

Upper Missouri G & T Electric Cooperative, Inc.

By-Laws



Dates of Revision

February 19, 1980
March 30, 1984
March 11, 1986
December 4, 1987
March 20, 1992
March 14, 2003
March 5, 2013
March 21, 2014
April 22, 2015
April 8, 2021

BY-LAWS
OF
UPPER MISSOURI G&T ELECTRIC COOPERATIVE, INC.

ARTICLE I

MEMBERSHIP

SECTION I. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in UPPER MISSOURI G&T ELECTRIC COOPERATIVE, INC. (hereinafter called the "Cooperative") by:

- (a) Executing a written application for membership therein;
- (b) 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 Trustees; and
- (c) Paying the membership fee which shall be \$500.00; unless, by a majority vote of the Board of Trustees or members present at any properly called meeting where notice of such proposal shall have stated such action would be submitted to the membership of such meeting, the payment of a membership fee shall have been waived or deferred.

Provided, however, that no applicant shall become a member unless and until he or it has been accepted for membership by a 2/3 vote of the Board of Trustees or a 2/3 vote of all of the members of the Cooperative. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable.

At each meeting of the members held subsequent to the expiration of a period of six months from the date of incorporation of the Cooperative, all applications received more than ninety days prior to such meeting which have not been accepted or which have been rejected by the Board of Trustees shall be submitted by the Secretary to such meeting, and subject to compliance by the applicant with the requirements hereinabove set forth, any such application may be accepted by a 2/3 vote of all of the members of the Cooperative. The Secretary shall give each such applicant at least ten days written notice of the date of the members' meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2. Membership Certificates. Membership in the Cooperative may be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these By-Laws, nor until such membership

fee has been fully paid for in cash. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore, upon such uniform terms and indemnity to the Cooperative as the Board of Trustees may prescribe.

SECTION 3. Annual Dues. The annual dues may be fixed annually by the Board of Trustees.

SECTION 4. Purchase of Electric Energy. Any member, including an incorporator, shall cease to be a member of the Cooperative if it shall refuse to purchase electric energy tendered to such member by the Cooperative if the amount tendered is adequate for its needs provided that no member shall be required to purchase electric energy where such member has existing at the time the Cooperative is formed contractual obligations to purchase power from other sources.

SECTION 5. Termination of Membership. (a) A member may withdraw from membership upon compliance with such equitable terms and conditions as the Board of Trustees may prescribe, provided, however, that no member shall be permitted to withdraw until he has met all of its or his contractual obligations to the Cooperative. The Board of Trustees may, by the affirmative vote of not less than two-thirds of all the Trustees recommend the expulsion of 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 Trustees from time to time, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him or it liable to expulsion from membership, and such failure shall have continued for at least ten days after such notice was given. Within thirty days after the Board shall have recommended expulsion of a member, a meeting of the members shall be held at which such member shall be given an opportunity to present his case by counsel or otherwise, and the Board shall have the same opportunity, after which a vote shall be taken on the expulsion of such member. An affirmative vote by two-thirds of the members present at the meeting shall be required in order to expel a member. The resolution of expulsion shall set forth the reasons for the expulsion and shall state the conditions on which the expelled member may be readmitted to membership.

(b) Upon the withdrawal, cession of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member from any debts due the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Members shall have no individual or separate interest in the property or assets of the Cooperative except that 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 returned, as provided by 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. The Annual Meeting of the members shall be held on or before September 1 of each calendar year beginning calendar year 2015. The time and place shall be fixed by the Board of Trustees within the territory served by the Cooperative, at least 30 days prior to the notice of the meeting, for the purpose of electing Trustees, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting.

