

VERENDRYE ELECTRIC COOPERATIVE, INC.

Revised June, 2021

PREAMBLE

The objectives of Verendrye Electric Cooperative, Inc. (herein called the "Cooperative") are to improve the economic status and living standards of all people in our service area by providing an abundant supply of low cost energy consistent with sound business practices and good management.

BYLAWS

ARTICLE I MEMBERSHIP

Section 1.1. Membership. Any adult person, and any partnership, incorporated or unincorporated association, corporation, or body politic shall become a member of Verendrye Electric Cooperative, Incorporated (hereinafter called "Cooperative") upon purchasing electric service from this Cooperative. In purchasing electric service from this Cooperative, each member shall agree to comply with and be bound by the Articles of Incorporation and the Bylaws of the Cooperative and any reasonable rules and regulations adopted by the Board of Directors. No member may hold more than one membership in this Cooperative, and no membership shall be transferable, except as provided in these Bylaws.

Section 1.2. Evidence of Membership. Membership in this Cooperative shall be evidenced by purchase of and payment for electric service from the Cooperative.

Section 1.3. Service, Deposits and Deductions. The Board of Directors may require service connection deposits for each connection, extension, or other available service, pursuant to reasonable rules, regulations and policies adopted by the Board. Before any funds are paid by the Cooperative to a member, or former member, the amount of any debts owing from the member or former member to the Cooperative shall be deducted therefrom.

Section 1.4. Purchase and Payment for Electric Service. Each member shall purchase from the Cooperative all electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative, including all adjacent area owned or used by the member, in whole or in part, for so long as such premises are occupied or used by the member. Each member shall pay for all electric service purchased from the Cooperative at the times, and in accordance with the rules, regulation and rate schedules (including any minimum amount that may be charged without regard to the electric power and energy actually used) established by the Board of Directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative's facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. 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 by these Bylaws. Each member shall also pay all amounts owed to the Cooperative as and when they become due and payable.

Section 1.5. Termination of Membership.

(a) Membership in this Cooperative shall automatically terminate when the member ceases to purchase electric service from the Cooperative.

(b) The death of an individual human member shall automatically terminate membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership; provided, that upon dissolution for any reason of a partnership, such membership shall continue to be held by such remaining partner or partners as were parties to the original membership and continue directly to occupy or use the premises served by this Cooperative.

(c) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe.

(d) The Board may, by the affirmative vote of not less than two-thirds of all members of the Board of Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules or regulations adopted by the Board of Directors, (and regardless of whether or not such member continues to purchase electric service from the Cooperative), but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. An expelled member may again become a member only by reinstatement by a vote of the Board or by the vote of the members at any annual or special meeting.

(e) Upon the termination in any manner on a membership, the member shall be entitled to a refund of any refundable service connection deposits still held by the Cooperative, less any amounts due the Cooperative; but neither he nor his estate shall be released from any debts then remaining due the Cooperative. Termination of membership does not entitle the patron to retirement of any accumulated capital credits.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

Section 2.1. Property Interest of Members. Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, (b) all capital furnished through patronage shall have been retired as provided in these Bylaws, and (c) all membership assets of this Cooperative shall be distributed among all patrons and former patrons on an equitable basis insofar as practicable in proportion to their patronage as determined from the books and records of the Cooperative, unless otherwise provided by law.

Section 2.2. Non liability for Debts. The private property of the members of this Cooperative is exempt from execution or other liability for the debts of the Cooperative. No member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETINGS OF MEMBERS

Section 3.1. Annual Meeting. The annual meeting of the members shall be held on such date in the month of June and at such place in the State of North Dakota as shall be determined by the Board of Directors, which shall be designated in the notice of the meeting, for the purpose of electing directors and transacting any business that may come before the meeting. If the election of the directors shall not be held within the time provided in these bylaws for the 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 within the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 3.2. Special Meetings. Special meetings of the members may be called by the president, by the Board of Directors, or by members having one-fifth of the votes entitled to be cast at such meeting. It shall be the duty of the secretary to cause notice of any special meeting to be given as provided by these Bylaws. Special meetings of the members may be held at any place within the State of North Dakota specified in the notice of the special meeting.

