

The Articles of Incorporation and By-Laws of Renville-Sibley Cooperative are amended and restated as follows:

ARTICLE I

Section 1. The name of this Association shall be THE RENVILLE-SIBLEY COOPERATIVE POWER ASSOCIATION.

Section 2. The conduct of the business of this Association shall be upon the cooperative plan, and the purpose from which it is formed are to sell, provide, deliver, furnish or distribute electric energy to our members, other services to our members and non-members and to engage in any other lawful business.

This Association shall be authorized to exercise and enjoy all of the powers, rights, and privileges granted to or conferred upon Associations of the character of this Association by the laws of the State of Minnesota now or hereafter in force.

Section 3. The registered office and principal place of transacting the business of the Association is at 103 Oak Street, PO Box 68, Danube, Minnesota 56230.

ARTICLE II

The period of duration of this Association shall be perpetual.

ARTICLE III

This Association is organized on a non-stock, membership basis. The Association will maintain appropriate membership records.

ARTICLE IV

The highest amount of indebtedness to which this Association shall at any time be subject shall be unlimited.

ARTICLE V

Section 1. Any person may become a member of this Association by purchasing electric service furnished by this Association.

(a) Pay all obligations owing to this Association as and when the same become due;

(b) Comply with such rules and regulations as may be adopted by the Board of Directors of this Association.

Section 2. The By-Laws of this Association may define and fix the duties and responsibilities of the members, officers, and directors, and may also contain any other provision for the regulation of the business and affairs of this Association not inconsistent with the Articles of Incorporation or the laws of the State of Minnesota.

ARTICLE VI

The fiscal year of this Association shall commence on the first day of January and end on the thirty-first day of December of each year.

ARTICLE VII

No director of this cooperative shall be personally liable to this cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for liability:

- a) For a breach of the director's duty of loyalty to this cooperative or its members;
- b) For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- c) For a transaction from which the director derived an improper personal benefit;
or
- d) For an act or omission occurring prior to the date when the provisions of this Article (or predecessor thereto) became effective.

ARTICLE VIII

This Association reserves the right to amend, alter, change, or repeal any provision contained in these articles of Incorporation in the manner now or hereafter prescribed by law.

BY-LAWS

ARTICLE I. MEMBERS

Section 1. Qualifications and Obligations.

Any person or entity may become a member of the Cooperative by: (a) agreeing to purchase from the Cooperative the amount of electric service hereinafter in Section 2 of this article specified; and (b) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these By-Laws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors; provided, however, that no person or entity, except the Incorporators of the Cooperative, shall become a member in the Cooperative unless and until the person or entity has been accepted for membership by the affirmative vote of a majority of the members of the Board of Directors; provided, further, however, that if any applicant's application for membership has not been accepted or has been rejected by the Board of Directors prior to the first meeting of the members following the date of the application, such application shall be submitted to such meeting by the Board of Directors and subject to compliance with the conditions set forth in sub-divisions (a) and (b) of this section, such application for membership may be accepted by vote of the members at such meeting, and the action of the members with respect thereto shall be final. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the members' meeting to which the application will be submitted and such applicant may be present and heard at the meeting.

Section 2. Purchase of Electric Service

Each member shall, as soon as electric energy shall be available, purchase from the Association all electric service used on the premises specified in the service agreement, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric service which the Association shall be required to furnish to any one member. It is expressly understood that amounts paid for electric service 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 Association such minimum amount per month 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 to the Association as and when the same shall become due and payable.

Section 3. Removal of Directors and Officers.

The members shall have the power at any annual or special meeting to remove any director or officer for cause and to fill the vacancy created thereby. Any member may bring charges against a director or officer by filing them in writing with the Secretary, together with a petition signed by at least ten percentum (10 percent) of the members, requesting the removal of the director or officer in question. The removal shall be voted upon at the next regular or special meeting of the members. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses; and the person or persons bringing the charges shall have the same opportunity.

Section 4. Recall of Directors.

