

By-Laws of the North Itasca Electric Cooperative, Inc. Bigfork, Minnesota



Serving Agriculture Industry and Recreation ~ Owned by those it serves

ARTICLE I MEMBERSHIP

Section 1. REQUIREMENTS FOR MEMBERSHIP.

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of The North Itasca Electric Co-op., Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that they or it comply with the Articles of Incorporation, these By-laws and such rules and regulations as may be adopted by the Board of Directors, and has:

- A. Made a written application for membership therein;
- B. Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- C. Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors, and;
- D. No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws;
- E. Agreed to permit the Cooperative to have an easement for wires, poles, underground cables and other facilities across real property that may be owned by the member so as to serve the member with electricity or to serve other members of the Cooperative.

Section 2. MEMBERSHIP RECORDS.

The Cooperative shall maintain appropriate membership records.

Section 3. JOINT MEMBERSHIP.

Two or more adult persons may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. A joint membership shall constitute a single membership for the purposes of notice, waiver of notice, voting, expulsion, withdrawal, and election as a director. All Joint members shall be jointly and severally liable for any debt incurred to the Cooperative

A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and other qualifying adult applicant(s) to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board.

Upon the death of any person who is a party to the joint membership, such membership shall be held solely by the survivor(s), provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 4. PURCHASE OF ELECTRIC ENERGY.

Each member shall as soon as electric energy is made available, purchase from the Cooperative all electric energy purchased for use on the premises specified in their application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board.

Section 5. TERMINATION OF MEMBERSHIP.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or their estate from any debts due the Cooperative. In case of withdrawal or termination of membership in any manner, the Cooperative shall repay the member the amount of the membership fee paid by him, if any, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by 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 shall 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 members bears to the total patronage of all such members unless otherwise provided by law.

Section 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE.

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETINGS OF MEMBERS

Section 1. ANNUAL MEETING.

The annual meeting of the members shall be held annually at a time and place to be determined by the Board of Directors, for the purpose of electing Directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting.

Section 2. SPECIAL MEETINGS.

Special meeting of the members may be called by resolution of the Board of Directors or

upon the written petition signed by at least twenty percent (20%) of the members. Special meetings of the members may be held at any place designated by the Board and shall be specified in the notice of special meeting.

Section 3. NOTICE OF MEMBERS MEETINGS.

Written or published notice stating the place, day and hour of an annual or special meeting and, the purpose or purposes for which the meeting is called shall be delivered to each member not less than fifteen (15) days previous to the date of such meeting. Upon mailing of any notice of a regular or special meeting of the stockholders the Secretary of the Cooperative shall execute a certificate, setting forth a correct copy of the notice mailed and showing the date of the mailing thereof, and that the same was mailed within the time and in the manner prescribed by law. The certificate shall be made a part of the record of the meeting. 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 meeting.

Section 4. QUORUM.

Fifty (50) members present in person shall constitute a quorum at any meeting of members. The attendance of a sufficient number of members to constitute a quorum at any meeting of the members shall be established and verified by the Chair and Secretary, and such registration shall be reported in the minutes of such meeting. In determining a quorum at any meeting, on a question submitted to a vote by mail, members present in person or represented by mail vote shall be counted.

Section 5. VOTING.

Each member, and each joint membership, shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting in person or by mail except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these Bylaws. In case of ties the election shall be determined by an impartial coin toss.

Section 6. VOTING BY MAIL.

Any member who is absent from any annual or special meeting of the members may vote by mail on the ballot herein prescribed upon any motion, resolution, amendment or election of Board members to be acted upon at such meeting. The ballot shall be in the form prescribed by the Board of Directors of the Cooperative and shall contain the exact text of the proposed amendment, motion, resolution, list of nominated members for board election or other proposition to be acted upon at such meeting and the date of the meeting and shall also contain spaces opposite the text of such motion, resolution affirmation or negative vote therein.

