

# COOPERATIVE BYLAWS

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**GARRISON, NORTH DAKOTA**

**AS AMENDED AT THE 61<sup>st</sup> ANNUAL  
MEETING OF THE MEMBERS  
JUNE 22, 2006**

"It shall be the aim of the McLean Electric Cooperative, Inc. to make electric energy available to its members at the lowest cost consistent with sound economy and good management."

**BYLAWS  
OF THE  
McLEAN ELECTRIC COOPERATIVE, INC.**

**ARTICLE I  
MEMBERSHIP**

**SECTION 1. MEMBERSHIP.** Any adult person, and any partnership, incorporated or unincorporated association, corporation, or body politic shall become a member of McLean Electric Cooperative, Inc. (hereinafter called "Cooperative") upon purchasing electric service from this Cooperative. In purchasing electric service from this Cooperative, such 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 by these bylaws.

**SECTION 2. EVIDENCE OF MEMBERSHIP.** Membership in this Cooperative shall be evidenced by purchase of and payment for electric service from the Cooperative.

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

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

- b) The vote of either separately or both jointly shall constitute one joint vote, but should both be present and in disagreement as to voting, each shall have one-half ( $\frac{1}{2}$ ) vote;
- c) A Waiver of Notice signed by either or both shall constitute a joint waiver.
- d) Notice to either shall constitute notice to both;
- e) Expulsion of either shall terminate the joint membership;
- f) Withdrawal of either shall terminate the joint membership;
- g) Either, but not both, may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.

**SECTION 4. CONVERSION OF MEMBERSHIP.** Upon the death of either spouse who is a party to the joint membership, such memberships shall be held solely by the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

**SECTION 5. SERVICE CONNECTION FEES.** 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 will be deducted therefrom.

**SECTION 6. PURCHASE OF ELECTRIC ENERGY.** Each member shall as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the board of directors. Production or use of electric energy on such premises, regardless of source thereof, by means of facilities, which shall be interconnected with Cooperative 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 energy in excess of the cost of services 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 pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board of directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

**SECTION 7. 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 member shall automatically terminate his membership, except that upon the death of either spouse of a joint membership, the membership shall continue to be held solely by the survivor. The cessation of the legal existence of any other type of member shall automatically terminate such membership; provided that upon dissolution for any reason of a partnership; such membership shall continue to be held solely by such remaining partner or partners as were parties to the original membership and continue directly to occupy or use the premises served by this Cooperative.
- c) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of directors may prescribe. The board of directors of the Cooperative, may by the affirmative vote of not less than two-thirds of all of the 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, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the board of directors or by vote of the members at any annual or special meeting.
- d) In case of withdrawal or termination of membership in any manner the Cooperative shall refund to the member the amount of any refundable service connection deposit still held by the Cooperative less any debts or obligations owing from the member of the Cooperative.

## **ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS**

**SECTION 1. PROPERTY INTEREST OF MEMBERS.** Upon dissolution, after (a) all debts and liabilities of the Cooperative have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during 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 THE MEMBERS**

**SECTION 1. ANNUAL MEETING.** The annual meeting of the members shall be held in the first six (6) months following the end of each fiscal year, at such place in the County of McLean, State of North Dakota, as shall be designated in the notice of the meeting, for the purpose of electing directors, presenting reports for the previous fiscal year and transacting such other business as may come before the meeting. The place and date of such meetings shall be determined by the Board of Directors at least thirty (30) days before the date of such meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**SECTION 2. SPECIAL MEETINGS.** Special meetings of the members may be called by resolution of the board of directors, or upon a written request signed by any three directors, by the President, or by ten percentum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meetings to the members may be held at any place within the County of McLean, State of North Dakota, specified in the notice of the special meeting.

**SECTION 3. NOTICE OF MEMBERS MEETING.** Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting or an annual meeting at which business requiring special notices 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, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual meeting or special meeting of the members shall not invalidate any action which may be taken by the members of any such meeting.

**SECTION 4. QUORUM.** As long as the total number of members does not exceed five hundred, ten percentum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed five hundred, fifty members 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 without further notice, provided that the Secretary shall notify any absent members of the time and place of such adjourned meeting.

**SECTION 5. VOTING.** Each member shall be entitled to only one vote. 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 of these Bylaws.

**SECTION 6. PROXIES.** No voting by proxies shall be permitted

**SECTION 7. VOTING DISTRICTS.** The territory served by the Cooperative shall be divided along township boundaries into seven districts. Each district shall be represented by one director.

Not less than sixty days before any meeting of the members at which directors are to be elected, the board of directors shall review the composition of the districts. If a more equal number of members in each district can be achieved the board of directors may reconstitute the districts.