Whenever a petition is received by the Board with the signatures of 20% or more of the eligible voting members of a District requesting the recall of the Director representing said District, the Board shall call for a special election to fill the position of Director of that District. Said election shall be held within 30 days of the Board action, and in no event more than 60 days after the receipt of the petition. The incumbent Director shall be an eligible candidate in the election. The winner of said election shall take office at the next regular scheduled Board meeting after said election and serve for the unexpired term of the position. Filing of the petition may be with the Chairman, Secretary, or Chief Executive Officer (CEO).

ARTICLE II. MEETING OF MEMBERS

Section 1. The annual meeting of the members shall be held before August 1st of each year, on such date and at such time as the Board of Directors shall determine by timely resolution, for the purposes of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Such meeting shall be held annually at the principal place of business of the Association unless the Board of Directors has by proper resolution adopted by it at a regular or special meeting of the Board held more than 30 days prior to the annual meeting determined that such annual meeting shall be held at some other place conveniently located within the area served by the Association. The members at the annual meeting, or at any special meeting called for that purpose by proper resolution adopted by a majority of the members voting thereon, may suggest to the directors the place where the next annual meeting shall be held, but the ultimate determination of such place of meeting shall nevertheless be made by the directors. If the day fixed for the annual meeting of the members shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Notice of Annual Meeting.

Notice of the annual meeting shall be given by the Secretary by publication in a legal newspaper published in Renville County, Minnesota, at least two (2) weeks previous to the date of such meeting, or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, in a sealed envelope, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 3. Special Meeting.

Special meetings of the members may be called by a majority vote of the Directors or upon the written petition of at least twenty percentum (20 percent) of the members.

Section 4. Notice of Special Meeting.

It shall be the duty of the Chairman to cause the Secretary to give notice of the time, place and purpose of a special meeting either by publication in a legal newspaper published in Renville County, Minnesota, at least two (2) weeks previous to the date of such meeting or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, in a sealed envelope, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. Such notice shall be issued within (10) days from and after the date of the presentation of the written petition mentioned in Section 3 of this Article II, and such special meeting shall be held within thirty (30) days from and after the date of the presentation of such petition.

Section 5. Failure to Receive Notice.

The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such annual or special meeting.

Section 6. Quorum.

At least ten percentum (10 percent) of the total number of members in the Association shall be necessary to constitute a Quorum for the transaction of business at any regular or special meeting of the members. In determining a Quorum at any meeting on a question submitted to a vote by mail, **by electronic ballot or other approved technologies**, the members present in person or represented by mail vote **(or by electronic ballot or by other approved technologies)** shall both be counted as present. If the number of members present at any meeting does not constitute a Quorum, a majority of the members actually present in person may adjourn the meeting from time to time, but in that case, notice shall be given to the members of the Association of the date, time and place of such adjourned meeting as is required by Section 2 of Article II of the By-Laws.

Section 7. Establishment of a Quorum.

The attendance of a sufficient number of members to constitute a quorum at any meeting of the members shall be established by a registration of the members present at such meeting, which registration shall be verified by the Chairman and secretary and shall be reported in the minutes of such meeting.

Section 8. Voting.

Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of the majority of the members present in person or represented by mail vote, (or represented by electronic vote or other technologies as they become available to the membership), except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these By-Laws.

When two or more persons, including husband and wife, hold a joint membership they shall jointly be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. Whenever a vote of the members is required or provided on any matter, including a petition to regulate the Cooperative under the Minnesota Public Utilities Commission or deregulate the Cooperative as the case may be, the spouse of a member may vote on behalf of the member, unless the member has indicated otherwise to the Cooperative.

Section 9. Voting by Mail, by Electronic Ballot or by Other Approved Technologies

Any member who is absent from any meeting of the members may vote by mail (by electronic ballot or by other approved technologies as they become available to the membership) upon any motion, resolution or amendment to be acted upon at any such meeting by ballot, which shall be in the form prescribed by the Board of Directors and shall contain:

- a) the exact text of the proposed motion, resolution or amendment to be acted upon at such meeting;
- b) the date of the meeting; and
- c) spaces opposite the text of such motion, resolution or amendment in which such member may indicate his affirmative or negative vote thereof.