Section 3.3. Notice of Members' Meetings. Written notice, stating the place, day, and hour and in case of a special member meeting the purposes for which the meeting is called, shall be given not less than ten nor more than thirty days before the meeting, to each member by either mail or electronic communication, whichever form of communication the member has requested, by or at the direction of the secretary, or upon failure of the secretary to act, at the direction of the persons calling the meeting. Notice shall be deemed to be given when deposited in the United States mail, addressed to the member's address as it appears on the records of the Cooperative, with postage thereon prepaid or date electronically sent to the member's email address as it appears on the records of the Cooperative. If notice has been duly mailed or emailed to the member, the failure of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 3.4. Quorum. A quorum at a member meeting shall be fifty members. Members represented by signed vote may be counted in computing a quorum only on those questions as to which the signed vote is taken. 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 3.5. Voting.

(a) Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members.

(b) All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws.

(c) For voting purposes only, each individual membership shall be deemed joint with the member's spouse, unless each spouse holds their own individual membership or unless the named member specifies otherwise by written notice, which may be delivered by mail and/or electronic communication, to the Cooperative. The presence at a meeting of either or both spouses of a joint membership shall be regarded as the presence of one member for all purposes. The vote of either or both of a joint membership, shall constitute only one vote, but should both be present and in disagreement as to voting, each shall have only one-half vote.

(d) Signed votes may be used only when specifically authorized by resolution of the Board of Directors. When so authorized, signed votes shall be valid and entitled to the same force and effect as a vote in person if the member has been previously notified in writing, which may be delivered by mail and/or electronic communication, of the exact motion or resolution upon which the vote is taken.

(e) At all meetings of members, voting by proxy shall not be allowed, because, to the greatest extent practicable, the presence of each member is desired at all meetings of the membership and proxy voting has the tendency to discourage actual attendance at membership meetings.

(f) In the absence of written notice, which may be delivered by mail and/or electronic communication, that some person has been designated to represent a member who is other than a natural person, such member may be represented by any of its principal officers. If a member who is other than a natural person is not represented by any of its principal officers, such member may designate a natural person to represent it by giving the Cooperative a written notice, which may be delivered by mail and/or electronic communication, at or before the member meeting, which shows that the named representative has been authorized by the managing board of such member to represent no more than one such member, but may also vote as an individual if the person is a member individually.

Section 3.6. Election Committee. The Board of Directors, at least ten days prior to each member meeting, shall appoint an Election Committee of not less than three and not more than seven members, from among the membership, who are neither directors, known candidates for directors, nor close relatives of, or members of the same household of directors or known candidates for directors. The Election Committee shall, by a majority vote thereof, resolve any question that arises at the meeting concerning the election of directors or balloting on an issue, which is not specifically provided for by law, these Articles of Incorporation or the Bylaws. The committee's decisions on all such questions shall be final.

Section 3.7. Order of Business. The presiding officer may adopt any order of business, which provides an opportunity for full consideration of all matters to come before the meeting, subject to any proper action by the members assembled to change the order of business. Unless such a different order of business is adopted by the president, or the members assembled, 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 as follows:

1. Report as to members present in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the delivery thereof;
3. Reading of any unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
4. Presentation and consideration of, and action upon, reports of officers, directors and committees;
5. Election of directors;
6. Unfinished business;
7. New business; and
8. Adjournment.

Section 3.8. Rules of Order: At all meetings of the members, of the Board of Directors and of any committees thereof, meeting procedure shall be governed by the latest edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law, by the Articles of Incorporation, or by the Bylaws.

ARTICLE IV DIRECTORS

Section 4.1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine directors which shall exercise all of the powers of the Cooperative, except such as are by law, by the Articles of Incorporation of the Cooperative, or by these Bylaws, specifically conferred upon or reserved to the members.

