Petition shall be reviewed by the Board to determine whether it has complied with the requirements set out above. If the Petition is determined by the Board of Directors to be in compliance with the requirements set out above it shall be approved by the Board of Directors and presented at the next membership meeting that will allow the required notice of meeting to be given to the membership. If the Petition is determined by the Board not to be in compliance with the requirements set out above it shall be so resolved by the Board as such and not considered at membership meetings.
- 4) The Petition shall not be altered or modified after delivery to the Cooperative.

Where membership seeks to add, amend or repeal a Bylaw, the Notice of the meeting must contain, or be accompanied by, a copy or summary of the proposed Bylaw amendment, which the Board shall cause to be done, provided steps 1-4 immediately stated above are complied with.

QUORUM REQUIRED: In any case where Members vote to add, amend or repeal a Bylaw, the number of members eligible to vote at such meeting must be sufficient in number to constitute a quorum at any such meeting.

ARTICLE XIII RULES OF ORDER

Parliamentary procedures at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members of Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

**APENDIXX
REVISION AND ENACTMENT DATES**

ARTICLE I MEMBERSHIP Section 1 Membership – Revised 2018
ARTICLE I MEMBERSHIP Section 2 Evidence of Membership – Revised 2016, 2018
ARTICLE I MEMBERSHIP Section 3 Joint Membership – Revised 2016, 2020
ARTICLE I MEMBERSHIP Section 5 Service Deposits and Deductions – Revised 1986
ARTICLE I MEMBERSHIP Section 6 Purchase and Payment for Electric Service – Revised 1980, 1984, 2016
ARTICLE 1 MEMBERSHIP Section 7 Termination of Membership – Revised 1973, 2016
ARTICLE III MEETINGS OF MEMBERS Section 2 Special Meetings – Revised 2016
ARTICLE III MEETINGS OF MEMBERS Section 3 Notice of Member Meetings – Revised 2016, 2021
ARTICLE III MEETINGS OF MEMBERS Section 3.1 Manner of Holding Member Meetings and Attendance by Member at Member Meetings – New 2021
ARTICLE III MEETINGS OF MEMBERS Section 4 Quorum – Revised 2020
ARTICLE IV BOARD OF DIRECTORS Section 3 Director Qualifications – Revised 2012, 2016
ARTICLE IV BOARD OF DIRECTORS Section 5 Director Elections – Revised 2016
ARTICLE IV BOARD OF DIRECTORS Section 8 Director Removal – Revised 2016
ARTICLE IV BOARD OF DIRECTORS Section 9 Vacancy – Revised 2016
ARTICLE V MEETINGS OF DIRECTORS Section 2 Special Meetings – Revised 2021
ARTICLE V MEETINGS OF DIRECTORS Section 3 Notice of Special Director Meetings – Revised 2021
ARTICLE V MEETINGS OF DIRECTORS Section 5 Electronic Meeting Attendance – New 2021
ARTICLE 10 BOARD OF DIRECTORS Section 10 Director Compensation – Revised 2016
ARTICLE V MEETINGS OF DIRECTORS Section 1 Regular Meetings – Revised 1981, 2016
ARTICLE V MEETINGS OF DIRECTORS Section 2 Special Meetings – Revised 1981, 1984, 2016
ARTICLE V MEETINGS OF DIRECTORS Section 3 Notice of Special Meetings – Revised 2016
ARTICLE VI OFFICERS Section 1 Required Officers – Revised 2016
ARTICLE VI OFFICERS Section 2 President – Revised 2016
ARTICLE VI OFFICERS Section 3 Vice President – Revised 2016
ARTICLE VI OFFICERS Section 4 Secretary – Revised 2016
ARTICLE VI OFFICERS Section 5 Treasurer – Revised 2016
ARTICLE VI OFFICERS Section 8 Chief Executive Officer – Revised 2016
ARTICLE VI OFFICERS Section 15 Indemnification – Revised 2016
ARTICLE VII NON-PROFIT OPERATION Section 1 Disposition of Revenues & Receipts – Revised 2013
ARTICLE VII NON-PROFIT OPERATION Section 3 Patronage Capital – Revised 2013
ARTICLE VII NON-PROFIT OPERATION Section 4 Assignment & Notification – Revised 2013
ARTICLE VII NON-PROFIT OPERATION Section 5 Retiring and Refunding Capital Credits – Revised 2016, 2017
ARTICLE VII NON-PROFIT OPERATION Section 6 Donated Capital Credits – Revised 2016
ARTICLE X FINANCIAL TRANSACTIONS Section 5 Fiscal Year – Revised 1981
ARTICLE XI MISCELLANEOUS Section 1 Purposes for Which the Cooperative is Organized – Revised 1999
ARTICLE XI MISCELLANEOUS Section 2 Membership in Other Organizations – Revised 1986
ARTICLE XI MISCELLANEOUS Section 3 Waiver of Notice – Revised 2016
ARTICLE XI MISCELLANEOUS Section 5 Savings Clause – Revised 2018
ARTICLE XI MISCELLANEOUS Section 6 Accounting Systems and Reports – Revised 1981
ARTICLE XII AMENDMENTS – Revised 1999
ARTICLE XIII RULES OF POWER – Enacted 1986