Such member shall express their choice by marking an "X" in the appropriate space upon such ballot. Such ballot shall be certified and authenticated by the tellers, and shall be signed by the member, and when received by the Secretary tellers, shall be accepted and counted as the vote of such absent member.

Section 10. Voting List.

The Secretary shall make, at least fifteen (15) days before each meeting of the members, a complete list, arranged in alphabetical order, of the members entitled to vote at such meeting and their addresses. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting.

Section 11. Order of Business.

The order of business at the annual meeting of the members, and so far as practicable at all other meetings of the members, shall be essentially as follows:

1. ~~Call of the roll.~~ Calling the meeting to order and to establish whether or not a quorum is present.
2. Reading of the notice of the meeting, together with proof of the due publication or mailing thereof or the waiver of the reading of the notice of the meeting.
3. Presentation and reading or waiver of the reading of the unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of Directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III. DIRECTORS

Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by a Board consisting of not more than nine (9) directors or not less than five (5) directors which shall exercise all the powers of the Cooperative except such as are by law, the Articles of Incorporation of the Cooperative or these By-Laws conferred upon or reserved to the members.

Section 2. Qualifications and Tenure.

Each director shall be a member of the Cooperative and shall be elected by the members within their respective district at the annual meeting of the members for a term of three years. ~~The exception shall be the transition years of 2008 and 2009 which are intended to facilitate future annual district elections.~~ No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is not a bona fide resident in the area served by the Cooperative, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or space heating/cooling appliances, fixtures, or supplies to the members. When a membership is held jointly by two or more persons, including husband and wife, only one of such joint tenants may be elected a director, provided, however, that neither one shall be eligible to become a director, unless all shall meet the qualifications herein ~~above~~ set forth.

Director qualifications required for service to the Cooperative shall include:

- A. Must be an individual and must be at least 21 years of age.
- B. Must be fluent in the English language since nearly all business at the Cooperative is conducted in English.
- C. Must be competent and able to execute a contract.

- D. Must not have been convicted of a felony or crime involving moral turpitude during the preceding 10 years prior to becoming a director for the Cooperative or during the period while serving as a director.
- E. Must have a high school diploma or equivalent.
- F. Must make a reasonable effort to become and remain knowledgeable about special issues regarding electric cooperatives by attending training, workshops and seminars.
- G. Must attend at least three-fourths (3/4) of all monthly scheduled board meetings during any twelve (12) month period.

Section 3 Conflict of Interest and Disclosure

Upon becoming a candidate for and/or to remain a Director, an individual must complete an annual conflict of interest disclosure form, approved by the Board of Directors. All Directors and/or Director candidates must comply with or meet the following conflict of interest qualifications:

- A. Shall not be a close relative of an existing Director, employee, agent or representative of the Cooperative other than an existing Director who will cease being a Director upon the candidate assuming office;
- B. Within 5 years immediately prior to becoming a Director, shall not have been a Cooperative Officer, employee, agent or representative of the Cooperative or any subsidiary or affiliated company;
- C. Shall not be employed by, materially affiliated with, nor share a material financial interest with any current Director;
- D. Shall not be engaged in any business, nor employed by, nor materially affiliated with, nor have a material financial interest in any individual or entity that:
 - 1) Is regularly, directly, and substantially competing with the Cooperative or any other entity that the Cooperative controls or in which the Cooperative owns a majority interest (Cooperative Subsidiary).
 - 2) Is regularly selling goods and services to the Cooperative or the Cooperative Subsidiary.
 - 3) Possesses a substantial conflict of interest with the Cooperative or the Cooperative Subsidiary.
- E. A former Director is ineligible for employment by the Cooperative for 5 years following the end of the tenure as a Director.

Section 4. Division into Districts and Nomination and Election of Directors therefrom. The territory served by the Cooperative shall be divided into three (3) Districts as follows:

First District to consist of the townships of Cornish, Severance, and Moltke in Sibley County; the townships of Ridgely and West Newton in Nicollet County; and the townships of Cairo, Wellington, Martinsburg, Camp, Bandon and Palmyra in Renville County.