It shall be the responsibility of the Board of Trustees 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 meeting of the members may be called by resolution of the Board of Trustees or upon a written request signed by any three Trustees, by the President, or by three or more of all the 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 territory served by the Cooperative specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an 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 thirty days before the date of the meeting either personally, by mail or by electronic mail or facsimile transmission, by or at the direction of the President or the Secretary or the persons calling the meeting to each member and to each person serving as delegate in accordance with the provisions of Section 4 of this Article. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member (or to the delegate) at its or his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member or delegate to receive notice of an Annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Delegates. The Trustees and Manager of each corporate member or such other representatives as may be elected by the members not exceeding ten in number shall be the delegates of such member and shall represent it at meetings of members of the Cooperative. Not less than fifteen (15) days before each Annual Meeting of the members of the Cooperative, the Secretary of each

member shall certify to the Secretary of the Cooperative the number of delegates to which the member is entitled, and the name and address of each delegate, and also the name of a nominee for Trustee from said member. The Secretary of each member shall inform the Secretary of the Cooperative in writing of any change of delegates or nominees.

SECTION 5. Quorum. Delegates representing at least a majority of the members, and constituting a body of not less than one delegate from each of such majority of the members of the Cooperative, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 6. Voting. At all meetings of the members at which a quorum is present all questions shall be decided by vote of a majority of the members voting thereon except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the member. Except as hereinafter provided, the vote of each corporate member shall be cast by a chairman selected by and from its delegates. In the absence of an instructed vote on any matter by direction of the Board of Trustees or by the members of a corporate member, the chairman shall poll the delegates representing such member and the vote of such member shall be the vote of a majority of the delegates of the member present at the meeting.

SECTION 7. Proxy and Mail Voting. Voting by proxy or by mail shall not be permitted.

SECTION 8. Order of Business. The order of business at the Annual Meeting of the members and, so far as practicable, at all other meeting of the members, shall be essentially as follows:

1. Call to Order
2. Report upon the members represented and the number of delegates present, for the purposes of determining the establishment of a quorum.
3. Reading of the notice of the meeting and proof of the due mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
4. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
5. Presentation and consideration of reports of Officers, Trustees and Committees.
6. Nomination and election of Trustees.
7. Unfinished business.
8. Adjournment.

SECTION 9. Electronic Meetings. Members may participate in any meeting of the members by any means of a conference telephone, video conferencing technology, or similar communication equipment by means of which all persons participating in the meeting can hear each other (“Electronic Means”). Participation in a meeting in such a manner shall constitute presence in person at such meeting. Such meetings may be partially or wholly conducted using Electronic Means.

ARTICLE IV

TRUSTEES AND ALTERNATE TRUSTEES

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a Board of Trustees which shall consist of one Trustee from each member cooperative and which shall have all of the powers conferred upon it by the laws of the State of Montana, the Cooperative's Articles of Incorporation and by these By-Laws.

SECTION 2. Qualifications. No person shall be eligible to become or remain a trustee or alternate trustee who is not a trustee or director of a member cooperative of the Cooperative.

SECTION 3. Election and Tenure of Office. Each member shall be entitled to elect one trustee who shall serve at the pleasure of and for such a term as the governing board of that member shall, in its sole discretion, determine.

SECTION 4. Alternate Trustees. Each member shall be entitled to elect one alternate trustee who shall serve at the pleasure of and for such a term as the governing board of that member shall, in its sole discretion, determine. In the event that a trustee is temporarily unable to serve as a member of the Board of Trustees of this Cooperative or is unable or fails to attend any meeting of the Board of Trustees, the trustee who is unable or fails to serve or the governing board(s) of such member organization(s) that elected the trustee who is unable or fails to serve shall notify the alternate trustee elected by such governing board(s) of such member organization(s) who shall act as its temporary trustee.

If there shall be a vacancy other than a temporary inability to serve (as described above), amongst the Trustees appointed by one of the members, that member shall be notified of its obligation to elect a replacement trustee and to notify the Cooperative of that replacement.

SECTION 5. Removal of Trustees by Members. Any member may bring charges against a trustee or alternate trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least three of the members, may request the removal of such trustee or alternate trustee by reason thereof.

Such trustee or alternate trustee 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 the opportunity at the meeting to be present in person and/or represented by counsel and to present evidence in respect of the charges. The person or persons bringing the charges against him or her shall have the same opportunity. The question of the removal of such trustee or alternate trustee shall be considered and voted upon at the meeting of the members and any vacancies created by such removal may be filled by vote of a majority of the members at such meeting.