On ballots for the election of Board members, the candidates shall be listed in alphabetical order with the incumbent being designated as such and shall contain spaces opposite the list of candidates in which members may indicate the candidate of their choice. Such member shall express their choice by marking an "X" in the appropriate space upon such ballot, and when received by the Secretary of the Cooperative, shall be accepted and counted as the vote of any absent member at such meeting. The failure of any absent member to receive a copy of such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

All completed ballots shall be either mailed in the envelopes provided by the Cooperative or personally delivered in said envelopes by the member to authorized personnel at the Cooperative headquarters on days prior to the election or to the election judges on the day of the annual meeting. Ballots cast by corporate members shall be accompanied by a certificate

of authority signed by the President or Secretary thereof.

Section 7. 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, except as otherwise determined by such members at such meeting:

1. Report on the number of members present in person or by mail in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereof.
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 BOARD MEMBERS

Section 1. GENERAL POWERS.

The business and affairs of the Cooperative shall be managed by a board of nine (9) members which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation of these Bylaws conferred upon or reserved to the members.

Section 2. ELECTION AND TENURE OF OFFICE.

The persons named as directors in the Articles of Incorporation shall compose the Board of Directors until their successors shall have been elected and shall have annual meetings of the members. The Board Directors shall cause the entire area served by the Cooperative to be divided into nine (9) districts as of equal member population as may be practical, from each of which districts one (1) Director shall be elected to serve for a term of three (3) years, and until their successor has been elected, or in the case of a vacancy, for the duration of the unexpired term. No member shall vote for any person for the office of Director unless the nominee is a resident of the election district in which the member resides. Directors shall be elected by receiving a plurality of the vote of the voting members residing in the respective election district.

Section 3. QUALIFICATIONS.

No person shall be eligible to become or remain a Board member of the Cooperative who:

1. Is not a member and bona fide resident in the area served or to be served by the Cooperative;
2. Within five (5) years preceding a director candidates nomination was or during

- service on the Board of Directors is determined to be guilty of a felony;
3. Within three years preceding a director candidates nomination was an employee of the Cooperative;
 4. Is or becomes, or at any time during the five years preceding a director candidates nomination shall have been, employed by a labor union which represents, or has represented, or has endeavored to represent any employees of the Cooperative;
 5. Is a grandparent, parent, spouse, co-habitant, child, or grandchild of an employee of the Cooperative.
 6. Is a person that is a grandparent, parent, spouse, co-habitant, child, or grandchild of an incumbent director that is not up for re-election at that time;
 7. Is in any way employed by or substantially financially interested in an enterprise competing with the Cooperative or any Cooperative-affiliated business;
 8. Is or becomes the full time employee or agent of, or who is or becomes the full time employer or principal of, another director, or;
 9. Is absent without cause from three (3) or more regular meetings of the Board of Directors during any twelve (12) month period.

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

Section 4. NOMINATIONS.

It shall be the duty of the board of Directors to appoint a committee on nominations consisting of one (1) member from each of the Director districts of the Cooperative plus one (1) alternate from each Director district in which an election is being held at said meeting. No member of the Board of Directors may serve on such committee. The Secretary shall promptly cause to be mailed to the members of the Cooperative a letter informing them of the membership of the nominating committee the date and time and location of its meeting, and a list of Director districts in which elections are to be held, and the procedure for nominations. The committee shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting, a list of nominations for Director, which said list shall consist of one (1) or more candidates from each election district in which the term of the incumbent Director shall expire at the next annual meeting of the members. Any fifteen (15) or more members from any district acting together may make other nominations for Director in their district by petition not less than twenty-five (25) days prior to the meeting and the Secretary shall mail with the notice of the meeting or separately, but at least seven (7) days before the date of the meeting a statement of the number of Directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any.

Section 5. REMOVAL OF DIRECTORS BY MEMBERS.