Section 4.2. Qualifications. Every director shall be a member of the Cooperative and a bona fide resident of the district of the Cooperative that the member represents. No representative of a member who is other than a natural person shall be qualified to be a director, unless the member is also a member of the Cooperative individually.

Even though it is not made a qualification for a directorship, the members recommend that any member who is the age of sixty-five years or older should not seek election or re-election as a director.

No member shall be eligible to become or remain a director who is in any way employed by or financially interested in a competing enterprise.

Nothing in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter in which one or more of the directors have an undisclosed interest adverse to that of the Cooperative.

Section 4.3. Nomination and Election of Directors.

(a) Geographical Districts. For the purpose of nominating and electing directors, territory served by the Cooperative shall be divided into the following geographical districts:

1. The Western District shall include all members who live west of U.S. Highway No. 83 in Ranges 82 and 83 and all members who live in Ranges 84, 85, 86, and 87;
2. The Central District shall include all members who live east of U.S. Highway No. 83 and all members who live in Range No. 78 in McHenry County, and all members who live in Ranges No.79, 80, and 81;

3. The Eastern District shall include all members who live in Ranges No. 75, 76, and 77, and all members who live in Sheridan, Pierce and Wells Counties.

(b) Nominations. A caucus shall be held in each district each year by the members residing in such district for the purpose of nominating a candidate or candidates from that district for the office of director or directors representing that district.

The caucus for each district shall be held at a place and at a time and date designated by the Board of Directors. Such caucuses must be held at least twenty days prior to the annual meeting of members and upon not less than five days notice, which may be delivered by mail and/or electronic communication, to each member in the district. The place for the caucus for each district must be held within that district, except that the Western District caucus may be held within the City limits of Minot, Ward County, North Dakota.

The secretary, or someone designated by the secretary, shall be present at each district caucus, and shall act as secretary thereof, and shall record the names of all nominees. The presiding officer of the caucus shall be a chairperson elected by the members actually present at the caucus.

There shall be no restrictions on the number of nominations that may be made at each caucus and nominations shall not be closed by the chairperson of the meeting until there are no further nominations made from the floor. Nominations do not need a second and shall not be voted upon at the caucus.

All nominations made shall be reported to the offices of the Cooperative by the secretary immediately following the caucus, and all such nominees shall be placed upon the ballot for the annual meeting, unless a nominee gives notice to the Cooperative that the nominee withdraws as a candidate.

Nominations may also be made by petition. Nominations by petition need to be received at the cooperative's principle office by noon on the district's scheduled caucus meeting date. Petitions must contain signatures of at least 30 members of the district.

The secretary shall cause to be delivered, by mail and/or electronic communication, with the notice of the annual meeting, a statement of the number of directors to be elected, the districts that they are to represent, and showing the nominations made by the caucus of each district and by petition.

A nominee must be a member and a resident in the district that the member is nominated to represent.

Notwithstanding anything in this subsection contained, failure to comply with any of the provisions of this subsection shall not affect in any manner whatsoever the validity of any official action thereafter taken by the Board of Directors.

(c) Election and Tenure. At the meeting, the nominees of each district, however nominated, shall be voted on by all members of the Cooperative who are personally present at such annual meeting. If for extraordinary reasons an in person annual meeting cannot be held, the board of directors by resolution may allow a different form of voting. The presiding officer shall announce the names of the candidates nominated in each district. Election of board members shall be by ballot. The ballots shall list the candidates nominated at the district caucuses, or by petition, with the names arranged by districts. The directors shall be elected by the members at large and each member shall have one vote for each directorship being filled. The term of each director shall be for three years. One director shall be elected each year from each district for a three-year term. The nominee from each district receiving the highest number of votes of all nominees from that district shall be elected.

Section 4.4. Vacancies. Except as to a vacancy filled by the members after removal of a director 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 for the unexpired portion of the term of the vacant directorship.