SECTION 5. Compensation. Trustees and alternate trustees shall not receive any compensation for their services as trustees or alternate trustees except that by resolution of the Board of Trustees a fixed sum, including expenses of attendance, if any, may be allowed for: (a) Attending each meeting of the Board of Trustees or any committee thereof; (b) Representing the Cooperative at any meeting or function whenever authorized by the Board of Trustees.

No trustee nor alternate trustee shall receive compensation for serving the Cooperative in any other capacity nor shall any close relative of a trustee or alternate trustee receive compensation for serving the Cooperative unless the payment and amount of compensation is specifically authorized by a vote of the members or the service by such trustees, alternate trustees or close relative shall have been certified by the Board of Trustees as an emergency measure.

ARTICLE V

MEETINGS OF TRUSTEES

SECTION 1. Organization and Regular Meetings. An organizational meeting of the Board of Trustees shall be held without notice, immediately after, and at the same place as the Annual Meeting of the members. A regular meeting of the Board of Trustees shall also be established at such time and place as the Board of Trustees may provide by resolution.-

SECTION 2. Special Meetings. Special meeting of the Board of Trustees may be called by the President or by any three Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Trustees calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Trustees' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered to each Trustee not less than ten days previous thereto, either personally, by mail or by electronic mail or facsimile transmission, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Trustees at his address as it appears on the records of the Cooperative with postage thereon paid.

SECTION 4. Presence of Others. Any Delegate, Manager, Director or Trustee of a member shall be entitled to be present at any Board Meeting and shall have a voice in the proceedings, provided, however, that only Trustees of the Cooperative shall be entitled to vote.

SECTION 5. Vacancies. Subject to the provisions of Article IV, Section 5 of these By-Laws any vacancy occurring on the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term. The Board member so appointed shall be a member of the Cooperative from which the vacancy occurred.

SECTION 6. Electronic Meetings. Trustees may participate in any meeting of the Board of Trustees by any Electronic Means. Participation in a meeting in such a manner shall constitute presence in

person at such meeting. Such meetings may be partially or wholly conducted using Electronic Means.

ARTICLE VI

OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board of Trustees from time to time. The officers 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 Trustees at the meeting of the Board of Trustees 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 Trustees following the next succeeding Annual Meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Trustees. Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by three 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 to be present and/or represented by counsel at the meeting 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, otherwise determined by the members of the Board of Trustees, shall preside at all meetings of the members and the Board of Trustees.
- (b) Sign, with the Secretary, certificates of membership, the issues which shall have been authorized by the Board of Trustees or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof, shall be expressly delegated by the Board of Trustees 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.

- (c) In general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees 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 to him by the Board of Trustees.

SECTION 6. Secretary. The Secretary shall be responsible for and the supervision thereof:

- (a) Keeping the minutes of the meetings of the members and of the Board of Trustees in one or more books provided for that purpose;
- (b) The giving of all notices given in accordance with these By-Laws as required by law;
- (c) The keeping of the corporate records and of the Seal of the Cooperative and affix the Seal of the Cooperative to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws;
- (d) Keeping of a register of the names and post office addresses of all members;
- (e) The signing, with the President, certificates of membership, the issue of which shall have been authorized by the Board of Trustees of the members;
- (f) The books of the Cooperative;
- (g) The keeping on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Cooperative containing all amendments thereof (which copy shall 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; in general perform 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 Trustees.

SECTION 7. Treasurer. The Treasurer shall:

- (a) In general perform all the 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 Trustees.

SECTION 8. Manager. The Board of Trustees may appoint a Manager who shall perform such duties and shall exercise such authority as the Board of Trustees may from time to time vest in him. The Manager shall not be eligible to serve as a Director of the Cooperative.