**SECTION 8. NOMINATION AND ELECTION OF DIRECTORS.**

- a) **NOMINATION AND ELECTION.** Whenever a vacancy in a director position shall exist by virtue of a director’s term expiring, any member in good standing of this Corporation and residing within the district in which the vacancy occurs, may become a candidate for the office of director for such vacancy by filing at the Corporation Headquarters at least sixty (60) days prior to the date of the annual meeting, a nomination petition setting forth the name of the person so nominated for the office of director and is signed by at least fifteen (15) members in good standing who also reside within the director district in which the vacancy exists. No nominations shall be received from the floor at the annual meeting unless no petitions are filed, in which instance members residing within the district in which the vacancy exists, may nominate a director from the floor for its district. At the annual meeting, the members present and voting shall select, by secret written ballot, a director to fill the expired director term in that district. The ballots shall list the candidates by district. Each member present and voting shall be entitled to vote for one (1) nominee for each vacancy in each district. The director candidate receiving the most votes in each district for which an election is held shall be declared to be the elected director of the Corporation from that particular district. In the event that there are no more director nominees than there are vacancies, the director candidates may be elected by voice vote at the annual meeting.
  
- b) **ELECTION OF DIRECTORS.** Not less than seven days before an annual or special meeting of the members at which directors are to be elected, the Secretary of the Cooperative shall be responsible for mailing to each member a list of the candidates, the names to be arranged by the districts. This list may be included with the notice of the meeting. At the meeting, the Secretary of the Cooperative shall place in nomination the names of the official candidates of each district from which a director is to be elected.
  
- c) **TERM OF OFFICE.** Directors shall be elected for a term of three years. Following the adoption of this revision of the Bylaws, the rotation order of director election for the years 2002, 2003 and 2004 shall be as follows:

2002	Districts			
2003	Districts	2	4	6
2004	Districts	1	3	5

The term of the director from District No. 2 shall be a two-year term beginning in the year 2003, and a three-year term thereafter.

The rotation order of director elections for years thereafter shall be as follows:

1 <sup>st</sup> year	Districts	2	7
2 <sup>nd</sup> year	Districts	4	6
3 <sup>rd</sup> year	Districts	1	3

**SECTION 9. ORDER OF BUSINESS.** The order of business at the annual meeting of the members, and, so far as possible at all other meetings of the members, shall be essentially as follows:

1. Report as to which members are present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of the unapproved minutes of previous meetings of the members and taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

#### **ARTICLE IV DIRECTORS**

**SECTION 1. GENERAL POWERS.** The business and affairs of the Cooperative shall be managed by a board of seven directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

**SECTION 2. ELECTION AND TENURE OF OFFICE.** All directors shall be elected by secret ballot to serve a three year term or until their successors shall have been elected and shall have qualified. If an election of directors shall not be held on the day designated herein 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. Directors may be elected by a plurality vote of the members.

**SECTION 3. QUALIFICATIONS.** Every director shall be:

- a) A member of this Cooperative and a bona fide resident of the district he represents.
- b) In no way be employed by or financially interested in a competing enterprise.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the board of directors shall remove such director from office.

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

**SECTION 4. REMOVAL OF DIRECTORS BY MEMBERS.** Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percentum of the members, may request the removal of such directors by reason thereof. Such directors shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, provided that the director must reside in the same district as the director in respect to whom the vacancy occurs.

**SECTION 5. VACANCIES.** Subject to the provisions of these Bylaws, with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the board of directors shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term. The member elected as director to fill the vacancy must reside in the same district as the director to whose office he succeeds.

**SECTION 6. COMPENSATION.** Directors shall not receive any salary for their services as such, except that the board of directors by resolution may authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the board. If authorized by the board of directors, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board of directors in lieu of detailed accounting by for some of these expenses. 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 the amount of compensation shall be specifically authorized by a vote of the members, or the service of such director or close relative shall have been certified by the board of directors as an emergency measure.



**ARTICLE V  
MEETINGS OF DIRECTORS**

**SECTION 1. REGULAR MEETINGS.** A regular meeting of the board of directors shall also be held monthly at such time and place as the board of directors may provide by resolution. Such regular may be held without notice other than such resolution fixing the time and place thereof. A regular meeting of the board of directors shall also be held immediately after, and at the same place as the annual meeting of the members.

**SECTION 2. SPECIAL MEETINGS.** A special meetings of the board of directors may be called by the President or by any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to all directors. The President or the Directors calling the meeting shall fix the time and place for the holding of the meeting.

**SECTION 3. QUORUM.** A majority of the board of directors shall constitute a quorum, provided, that if less than such majority of the directors is present at such 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 director of the time and place of such adjourned meeting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

**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 directors, from time to time. The offices of Secretary and of Treasurer may be held by the same person.

**SECTION 2. ELECTION AND TERM OF OFFICE.** The officers shall be elected by ballot, annually by and from the board of directors at the meeting of the board of directors held immediately after the annual meeting of the members. If the election of officers be not held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members or until his successors shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board of directors for the unexpired portion of the term.

**SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY DIRECTORS.** Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the Cooperative will be served thereby. In addition any member of the Cooperative may bring charges against an officer, or by filing with the Secretary such charges in writing together with a petition signed by ten percentum 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 such charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

**SECTION 4. PRESIDENT.** The president shall:

- a) be the original officer of the Cooperative and, unless otherwise determined by the members of the board of directors, shall preside at all meetings of the directors;
- b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the board of directors or the members, and may sign any deeds, mortgages, deed of trust, notes, bonds, contracts or other instruments, authorized by the board of directors to be executed 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 perform all duties incident to the office of President and such other duties as may be prescribed by the board of directors from time to time.

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

**SECTION 6. SECRETARY.** The Secretary shall:

- a) keep the minutes of the meetings of the members and of the board of directors in one or more books provided for that purpose;
- b) that all notices are duly given in accordance with these bylaws or as required by law;
- c) be custodian 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 bylaws;

- d) keep a register of the names and post office addresses of all members;
- e) sign with the President, certificates of membership, the issue of which shall have been authorized by the board of directors or the members;
- f) have general charge of the books of the Cooperative;
- g) keep on file at all times a complete copy of the Articles of Incorporation and Bylaws 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, a copy of the Bylaws and of all amendments thereto shall be provided to such 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 to him by the board of directors.

**SECTION 7. TREASURER.** The Treasurer shall:

- a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- b) be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provision of these Bylaws; 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 to him by the board of directors.

**SECTION 8. MANAGER.** The board of directors may appoint a manager who may be, but shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the board of directors may from time to time vest in him.

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

**SECTION 10. COMPENSATION.** The powers, duties and compensation of officers, agents and employees shall be fixed by the board of directors, subject to the provisions of these bylaws with respect to compensation for directors and close relatives of directors.

**SECTION 11. REPORTS.** The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

**ARTICLE VII  
NON-PROFIT OPERATION**

**SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED.** The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY.** In the furnishing of electric energy the Cooperative's operations, shall be so conducted that all patrons, 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 obligated to credit 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. All other amounts received by the Cooperative from it's 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.

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.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patrons premises served by the Cooperative unless the board of directors, acting under policies of general application and legal representatives of such patrons estate shall agree upon; provided, however, that 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 in these bylaws. Insolvency or bankruptcy, whether individual or corporate, shall not be grounds for early or accelerated retirement.

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 patron are bound by such a contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of the article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

## **ARTICLE VIII DISPOSITION OF PROPERTY**

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sales, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income determine, to secure any indebtedness of the Cooperative; provided further that the board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative was incorporated.

## **ARTICLE IX SEAL**

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

## **ARTICLE X FINANCIAL TRANSACTIONS**

**SECTION 1. CONTRACTS.** Except as otherwise provided 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 2. CHECKS, DRAFTS, ETC.** All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such office or officers, agent or agents, employee or employees, of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of directors.

**SECTION 3. DEPOSITS.** 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 shall select.

**SECTION 4. FISCAL YEAR.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## **ARTICLE XI MISCELLANEOUS**

**SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS.** The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase provided, however, that the Cooperative may upon the authorization of the board of directors purchase stock in or become a member of any corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of the rural electrification, or with the approval of the Administrator of REA, or any other corporation for the purpose of acquiring electric facilities.

**SECTION 2. WAIVER OF NOTICE.** Any member or director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**SECTION 3. RULES AND REGULATIONS.** The board of directors shall have power to make and adopt such rules and regulations not inconsistent with law, the Article of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

**SECTION 4. ACCOUNTING SYSTEM AND REPORTS.** The board of directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body shall conform to such accounting system as may from time to time be designated by the administrator of the Rural Electrification Administration of the United States of America. The board of directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit to be submitted to the members at the next following annual meeting.

**SECTION 5. AREA COVERAGE.** The board of directors shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who desire such service and meet all reasonable requirements established by the Cooperative as a condition of such service.

## **ARTICLE XII AMENDMENTS**

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

### **APPENDIX A STATEMENT OF NONDISCRIMINATION**

McLEAN ELECTRIC COOPERATIVE, INC. has filed with the Federal Government a Compliance Assurance in which it assures the Rural Electrification Administration that it will comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the Rules and Regulations of the Department of Agriculture issued thereunder, to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or to be otherwise subjected to discrimination in the conduct of its program and the operation of its facilities. Under this Assurance, this organization is committed not to discriminate against any person on the ground of race, color or national origin in its policies and practices relating to applications for service or any other policies and practices, relating to treatment of beneficiaries and participants including rates, conditions and extension of service, use of any of its facilities, attendance at and participation in any meetings of beneficiaries and participants or the exercise of any rights of such beneficiaries and participants in the conduct of the operations of this organization.

Any person who believes himself, or any specific class of individuals, to be subjected by this organization to discrimination prohibited by Title VI of the Act and the Rules and Regulations issued thereunder may, by himself or a representative, file with the Secretary of Agriculture, Washington, D.C. 20250, or the Rural Electrification Administration, Washington, D.C. 20250, or this organization, or all, a written complaint. Such complaint must be filed not later than 180 days after the alleged discrimination, or by such later date to which the Secretary of Agriculture or the Rural Electrification Administration extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.