Second District to consist of the townships of Honner and Delhi in Redwood County; and the townships of Beaver Falls, Flora, Henryville, Birch Cooley, Norfolk, Melville, Bird Island, and Kingman in Renville County.

Third District to consist of the townships of Roseland and Holland in Kandiyohi County; the townships of Rheiderland in Chippewa County; and the townships of Troy, Winfield, Emmet, Crooks, Sacred Heart, Hawk Creek, Ericson and Wang in Renville County.

Each of the three (3) districts shall elect their own director representation to serve on the Cooperative board. There shall be a maximum of three (3) directors or a minimum of one (1) director representing each district. The number of Directors to serve from each district shall be determined and established from time to time, by the Board of Directors. If any such change is made the board shall, in due season thereafter, give written notice thereof by mail to the members of the districts affected.

The Board of Directors shall have authority to re-district any of the respective districts whenever, in the judgment of the Board, the best interest of the Cooperative might be better served by such change. If any such change is made the Board shall, in due season thereafter, give written notice thereof by mail to the members of the Districts affected.

The Board of Directors shall, not less than forty-five (45) days before the date of the meeting of the members at which Directors are to be elected in any of the foregoing districts, appoint a committee on nomination, which said committee for each said District shall consist of three members who reside in their respective districts. No officer or member of the Board of Directors shall be appointed a member of any such District Nominating Committee. Each such nominating committee shall at least thirty-five (35) days before the meeting of the members of the Cooperative nominate one or more candidates for the Board of Directors from such District served by such committee, and shall by the time stated prepare and post at the principal office of the Cooperative a list of nominations for the Directors to be chosen from such District.

Any ten or more members residing in any such district may make other nominations in writing over their signatures for Director to be chosen from their District, not less than 25 days prior to the Annual Meeting; and if such nominations are made the members making them shall at least 25 days prior to the meeting submit to the Secretary of the Cooperative the names of such other nominees and the Secretary shall post the same at the same place where the list of nominations made at the various District Meetings or by the nominating committee is posted.

No candidate for director to represent their respective district shall be nominated either by District Nominating committee, or by petition, unless such candidate is a member in good standing and resides in that District. The election of Directors shall be by ballot and the Secretary shall prepare a separate ballot, "Ballot for Directors" for each such District which shall contain the names of all nominees for the respective District and shall mail the same to the members of each respective District with the notice of the meeting. The Secretary shall show on such ballot that only one Director from the respective district shall be chosen and shall on said ballot show separately the nominations made at the District Meetings the nominations by committee, if any, and the nominations made by petition.

The Secretary shall also inform the members of the manner in which they may vote by mail (by electronic ballot or by other approved technologies when made available to the membership) for their choice of Director as provided in this Section. Any member who is absent from any such meeting may vote by mail (by electronic ballot or by other approved technologies when made available to the membership) for their choice of Director by marking on the ballot an "X" mark opposite the name of the candidate selected and mailing the ballot in a sealed envelope bearing the member's name to the Cooperative. When such ballot is received by mail (or electronically or by other approved technologies when made available to the membership) from any absent member, it shall be accepted and counted at the meeting as a vote with the same effect as if said member were present at such meeting. The candidate from each district receiving the highest number of votes from the members in the district shall be elected as the director from the district for the term specified in Section 2 of Article III of these By-Laws, and in case of tie vote the winner shall be determined by a flip of the coin. The provisions of this section shall not be mandatory in the case of recall of one or more Directors as provided for in Section 4 of Article I of these By-Laws. This section shall prevail over any other provisions of the By-Laws with which it may be in conflict.

Section 5. Vacancies.

Subject to the provisions of Section 4 of Article I of these By-Laws, vacancies occurring in the Board of Directors non-coincident with the applicable three (3) year election cycle shall be filled by a majority vote of the remaining directors. The candidate for appointment receiving the highest number of votes from the remaining directors shall be appointed to complete the remaining term of office, and in the case of a tie, the winner shall be determined by a flip of the coin. Appointed directors shall be required to serve the remaining and un-expired term of the vacated director position.