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

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

SECTION 11. Reports. The Officers of the Cooperative shall submit at each Annual Meeting of the members' reports covering the business of the Cooperative for the previous fiscal year. Such report 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 will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy 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 as capital. The Cooperative is obliged 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 after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

The Cooperative may (a) Establish a method of determining the power supply portion of capital credited to each patron for each applicable fiscal year. (b) Provide for separate identification on the

Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons. (c) Provide for appropriate notification to the patrons with respect to the power supply portion of capital credited to their accounts and (d) Preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to the patrons for the same year of any capital credited to patrons for any prior fiscal year.

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 Trustees 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 or priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. Notwithstanding any other provision of the By-Laws, the Board of Trustees, at its discretion, shall have the power to retire capital credits and determine the application and make policy in regard thereto.

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 in the business or the physical assets of such patron unless the Board of Trustees, acting under the policies of general application shall determine otherwise.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the 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 there from 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 from whom such amounts were obtained.

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 duly held meeting of members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting' provided, however, that notwithstanding anything herein contained, or any other provisions of law, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have the 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 encumbrances 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 of Trustees shall determine, to secure any indebtedness of the Cooperative to the United States of America, or any instrumentality or agency thereof, or to any other financing sources within the United States; provided, further that the Board may, upon the authorization of a majority of those members of the Cooperative voting 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 the Cooperative is incorporated.

ARTICLES IX

FINANCIAL TRANSACTIONS

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

SECTION 2. Checks, Drafts, Etc. All checks, drafts, or other orders for 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 Trustees.

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 Trustees may select. Nothing herein shall be construed to prohibit the Board of Trustees from investing moneys not required for immediate operations of the Cooperative in interest bearing bonds of the United States government, municipal, county or state political subdivisions, bonds of this or other cooperatives, or any other investment insured by an agency of the United States government.

SECTION 4. Change in Rates. When required by law or contract written notice shall be given to the United States Department of Agriculture Rural Utilities Service or its successor agency ("RUS") not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

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

SECTION 6. Restrictions on Power Supply Decisions. The Cooperative shall not (1) enter into any power supply contract in excess of 20% of the Cooperative's existing load, or (2) build generation to be owned by the Cooperative which has an output in excess of 10 MW or of 20% of the Cooperative's projected sales to its members (whichever is less), without such power supply contract or generation project first having been approved by a three-fifths majority of its members. The vote required in this section shall not be taken without the Cooperative having first conducted or commissioned a load forecast study, which study justifies the Cooperative's execution of such a contract or construction of such generation. The load forecast study must be undertaken in conformity with any applicable criteria or guidelines published by RUS. The load forecast study and proposed power supply contract and/or generation project pro forma shall be provided to each of the members no less than thirty (30) days prior to such vote.

ARTICLE X

MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organizations 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 Trustees, purchase stock in or become a member of (a) Any corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, (b) With the approval of RUS, any other corporation for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice. Any member, delegate, or trustee may waive in writing any notice of a meeting required to be given by these By-Laws. The attendance of a member, delegate or trustee at any meeting shall constitute a waiver of notice of such meeting by such member, delegate or trustee, except in case of a member, delegate or trustee shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not lawfully called or convened.

SECTION 3. Rules and Regulations. The Board of Trustees 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 Trustees 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 be from time to time designated by RUS. The Board of Trustees shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the

members at the next following Annual Meeting.

SECTION 5A. Liability Indemnification. The Cooperative shall indemnify, to the full extent permitted by law, any Trustees, Officers, Employees or Agents of the Cooperative as set forth in Section 35-1-414, M.C.A., as now enacted or hereafter amended.

This right of indemnification shall encompass any proceedings in which said Trustee, Officer, Employee, or Agent of the Cooperative or is or was serving at the request of the Cooperative as a Director, Officer, Partner, Trustee, Employee or Agent of another foreign or domestic corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan provided, however, that:

- (a) He conducted himself in good faith; and
- (b) He reasonably believed:
 - (1) In the case of conduct in his official capacity with the Cooperative that his conduct was in its best interest; and
 - (2) In all other case, that his conduct was at least not opposed to its best interest; and
 - (3) In the case of any criminal proceeding he has no reasonable cause to believe his conduct was unlawful.