The members have the power to remove any Director for just cause reasonably and directly related to the duties of the position. Any member may file such charges against a Director by filing in writing with the Secretary a petition, signed by 20% or more of the members residing in that Directors district, requesting removal of the director. The President of the Board shall then appoint a Committee of five Directors to review the charges and conduct such investigation as is necessary to determine within 30 days whether probable cause exists as to the grounds for removal. If probable cause is not found the petition shall be rejected. If probable cause is found then the removal shall be voted upon at a special Members meeting held not less than 50 days nor more than 90 days after the finding of probable cause. The Director against whom charges have been brought shall be informed in writing of the charges

upon their filing. Both the Director and the Member or Members bringing the charges shall have an opportunity at the Members meeting to be heard in person or by counsel and to present evidence. After presentation of evidence the members shall vote on whether the Director shall be removed from office, and removal shall be effected by a majority vote of those members residing in that Directors district and present at the meeting. The vacancy created by any such removal shall be filled as provided in the following Section.

Section 6. VACANCIES.

Subject to the provisions of these Bylaws, with respect to the filling of vacancies, a vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors until the next annual meeting of the members.

Section 7. COMPENSATION.

Board members shall not receive any salary for their services as such, except that the Board of Directors may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business. Reimbursement for expenses actually and necessarily incurred in carrying out such cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting of such expenses, and participation in insurance programs offered to employees. No Board member shall receive compensation for serving the Cooperative in any other capacity, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Board member shall have been certified by the Board as an emergency measure.

ARTICLE V MEETING OF THE BOARD

Section 1. REGULAR MEETINGS.

A regular meeting of the Board of Directors shall be held without notice immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at the Cooperative headquarters or at any other site within the area served by the Cooperative at such time as the board of Directors may provide by resolution and as provided in Section Five of this Article. Such regular monthly 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 president or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time for holding the meeting, which shall be at the Cooperative headquarters or at any other site in the area served by the Cooperative as provided by resolution and as provided in Section Five of this Article. The matters considered and acted upon by the Board at a Special Meeting shall be limited to those specific items indicated in the Notice of meeting provided to the Directors.

Section 3. NOTICE OF DIRECTORS MEETING.

Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each director not less than five (5) days previous thereto either personally, by mail, or by facsimile mail to each director at the directors last known address.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at their address as it appears on the records of the Cooperative with postage thereon prepaid. Any Director may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting by such Director, except in case a 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 4. QUORUM.

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provide further, that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting.

Section 5. MEETING BY MEANS OF ELECTRONIC COMMUNICATION.

Directors may participate in a regular or special meeting of the Board of Directors by means of conference telephone or similar means of communication by which all persons participating in the meeting can simultaneously hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

ARTICLE VI OFFICERS

Section 1. NUMBER.

The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, Chief Executive Officer, and such other Officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 2. ELECTION AND TERM OF OFFICERS.

Except for the Chief Executive Officer, the Officers shall be elected by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until their successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

Section 3. REMOVAL OF OFFICERS AND AGENTS BY THE BOARD.

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

Section 4. PRESIDENT.

The President shall:

- A. Preside at all meetings of the members and the Board;
- B. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board 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 from time to time.

Section 5. VICE PRESIDENT.

In the absence of the President, or in the event of their 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.

Section 6. SECRETARY.

The Secretary shall be responsible for:

A. Keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;

B. See that all notices are duly given in accordance with these Bylaws or as required by law;

C. The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;

D. Keeping a register of the names and post office addresses of all members;

E. Keeping 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, furnishing a copy of the Bylaws and all amendments thereto to any member upon request; and

F. In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board.

Section 7. TREASURER.

The Treasurer shall be responsible for:

A. Custody of all funds and securities of the Cooperative;

B. The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

C. The general performance of 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.

Upon the request of the Treasurer, the Board of Directors shall authorize the Treasurer to delegate any or all of the duties to responsible employees of the Cooperative.

Section 8. CHIEF EXECUTIVE OFFICER.

The Chief Executive Officer:

A. Shall have general charge and management of the business of the Cooperative, subject to the control of the Board of Directors;

B. Shall sign all certificates, deeds, mortgages, contracts and other instruments as authorized by the Board of Directors;

C. Shall make reports to the Board of Directors and members of the Cooperative; and

D. Shall perform such other duties as may be prescribed by the Board of Directors.

Section 9. BONDS OF OFFICERS.