Section 6. Compensation.

Directors, as such, shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors. The Directors may by resolution provide for the payment of a fixed sum and expenses for attendance at any meeting other than Board meetings or for any duty a director may perform while serving, if the Board determines that the attendance at such meeting or the performance of such duty will serve the best interests of the Association. Except in emergencies, 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 such compensation fixed by the Board of Directors shall be specifically approved by a vote of the members.

Section 7. Rules and Regulations.

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the Articles of Incorporation of the Cooperative or these By-Laws or the laws of the State of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 8. Accounting System and Reports.

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to the applicable laws of the State of Minnesota and the applicable rules and regulations of any regulatory body thereof shall conform to such system of accounts as may from time to time be designated by the Rural Utilities Service or their Successor in Interest. The Board of Directors 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 annual meeting held after the completion of such reports.

Section 9. Change in Rates.

Written notice shall be given to the Administrator of the Rural Utilities Service or their successor in interest before changes in electric energy rates to the membership by the Cooperative becomes effective.

Section 10. Indemnification of Directors, Officers, Employees and Members of Board Committees.

Every present or past director, officer, employee or member of a board committee of the Cooperative shall be indemnified by the Cooperative against all judgments, penalties, fines, settlements and reasonable expenses, including legal fees, incurred as a result of or in connection with any threatened, pending or completed civil, criminal, administrative or investigative proceeding to which they may be made a party by reason of their acting or having acted in the official capacity as a director, officer, employee or member of a board committee of the Cooperative or in any other capacity held with the Cooperative as its representative in any affiliated organization, subjected to the following conditions:

- a) Such director, officer, employee, or member of a board committee must have conducted themselves in good faith and, in the case of criminal proceedings, must have had no reasonable cause to believe that their conduct was unlawful. When acting within official capacity, they must have reasonably believed that their conduct was in the best interest of the Cooperative, and when acting in any other capacity, they must have reasonably believed that their conduct was at least not opposed to the best interest of the Cooperative.
- b) If the proceeding was brought by or on behalf of the Cooperative, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the director, officer, employee or member of a board committee shall have been adjudged liable to the Cooperative, except that no professional employee shall be liable to the Cooperative for any losses occasioned by the errors or omissions made in their official capacity with the Cooperative unless such losses were the result of their gross negligence or willful misconduct.
- c) In no event, however, will indemnification be made with respect to any described proceeding which charges or alleges improper personal benefit to a director, officer, employee or member of a board committee where liability is imposed upon them on the basis of the receipt of such improper personal benefit.
- d) In order for any person to receive indemnification under this bylaw, they shall vigorously assert and pursue any and all defenses to those claims, charges or proceedings covered hereby which are reasonable and legally available and shall fully cooperate with the Cooperative or any attorneys involved in the defense of any such claim, charges or proceedings.

No indemnification shall be made in any specific instance until it has been determined by the Cooperative that indemnification is permissible in that specific case under the standards set forth herein and that the expenses claimed are reasonable. These two determinations shall be made by a majority vote of at least a quorum of the Board of Directors consisting solely of directors who were not parties to the proceeding. If such a quorum cannot be obtained, a majority of at least a quorum of the Board, including three or more directors who are parties, shall designate a Board Committee that shall consist solely of three or more directors who are not parties to the proceeding, and such Committee shall make said determinations by a majority vote. If it is not possible to make said determinations by either of the above methods, then a special legal counsel selected by a majority vote of at least a quorum of the Board, including directors who may be parties, shall make said determinations. However, in making such determinations the termination of any proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere or its equivalent shall not, in or of itself, be conclusive that the person did not meet the standards set forth herein.

The reasonable expenses, as shall be determined above, that have been incurred by a director, officer, employee or member of a board committee who has been made a party to a proceeding as defined herein may be paid or reimbursed in advance upon a majority vote of a quorum of the full Board of Directors, including those who may be a party to the proceedings. Provided, however, that such director, officer, employee or member of a board committee shall have provided the Cooperative written affirmation under oath that they in good faith believe that they have met the standards of conduct contained herein and a written undertaking that they shall repay any amounts advanced with interest accumulated at the legal rate if it is ultimately determined that they have not met such standards of conduct.