Indemnification shall be against judgments, penalties, fines, settlements, and reasonable expenses, actually incurred by the Trustee, Officer, Employee or Agent, in connection with the proceeding, and the procedure for determining indemnification shall be that procedure set forth in Section 35-1-414 (5) and (6), M.C.A.

The right of indemnification hereinabove provided shall not be exclusive of any rights to which any Trustee, Officer, Employee or Agent of the Cooperative may otherwise be entitled by law.

Any indemnification of or advance of expenses to a Trustee, Officer, Employee or Agent in accordance with this section, if arising out of a proceeding by or in the right of the corporation, shall be reported in writing to the membership with the notice of the next members meeting or before.

SECTION 5B. Liability Indemnification Insurance. The Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a Trustee, Officer, Employee or Agent of the Cooperative, is or was serving at the request of the Cooperative as a Director, Officer, Partner, Trustee, Employee or Agent of another foreign or domestic corporation, partnership, joint venture, trust or enterprise, or of an employee benefit plan, against any liability asserted against him and incurred by him in any such capacity or arising out of his status of such whether or not the Cooperative would have the power to indemnify him against any such liability.

ARTICLE XI

EMERGENCY BYLAWS

SECTION 1. Applicability. The Emergency Bylaws provided in this Article XI shall be operative upon (i) an act of war, terrorism, or catastrophic civil disorder; (ii) the actual, suspected, or threatened presence of contamination by radioactive, toxic, explosive, other hazardous or deleterious substances, any contagion, virus, bacteria, or other organic or inorganic substance generally harmful to human or animal health; (iii) an order of a federal, state, local, governmental body, agency, or court having authority or jurisdiction over the Cooperative, or any other person or group asserting such power (whether lawful or not) invoking emergency powers or instituting emergency procedures; (iv) incidents of exceptional adverse weather conditions; (v) earthquake or any other natural disaster of overwhelming proportions; (vi) discontinuation of electricity supply of any other utility or other power supplier to the Cooperative; or (vii) any unforeseeable circumstance beyond the control of the Cooperative, which causes the Board of Trustees to be unable to hold meeting or conduct business in accordance with the normal meeting procedures set forth in Article V of these Bylaws (each, an “Emergency”).

SECTION 2. Cooperative Business. During an Emergency, the business of the Cooperative shall continue to be governed and directed, and the management of the business and affairs of the Corporation shall continue to be overseen, by the Board of Trustees in office at the time an Emergency arises and who are available to act during the Emergency. A member of the Board of Trustees shall be deemed unavailable to act if he or she shall fail to attend a Board of Trustees meeting called in the manner provided in Section 3(a) of this Article XI.

SECTION 3. Procedure. During an Emergency, the Board of Trustees shall be governed by the following basic procedures and shall have the following specific powers and authority in addition to all other powers and authority which it would otherwise have: (a) meetings of the Board of Trustees may be called by any Trustee by using any reasonably available means of communication in an effort to contact each member of the Board of Trustees; (b) in all cases, the number of Trustees in attendance at a Board of Trustees meeting called in the manner provided in Section 3(a) of this Article XI to act shall constitute a quorum, which may act by majority vote; (c) the Board of Trustees may establish any additional procedures and may amend any of the provisions of this Article XI concerning the interim governance and directing, and oversight of the management and affairs of, the Cooperative during an Emergency if it considers it to be in the best interests of the Cooperative to do so; and (g) to the extent that it considers it practical to do so, the Board of Trustees shall govern and direct, and oversee the management and affairs of, the Cooperative during an Emergency in a manner which is consistent with these Bylaws. It is recognized, however, that it may not always be practical to act in this manner in an Emergency. Accordingly, this Emergency Bylaw is intended to empower and hereby empowers the Board of Trustees with the maximum authority possible under all applicable Page 16 laws to conduct the interim governance and directing, and oversight of the management and affairs of, the Cooperative in an Emergency in what the Board of Trustees considers to be in the best interests of the Cooperative.

ARTICLE XI

AMENDMENTS

These By-Laws may be altered, amended or repealed by 2/3 of all the members of the Cooperative at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.