Section 4.5. Removal of Directors. Any member may bring charges against a director by filing them in writing with the secretary, together with a petition signed by at least ten percent of all of the members, requesting the removal of the director by reason thereof. The director against whom such charges have been brought shall be notified in writing of the charges at least twenty days prior to the 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 the director shall have an equal opportunity to present evidence, in person, or by counsel. The question of the removal of such director shall be considered and voted upon at the next regular or special meeting of the members. The members may, at any meeting at which a director or directors shall be removed, elect a successor or successors thereto without compliance with the provisions of these bylaws with respect to nomination of directors at caucuses.

Section 4.6. Compensation. Directors shall not receive any salary for their services as directors, but by resolution of the Board of Directors, a reasonable fixed sum per diem and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors and for attendance at state, area, regional, national and other meetings, conferences, training programs, and committee meetings on behalf of the Cooperative where attendance is specifically authorized by prior action of the Board of Directors. 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 by such director or close relative shall have been certified by action of the other members of the Board of Directors as an emergency measure.

ARTICLE V MEETINGS OF DIRECTORS

Section 5.1. Regular Meetings. A regular meeting of the Board of Directors may be held without notice other than this Bylaw, 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 at such time and place within the geographical boundaries of the service area of the Cooperative, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 5.2. Special Meetings. Special meetings of the Board of Directors may be called by the president, by any three directors, or by any person authorized to do so by prior action of the Board of Directors. The person or persons calling the meeting shall fix the time and place within the State of North Dakota for the holding of the meeting and shall cause notice of such meeting to be given as hereinafter provided.

Section 5.3. Notices. Written notice of the time and place of any special meeting of the Board of Directors shall be given either personally, by mail, or electronic communication to each director. If mailed, such notice shall be deemed to be given 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, at least five days before the day set for the meeting or date electronically sent to the member's email address as it appears on the records of the Cooperative. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except when a director attends the meeting and objects there at to the transaction of business because the meeting was not lawfully convened. A signed waiver is equivalent to personal notice to the person so signing.

Section 5.4. Presence. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or any such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 5.5. Quorum. A majority of the directors in office 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 any adjourned meeting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 5.6. Manner of Acting. Any action which may be taken at a meeting of the directors or Executive Committee may be taken without a meeting if a writing setting forth and approving the action taken shall be signed by all of the directors or Executive Committee members entitled to vote upon such action. In such cases, such consent shall have the same force and effect as if a meeting had been held.

Section 5.7. Executive Committee. The Board of Directors may elect an Executive Committee to consist of three or more directors. If an Executive Committee is elected, such committee shall have all powers of the Board of Directors when the Board of Directors is not in session, except in respect to:

- (1) Powers reserved by the Board itself;
- (2) Apportionment or distribution of proceeds;
- (3) Election of officers;
- (4) Filling of vacancies on the Board; and
- (5) Amendment to the Bylaws.

The Board may elect other directors as alternates for members of the Executive Committee.

Section 5.8. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules, regulations and policies, not inconsistent with law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative. Among such powers the Board of Directors shall have the power to establish reasonable classifications of business done with patrons, according to the type or nature thereof, for the purpose of regulating rates and charges for electric service and allocating capital credits to patrons.

ARTICLE VI OFFICERS

Section 6.1. Number. The officers of the Cooperative shall be a President, Vice-President, Secretary-Treasurer, and Assistant Secretary-Treasurer and such other officers as may be determined by the Board of Directors from time to time. Each principal officer must be a director of the Cooperative.

Section 6.2. Election and Term of Office. The officers shall be elected 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 at the next meeting of the Board of Directors thereafter. 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 the officers successor shall have been duly elected and shall have qualified subject to the provisions of these Bylaws with respect to the removal of directors and officers.

Section 6.3. Removal. Any officer or employee elected or appointed by the Board of Directors may be removed by action of a majority of the Board of Directors at any time and whenever in the judgment of the Board of Directors the best interests of the Cooperative will be served thereby.

