

It Shall Be The Aim Of
CHERRY-TODD ELECTRIC COOPERATIVE, INCORPORATED
to make electric energy available to its members at the lowest cost
consistent with sound economy and good management.
AMENDED BY-LAWS AS OF SEPTEMBER, 2014

of
**CHERRY-TODD ELECTRIC COOPERATIVE,
INCORPORATED**

**ARTICLE I
Membership**

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Cherry-Todd Electric Cooperative, Incorporated, (hereinafter called the "Cooperative") by:

- (a) Making a written application for membership therein;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation and by-laws of the Cooperative and any rules and regulations adopted by the Board of Directors; and
- (d) Paying the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided by these by-laws.

SECTION 2. Joint Membership. A husband and wife or any other persons may apply for a joint membership and subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these by-laws shall be deemed to include a husband and wife or any other persons holding joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or director; provided that both meet the qualifications for such office.

SECTION 3. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement of such holder and his or her spouse to comply with the Articles of Incorporation, by-laws and rules and regulations adopted by the Board of Directors.
- (b) Upon the death of either person who is a party to the joint membership, such membership shall be held solely by the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 4. Membership. The membership fee shall be \$5.00.

SECTION 5. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefor at rates

which shall from time to time be fixed by the Board of Directors. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these by-laws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed- by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 6. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all the directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, by-laws or rules or regulations adopted by the Board of Directors, but only if such members shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such 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 Directors or by vote of the members at any Annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be cancelled by resolution of the Board of Directors.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid in cash by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative.

ARTICLE II

Rights and Liabilities of Members

SECTION 1. Property Interest of Members. Upon dissolution after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these by-laws, the remaining property and assets of the Cooperative shall be distributed among the members 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 liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

Meetings of Members

SECTION 1. Annual Meeting. Beginning with the year 2015 the Annual Meeting of the members shall be held during the months of September or October of each year in the Counties of Todd and Mellette, State of South Dakota, and in the County of Cherry, State of Nebraska, according to the following schedule:

YEAR	ANNUAL MEETING LOCATION
2015	Mellette County, South Dakota
2016	Todd County, South Dakota
2017	Cherry County, Nebraska

with the Annual Meeting location, beginning with the year 2018 and thereafter, to be rotated among the Counties of Todd and Mellette, State of South Dakota, and the County of Cherry, State of Nebraska, according to the sequence of the above schedule. The time and place of the Annual Meeting shall be designated in the Notice of the Meeting and the Annual Meeting shall be held for the purpose of electing Directors, passing upon reports of the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the Board of Directors or upon a written request signed by any three Directors, 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 at any place within the Counties of Todd or Mellette, State of South Dakota, or within the County of Cherry, State of Nebraska, specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or Annual Meeting at which business requiring special notice 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 members at any such meeting.

SECTION 4. Quorum. As long as the total number of members does not exceed 500, ten per centum of the total number of members, present in person, shall constitute a quorum. In case the total number of members shall exceed 500, 50 members shall constitute a quorum. If less than a quorum is present at any meeting, the majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

SECTION 5. Voting. Each member shall be entitled to any one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Conversion or these by-laws.

SECTION 6. Order of Business. The order of business at the Annual Meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meetings, as the case may be;
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
4. Presentation and consideration of reports of officers, directors and committees;

5. Election of Directors;
6. Unfinished business;
7. New business;
8. Adjournment.

ARTICLE IV Directors

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

SECTION 2. Zoning of Area for Election and Qualifications of Directors. For the purpose of election and qualification of Directors, the area comprising the Cherry-Todd Electric Cooperative, Incorporated, territory shall be divided into zones from which Directors of the Cooperative shall be elected as follows:

- (a) Zone 1, shall consist of all of Mellette County, South Dakota, and shall be entitled to two (2) Directors;
- (b) Zone 2, shall consist of all of Todd County, South Dakota, and shall be entitled to two (2) Directors;
- (c) Zone 3, shall consist of all the territory served by said Cooperative in Cherry County, Nebraska, and shall be entitled to two (2) Directors;
- (d) Zone 4, shall consist of the territory comprising Zones 1, 2, and 3 above and shall be entitled to one (1) Director who shall be designated as a Director at Large.

From and after the Annual Meeting of the members in the year 2004, for the purpose of election and qualification of Directors, the area comprising the Cherry-Todd Electric Cooperative, Incorporated, territory shall be divided into zones from which Directors of the Cooperative shall be elected as follows:

- (a) Zone 1, shall consist of all of Mellette County, South Dakota, and shall be entitled to two (2) Directors;
- (b) Zone 2, shall consist of all of Todd County, South Dakota, and shall be entitled to three (3) Directors;
- (c) Zone 3, shall consist of all the territory served by said Cooperative in Cherry County, Nebraska, and shall be entitled to two (2) Directors;
- (d) Zone 4, shall consist of the territory comprising Zones 1, 2, and 3 above and shall be entitled to one (1) Director who shall be designated as a Director at Large.