The Treasurer and any other Officer or Agent of the Cooperative charged with responsibility for the custody of its funds or property may be bonded in such sum and with such surety as

the Board shall determine. The Board in its discretion may also require any other Officer, Agent or employee of the Cooperative to be bonded 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 subject to the provisions of these Bylaws with respect to compensation for a Board member.

Section 11. REPORTS.

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

ARTICLE VII DISTRIBUTION OF EARNINGS

Section 1. MEMBERS AND PATRONS.

The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its members. For purposes of this Article, a member means a person or entity that both purchases and takes delivery of electric energy from the Cooperative and receives an allocation of patronage capital. A patron means a person or entity that does not both purchase and take delivery of electric energy from the Cooperative, but that purchases other products or services from the Cooperative, and does not receive an allocation of patronage capital.

Section 2. PATRONAGE CAPITAL IN CONNECTION WITH DELIVERY AND SALE OF ELECTRIC ENERGY.

In the delivery and sale of electric energy, the Cooperative's operations shall be so conducted that all members 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 for all amounts received and receivable from the delivery and sale of electric energy in excess of operating costs and expenses properly chargeable against the delivery and sale 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 members as patronage capital. The Cooperative is obligated to pay by credits to a patronage capital account for each member all such amounts in excess of operating costs, expenses, and such reserves authorized by these by-laws which may be established by the Board of Directors. 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 patronage, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the patronage account of each member.

All amounts received by the Cooperative from its operations in excess of cost 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 members on a patronage basis and any amount so allocated shall be included as part of the patronage capital credited to the

accounts of members, as herein provided.

The Cooperative may set aside such part of its net income as its Board of Directors deems advisable for the purpose of creating or maintaining a reserve, and may establish and accumulate reserves for new buildings, machinery, and equipment, depreciation, losses and other proper purposes.

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 patronage capital credited to members' 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 heretofore and hereafter credited as patronage capital.

In no event, however, shall any patronage capital credits be retired contrary to the provisions of any unsatisfied mortgage executed by the Cooperative.

The members of the Cooperative, by dealing with the Cooperative acknowledge that the terms and provisions of this Article and the By-Laws shall constitute and be a contract between the Cooperative and each member and patron, and the Cooperative and the members and patrons are bound by such contract, as fully as though each member and patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the bylaws shall be called to the attention of each member and patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Section 3. PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES.

In the event that the Cooperative should engage in the business of furnishing goods or services other than the delivery and sale of electric energy to members, all amounts received and receivable therefrom which are in excess of costs, expenses, and such reserves authorized by these by-laws and established by the Board of Directors, shall be allocated annually to the members of this Cooperative on a patronage basis. The Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all such amounts heretofore or hereafter furnished as capital.

ARTICLE VIII DISPOSITION OF PROPERTY

The Board of Directors may sell, mortgage, lease or otherwise dispose of or encumber the property of the Cooperative upon such terms and conditions as it deems appropriate and in the best interests of the Cooperative. No sale of more than twenty-five percent (25%) of the property of the Cooperative shall be effective, however, unless authorized at a regular or special meeting by the affirmative vote of two-thirds (2/3) of the total number of members of the cooperative.

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Minnesota".

ARTICLE X MISCELLANEOUS

Section 1. WAIVER OF NOTICE.

Any member or Board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or a Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member, except in case a member or Board member 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 2. POLICIES, RULES AND REGULATIONS.

The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 3. ACCOUNTING SYSTEM AND REPORTS.

The Board 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 Administration of the Rural Utility Service of the United States of America. The Board 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 each fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 4. AREA COVERAGE.

The Board 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 XI MISCELLANEOUS

Section 1. WAIVER OF NOTICE.

Any member or Board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or a Board member at any meeting shall

constitute a waiver of notice of such meeting by such member or Board member, except in case a member or Board member 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 2. POLICIES, RULES AND REGULATIONS.

The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 3. ACCOUNTING SYSTEM AND REPORTS.

The Board 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 Administration of the Rural Utility Service of the United States of America. The Board 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 each fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 4. AREA COVERAGE.

The Board 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.

revised 6-12-99