ARTICLE IV. MEETINGS OF DIRECTORS

Section 1. Regular Meetings.

A regular meeting of the Board of Directors shall be held without notice other than this By-Law, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly and at such time and place in Renville County, Minnesota, as the Board of Directors may provide by resolution. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings.

Special Meetings of the Board of Directors may be called by the Chairman or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be within the boundaries of the Cooperative's Service Area) for the holding of any special meeting of the Board of Directors called by them.

Section 3. Notice.

Notice of the time and place and purpose of any special meeting shall be given at least two (2) days previous thereunto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director 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. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting.

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.

ARTICLE V. OFFICERS

Section 1. Number.

The officers shall be a Chairman, a Vice-Chairman, a Secretary and a Treasurer. The offices of Secretary and Treasurer may, by resolution of the Board of Directors, be combined and, when so combined, the person filling such office shall be termed "Secretary-Treasurer."

Section 2. Election and Term of Office.

The Officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each 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. Subject to the provisions of Section 4 of Article I of these By-Laws and Section 3 of this Article V, each officer shall hold office until the first meeting of the Board of Directors following the next annual meeting of the members or until a successor shall have been duly elected and shall have qualified.

Section 3. Removal.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment of the best interests of the Cooperative will be served thereby.

Section 4. Vacancies.

Subject to the provisions of Section 4 of Article I of these By-Laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. The Chairman:

- a) ~~shall be the principal executive officer of the Cooperative and~~ shall preside at all meetings of the members and at the meetings of the Board of Directors;
- b) shall have achieved Credentialed Cooperative Director (CCD) status prior to being elected or appointed as Chairman.
- c) shall provide leadership to define the Cooperative's mission and direction.
- d) shall provide for continuity of the Cooperative.
- e) shall ensure effective organizational planning.
- f) shall provide leadership and governance through the development of broad policies and objectives.
- g) shall provide leadership in the selection, compensation and ongoing evaluation of the Chief Executive Officer.
- h) shall strive to enhance the Cooperative's public image.
- i) shall provide leadership to annually self-assess the performance of the Board.
- j) may sign, with the Secretary, any deeds, mortgages, 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

- k) In general shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-Chairman.

In the absence of the Chairman, or in the event of their inability or refusal to act, the Vice-Chairman shall perform duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman and shall perform such other duties as from time to time may be assigned to him/her by the Board of Directors.

The Vice Chairman:

- a) shall have achieved Credentialed Cooperative Director (CCD) status prior to being elected or appointed as the Vice Chairman.
- b) shall be able to perform all the duties of the Chairman when called upon to do so.

Section 7. Secretary

The Secretary

- a) shall assure that all ~~keep the~~ minutes of meetings of the members and the Board of Directors are accurately recorded in one or more books provided for that purpose;
- b) shall see that all notices are duly given in accordance with these By-Laws or as required by law;
- c) shall ~~be custodian~~ assure the retention of the corporate records and of the seal of the Cooperative and shall see that the seal of the Cooperative is affixed 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) shall assure ~~keep~~ a register of the post office address of each member is retained; ~~which shall be furnished to the Secretary by such member;~~
- e) sign with the Chairman, any deeds, mortgages, 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;
- f) have general ~~charge of~~ access to the books of the Cooperative in which a record of the members is kept;
- g) keep on file at all times a complete copy of the 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
- h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 8. Treasurer.

The Treasurer;

- a) shall have ~~charge and custody~~ knowledge of ~~and be responsible for~~ all funds and securities of the Cooperative;

- b) ~~receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and~~ shall assure that all receipts for moneys due and payable to the Cooperative from any source are deposited all such moneys in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of Section 3 of Article VI of these By-Laws. ; and
- c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 9. ~~President or~~ Chief Executive Officer (CEO).

The Board of Directors may appoint a ~~President or~~ CEO who may be but who shall not be required to be a member of the Cooperative. The President or CEO shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in said officer.