Section 6.4. Vacancies. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 6.5. President. The President:

(a) shall be the principal officer of the Cooperative and, unless otherwise determined by the members or by the Board of Directors, shall preside at all meetings of the members and of the Board of Directors;

(b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments executed on behalf of the Cooperative, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws 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, shall 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 6.6. Vice-President. In the absence of the President, or in the event of the President's 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 the Vice-President by the Board of Directors.

Section 6.7. Secretary-Treasurer. The Secretary-Treasurer shall:

(a) cause minutes of the meetings of the members, of the Board of Directors, and of any Executive Committee to be kept;

(b) see that all notices are duly given in accordance with these Bylaws, or as required by law;

(c) supervise custody of the records and funds of the Cooperative;

(d) cause a register of the names and post office addresses of all members to be kept;

(e) in general, perform all duties incident to the office of secretary and of treasurer, and such other duties as from time to time may be assigned by the Board of Directors.

Section 6.8. Delegation of Responsibilities. Notwithstanding the duties, responsibilities and authorities of the officers provided for in these Bylaws, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular and routine administration of, one or more of such officer's duties to one or more agents or other officers of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

Section 6.9. General Manager. The Board of Directors shall appoint a general manager who shall manage the affairs of the Cooperative, under the supervision of, and in accordance with, the policies of the Board of Directors.

Section 6.10. Bonds of Officers. The treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, shall be bonded 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 6.11. Indemnification and Insurance. This Cooperative shall indemnify, and shall have the power to purchase and maintain insurance to indemnify, any person who is or was a director, officer, manager, employee, or agent of this Cooperative, and any person serving at the request of this Cooperative as a director, officer, manager, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person to the fullest extent to which such officers, directors and employees of a cooperative may be indemnified under the laws of this State or any amendments thereto or substitution therefore.

Section 6.12. Reports. One or more of the officers of the Cooperative shall submit at each annual meeting of the members a report generally showing the business of the Cooperative for the previous fiscal year and generally showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII COOPERATIVE NON-PROFIT OPERATION

Section 7.1. Cooperative Operation. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest on dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 7.2. Patronage Capital in Connection with Furnishing Electric Service. In the furnishing of electric service 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 electrical service in excess of operating cost, expenses, and educational fund expenses properly chargeable against the furnishing of electrical service, which operating cost and expenses may, at the discretion of the Board of Directors, include all or any part of operating deficits of prior years.

All such amounts in excess of operating cost, expenses and education fund deductions, at the moment of receipt by the Cooperative, are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account of each patron, and the Cooperative shall within a reasonable time after the close of each 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 Board of Directors shall have the power, at its discretion, to determine the fiscal year to which should be allocated amounts received and receivable from the furnishing of electrical service and to which should be allocated operating costs and expenses.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, 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 amounts so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

All other amounts received by the Cooperative not from its operations may be, in the discretion of the Board of Directors, credited to a general unallocated reserve. However, such general unallocated reserve shall not exceed 15% of the total assets of the Cooperative.

For the purpose of teaching and promoting cooperative organization and principles, not to exceed five percent (5%) of the net margin in excess of operating costs and expenses properly chargeable against furnishing of electric service may be set aside each year as an educational fund to be used in teaching or promoting cooperative organization or principles. The disbursement of any said funds shall be by order of the Board of Directors in accordance with the said purpose. Such fund shall for all purposes be deemed an expense of operation of the Cooperative.

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 credited to patrons' accounts may be retired in full or in part. The Board of Directors, as approved through a resolution adopted each year, as such capital is retired, shall determine that method, basis, priority, and manner to be used for the year in which the capital is retired, provided that such determination of the method, basis, priority, and manner of retirement shall be applied uniformly.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to instruction from the assignor and upon such conditions as the Board of Directors, acting under policies of general application, shall determine.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron who is a natural person, if the legal representatives of the patron's 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 bylaws, to retire capital credited to any such patron 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 condition of the Cooperative will not be impaired thereby. Except upon the death of a natural person, there shall be no other retirements except as provided for in these Bylaws. Insolvency or bankruptcy, whether individual or corporate, shall not be grounds for early or accelerated retirement.