In the event the territory of the Cooperative should be enlarged in the future, the enlarged portion shall become a part of the zone numbered from 1 to 3 as above described with the exterior boundary of which it has the greatest distance of its own exterior boundary contiguous.

SECTION 3. The persons named as Directors in the Articles of Conversion shall compose the Board of Directors until the first annual meeting or until their successors shall have been elected and shall have qualified. At the Annual Meeting of the members in the year 1953, they shall elect two Directors for a term of one year, two Directors for a term of two years and three Directors for a term of three years and thereafter at each Annual Meeting of members they shall elect Directors for a term of three years each to fill the vacancies created by those whose terms expire respectively. In addition to the Directors to be elected at the Annual Meeting of the members in the year 2004, they shall elect one Director from Zone 2 for a term of one year. At the expiration of the initial one-year term of office of said Director, his or her successor shall be elected to serve a term of three years. All Directors shall be elected by secret ballot by and from the members at said meetings and for the terms as above specified or until their successors shall have been elected and shall have qualified. If any election shall not be held on the day

designated herein for the Annual Meeting or at any adjournment thereof, a special meeting of members shall be held for the purpose of electing Directors with a reasonable time thereafter. Directors may be elected by a plurality vote of the members.

SECTION 4. Qualifications. No person shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who:

- (a) is not a member and bona fide resident in the area served by the Cooperative; or
- (b) is in any way employed by or financially interested in a competing enterprise of a business selling electric energy or supplies to the Cooperative; or
- (c) is, and during the five (5) years immediately prior to becoming a Director has been, convicted of a felony, or who pleads, and during the five (5) years immediately prior to becoming a Director has plead, guilty to a felony.

Upon the establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such Director from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 5. Nominations. Any fifteen members acting together may make nominations by petition ("Member Petition") not fewer than thirty days prior to the date of the meeting of the members at which Directors are to be elected, under the following terms and conditions:

- (a) Each Member Petition shall list on each page thereof the name of the nominee and the Director position for which the nominee will run;
- (b) Each Member Petition shall contain the printed names, addresses and telephone numbers, and original dated signatures signed within sixty days of the first signature, of at least fifteen nominating members;
- (c) The Director Qualification Certification Declaration at the top of the Member Petition must be completed at the principal office of the Cooperative and prior to circulation for signatures;
- (d) Signatures of nominating members must be obtained between the date of the candidate's signed Director Qualification Certification Declaration and the circulator's Verification; and
- (e) The Member Petition circulator must be a member of the Cooperative who is at least eighteen years of age. The Member Petition circulator must personally witness each signature on the Member Petition being circulated. The Member Petition's Verification must be completed following circulation and must include the circulator's printed name and complete address and must be signed under oath before a notary public.

After verifying that each Member Petition complies with this by-law, the Secretary shall post such nominations at the principal office of the Cooperative. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least seven days before the date of the meeting, a statement of the number of Directors to be elected and the names and addresses of the candidates. There shall be no nominations from the floor.

SECTION 6. Removal of Directors by Members. Any member may bring charges against a Director and, by filing with the Secretary such charges in writing together with a petition signed by at least 10% of the members, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by council and present evidence in respect of the charges; and the person or persons bringing the

charges against him shall have the same opportunity. The question of removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 7. Vacancies. Subject to the provisions of these by-laws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors of the unexpired portion of the term.

SECTION 8. Compensation. Directors shall not receive any salary for their services as Directors, except that by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting attended by Directors on matters pertaining to cooperative business. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service of such Director or close relative shall have been certified by the Board of Directors as an emergency measure.

ARTICLE V

Meeting of Directors

SECTION 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice, immediately after, and at the same place as the Annual Meeting of the members. The regular meeting of the Board of Directors shall also be held monthly at such time and place in Todd County, South Dakota or in Cherry County, Nebraska as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution effecting the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or by any three Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place (which shall be in Todd County, South Dakota or Cherry County, Nebraska) for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each Director 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 Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

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 quorum is present shall be the act of the Board of Directors.

ARTICLE VI

Officers

SECTION 1. Number. The officers for the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board of Directors at the Meeting of the Board of Directors held immediately after the Annual Meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors 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 Directors for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgement, the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors.
- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

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

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

- (a) keeping the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these by-laws or as required by law;
- (c) being the custodian of the corporate records and of the seal of the Cooperative and affixing the seal of the Cooperative 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) keeping a register of the names and post office addresses of all members;
- (e) having general charge of the books of the Cooperative;
- (f) keeping on file at all times a complete copy of the Articles

of Incorporation and by-laws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, forward a copy of the by-laws and of all amendments thereto to each member; and

- (g) generally performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- (a) having charge and custody of and being responsible for all funds and securities of the Cooperative.
- (b) the receipt of and the issuance of receipts for all monies due and payable to the cooperative and for the deposit of all such monies 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) generally performing all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 8. Manager. The Board of Directors 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 Directors may from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors, subject to the provisions of these by-laws with respect to compensation for Directors and close relatives of Directors.