~~Section 10. Bonds of Officers.~~

~~The Board of Directors shall require the Treasurer or any other officer charged with responsibility for the custody of any funds or property of the Cooperative to give a bond for the faithful discharge of the duties in such sum and with surety or sureties as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee to give such bonds in such amounts, with such surety or sureties, and containing such terms and conditions as it shall determine.~~

~~Section 11. Salaries.~~

~~The compensation, if any, of any officer, agent, or employee who is also a director or close relative of a director, shall be determined by the members as provided in Section 5 of Article III of these By-Laws; the powers, duties and compensation of all other officers, agents and employees shall be fixed by the Board of Directors.~~

Section 10. Reports.

The ~~officers~~ Chairman and Secretary/Treasurer shall submit, at each annual meeting of the members, a report covering the business of the Cooperative for the previous fiscal year and a report showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI. CONTRACTS, CHECKS AND DEPOSITS

Section 1. Contracts.

Except as otherwise provided by law, the Articles of Incorporation of the Cooperative or 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. Check, Drafts, Etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers and in such manner as shall from time to time be determined by a 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.

ARTICLE VII. NON-PROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited. The Association 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 Association on any capital furnished by its members.

Section 2. In the furnishing of electric energy and other services the Cooperative's operations shall be so conducted that all 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 members and non-members alike, for all amounts received and receivable from the furnishing of electric energy of various classes, in excess of operating costs and expenses properly chargeable against the furnishing of such electric energy and other services. ~~All such amounts in excess of operating costs and expenses properly chargeable against the furnishing of such 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 and non-members alike, as capital. The cooperative is obligated to pay by credits, to a capital account for each member, 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 the capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record of the capital account of each member. All such amounts credited 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 a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.

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 member's accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital.

Capital credited to the account of each member shall be assignable as the Board of Directors, acting under policies of general application, shall determine otherwise. The members 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 member, and both the Cooperative and the members are bound by such contract, as fully as though each member 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 member of the Cooperative by posting in a conspicuous place in the cooperative's office.

The Cooperative shall be entitled to apply a reasonable service charge against the capital credits of a member who has not claimed them beginning two (2) years after the capital credits are declared payable. The amount of such service charge shall be determined periodically by the Board of Directors and shall be based on the current cost of handling the capital credit account of the member.

ARTICLE VIII. WAIVER OF NOTICE

Any member, director or officer may waive, in writing, any notice of meetings required to be given by law, the Articles of Incorporation or these By-Laws.

ARTICLE IX. DISPOSITION OF PROPERTY

The Cooperative may at any meeting of its Board of Directors sell, mortgage, lease or exchange all of its property, rights, privileges and franchises upon such terms and conditions as the Board of Directors deem expedient, and for the best interests of the Cooperative, when and as authorized by the affirmative vote of the holders of two-thirds (2/3) of the membership, given at a members' meeting duly called for that purpose, or when authorized by the written consent of the membership provided, however, that such affirmative vote or written consent of the members shall also represent the affirmative vote or written consent of at least two-thirds (2/3) of the individual members, and provided further, however, that notwithstanding anything herein contained the Board of Directors shall have, without the consent or vote of the members, full power and authority to borrow money from United States of America, Cooperative Finance Corporation, Co-Bank or any other agency of United States of America, or from any other commercial bank or loaning agency, whatsoever, and to authorize the execution and delivery of bonds, notes or other evidences of indebtedness, secured or unsecured, to evidence the indebtedness created by such loans, and to secure such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or the pledge of or other lien upon, all or any of the property, assets, rights, privileges and permits of the Cooperative wherever situated, acquired or to be acquired, upon such terms and conditions as the Board of Directors shall determine.

ARTICLE X. 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 in the same year.

ARTICLE XI. MEMBERSHIP IN OTHER ORGANIZATIONS

The Board of Directors shall have the authority to make this Cooperative a member of any other organization formed to further the purposes of Rural Electric Cooperatives and shall have authority to take such action as may be necessary to make such membership effective.

ARTICLE XII. AMENDMENTS

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