Section 7.3. Donated Capital Credits. If any member or former member fails to claim any payment in distribution of proceeds or redemption of capital credits within six years after payment has been tendered to the member, then the member's claim to the funds may be forfeited by the board. All amounts so forfeited shall revert to the Cooperative as donated capital, if, at least six months before the declared date of forfeiture notice that such payment is available has been given to the last known address of the person entitled thereto as shown by the record of the Cooperative and by notice published at least once a month for four months, both in a publication circulated among members of the Cooperative and in a newspaper of general circulation in the area. Notwithstanding the forfeiture of the funds to the donated capital of the Cooperative, the rightful owner, or the owner's lawful heirs, may obtain payment at any time upon adequate proof of identity.

ARTICLE VIII PROPERTY AND INDEBTEDNESS

Section 8.1. Disposition of Assets. Unless authorized by the members at a meeting called for that purpose, the Board of Directors shall not sell, transfer or convey, within the period of a single calendar year, physical plant in excess of five percent in value of the Cooperative, based upon the most recent audit of the books of the Cooperative. At such a meeting, the sale, transfer or conveyance of physical plant in excess of five percent in value of the Cooperative may be authorized if:

(a) the Board of Directors has caused an itemized written appraisal of the property to be made by a professional appraiser, and the written appraisal has been on file at the Cooperative's principal office and available for examination by any member during regular business hours for at least sixty days prior to the meeting;

(b) notice in writing of the meeting, and that such disposition will be considered, has been given to all members of the Cooperative and to each electric cooperative corporation operating in the State of North Dakota not less than twenty nor more than thirty days prior to the date of such meeting; and

(c) consent therefore shall have been obtained by vote of not less than two-thirds of the entire membership of the Cooperative.

Nothing in this section shall prohibit the sale, transfer, conveyance or exchange of assets of this Cooperative to another electric cooperative corporation, an agency of the State of North Dakota or of the government of the United States, nor in exchange for physical plant of equal monetary value to any person or organization, public or private.

Section 8.2. Indebtedness and Security. The Board of Directors, without any further authorization by the members of the Cooperative, shall have full power and authority to incur liabilities, to borrow money, to increase the indebtedness of the Cooperative, and to secure payment of the Cooperative's debts by mortgaging any or all of the Cooperative's rights, privileges, authority and franchises, revenues, and other property, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors may determine and without limitation. All prior limitations of indebtedness are hereby repealed and superseded.

ARTICLE IX MISCELLANEOUS

Section 9.1. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

Section 9.2. Seal. The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, North Dakota."

Section 9.3. Contracts. Except as otherwise provided in these Bylaws, 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 9.4. Execution of Checks, Drafts, or Other Evidence of Indebtedness. 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 officers, agents or employees of the Cooperative, and in such manner, as shall from time to time be designated by resolution of the Board of Directors.

Section 9.5. Deposits. All funds of the Cooperative, except petty cash, 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 9.6. Contract. The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws 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. A copy of the bylaws and of all amendments thereto shall be furnished to each new member within ninety days after becoming a member and shall be furnished to any member upon request.

Section 9.7. Area Coverage. This Cooperative shall endeavor to make adequate and dependable electric service available to all persons in the rural service area of this Cooperative, in accordance with law, these Bylaws, and the policies, rules and regulations of this Cooperative, which may establish reasonable requirements as a condition of such service.

ARTICLE X AMENDMENTS

These Bylaws may be altered, amended, or repealed by a majority of the members voting thereon in person at a membership meeting, providing that the number of members voting thereon must be sufficient to constitute a quorum as provided in these Bylaws. An amendment must first be approved by a majority of Directors and then adopted by the members as provided herein. After the approval of a proposed amendment by the Board of Directors, the proposed amendment shall be voted on by the membership at the next regular meeting or special meeting. The proposed alteration, amendment or repeal will be made digitally available to the membership not less than ten days before the meeting and by mail if requested by the member.