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. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, 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, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy 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 patrons, members and non-members alike, as capital. The Cooperative is obligated to 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 be:

- (a) used to offset any losses incurred during the current or any prior fiscal year and;
- (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

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 account of property rights of 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 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.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provisions of these by-laws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such person immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial conditions of the Cooperative will not be impaired thereby. After perfection in a manner allowed by law, to secure payment of any amounts owed by a patron or former patron to the Cooperative, the Cooperative has a perfected security interest in the capital credits of every patron and former patron. Before retiring and refunding any capital credits, the Cooperative may deduct from the capital credits any amounts owed to the Cooperative by the patron or former patron. The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Conversion and by-laws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the by-laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 3. Patronage Refunds In Connection With Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy all amounts received and receivable therefrom which are

in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

SECTION 4. Assessment of Subscription Fee. There may be included in the energy rates of members, or the Board of Directors shall have power to assess and charge against the capital credit account of any patron, member or non-member, an annual subscription fee for an informational newsletter distributed by the Cooperative, such fee to be assessed in an amount that will cover the actual cost for publishing and mailing for member patrons.

SECTION 5. Assignment and Gift by Failure to Claim.

- (a) Notwithstanding any other provisions of the by-laws, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the Cooperative within three (3) years after payment of the same has been made available to him by check mailed to him at his last address furnished by him to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such member of such capital credit or other payments to the Cooperative.
- (b) Failure to claim any such payment within the meaning of this section shall include the failure of such patron or former patron to cash any check mailed to him by the Cooperative at the last address furnished by him to the Cooperative.
- (c) The assignment and gift provided for under this section shall become effective only upon the expiration of three (3) years from the date when such payment was made available to such patron or former patron without claim therefor and only after the further expiration of sixty (60) days following the giving of a notice by mail or publication, that unless such payment is claimed within sixty (60) days, such gift to the Cooperative shall become effective.
- (d) The notice by mail herein provided shall be one mailed by the Cooperative to such patron or former patron at the last known address. If notice by publication is given, such publication shall be one insertion in a newspaper circulated in the service area of the Cooperative.
- (e) The sixty (60) day period following the giving of such notice, either by mail or publication, shall be deemed to terminate sixty (60) days after the mailing or publication of such notice.

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 notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon/or the pledging or 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 after the close of the fiscal year notify each patron of the amount 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.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to United States of America or any instrumentality or agency thereof or to secure any indebtedness of the Cooperative to the National Rural Utilities Cooperative Finance Corporation, or any other lending agency; provided further, that the Board of Directors may, upon the authorization of a majority of those members present at a meeting of the members thereof, sell, lease or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this state pursuant to the act under which this Cooperative is incorporated, or to a Municipality or other body politic or sub-division thereof.

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, South Dakota."

ARTICLE X

Financial Transactions

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

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

SECTION 3. Deposits. All funds of the cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

SECTION 4. Change of Rates. Written notice shall be given to the Administrator of the Rural Utility Service 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 become effective.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI

Miscellaneous

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board of Directors purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the purpose of acquiring electric facilities, and provided further that the Cooperative may upon the authorization of the Board of Directors purchase stock in or become a member of any building and loan or

savings and loan association for the purpose of investing cash funds of the Cooperative in such association, provided, that the investment is fully insured by Federal Savings and Loan Corporation.

SECTION 2. Waiver of Notice. Any member or Director may waive in writing any notice of a meeting required to be given by these by-laws. 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 case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 3. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with law, the Articles of Incorporation or these by-laws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utility Service of the United States of America. The Board of Directors shall also cause to be made by a certified public accountant a full and complete audit of the accounts, books, and financial condition of the Cooperative yearly. A report of such audit shall be submitted to the members at the next following Annual Meeting.

SECTION 5. Indemnification. Each Director, officer and employee of the Cooperative now or hereafter serving as such, shall be indemnified by the Cooperative against any and all claims and liabilities to which he has or shall become subject by reason of serving or having served as such Director, officer or employee, or by reason of any action alleged to have been taken, omitted or neglected by him as such Director, officer or employee; and the Cooperative shall reimburse each such person for all legal expenses reasonably incurred by him, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

The right of indemnification hereinabove provided for shall not be exclusive of any rights to which any Director, officer or employee of the Cooperative may otherwise be entitled by law.

The Cooperative's obligation of indemnity and defense as herein stated above shall not apply to any claim to the extent that the Cooperative has purchased valid, enforceable and collectible liability insurance that applies to such claim; but this indemnity shall, notwithstanding the existence of such insurance, to the extent of liability in excess of the limits of such insured coverage be applicable to that claim, unless this exception would, by the terms of such insurance policy, exclude the claim from coverage thereunder.

ARTICLE XII

Amendments

These by-laws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

This institution is an equal opportunity provider and employer.