

Article I

Membership

Section 1. Requirements for Membership

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Codington-Clark Electric Cooperative Incorporated (hereinafter called the “Cooperative”) upon receipt of electric service from the Cooperative, provided that he or it has first:

- (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.*

No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

Section 2. Membership Certificates

Membership in the Cooperative shall be evidenced by a membership certificate, which shall be in such form and shall contain such provisions as shall be determined by the board. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 3. Joint Membership

A husband and wife 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. The term “member” as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of 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 have the effect of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint 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 director, provided that both shall meet the qualifications for such office.

* The word “board” is used herein to refer to the board of directors.

Section 4. Conversion of Membership

A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws and rules and regulations adopted by the board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 5. Purchase of Electric Energy

The Cooperative will conform with all the requirements of Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA), Cogeneration and Small Power Production, and with the actual regulations set forth in Part 292 of Chapter I, Title 18, Code of Federal Regulations, and acts and regulations amendatory thereto, insofar as the same are applicable to this Cooperative; and this Cooperative will likewise in the future comply with any other Federal law where compliance therewith is a requirement prerequisite to procuring a loan by the Cooperative from the United States of America, acting through the United States Department of Agriculture, Rural Electrification Administration.

Each member shall pay for electric energy purchased from the Cooperative at rates, which shall from time to time be fixed by the board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these 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 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 6. Termination of Membership

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe. The board of the Cooperative may, by the affirmative vote of not less than two-thirds of all the directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules and regulations adopted by the board, 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. Any expelled member may be reinstated by vote of the board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be cancelled by resolution of the board.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due 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 bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

Section 2. Non-liability for Debts of the Cooperative

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

Article III

Meetings of Members

Section 1. Annual Meeting

The annual meeting of the members shall be held on the second Wednesday of June each year, beginning with the year 1965, at such place in the Counties of Codington and Clark, State of South Dakota, as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. If the day fixed for the annual meeting shall fall on a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. The time of holding the annual meeting of members may be changed to any day of each year by a resolution duly adopted by the board and written notice to each member in the same manner as provided in Section 3 of this Article.

Section 2. Special Meetings

A special meeting of the members may be called by resolution of the board, or upon a written request signed by any three directors, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the Counties of Codington and Clark, State of South Dakota, specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings

Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling 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 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

As long as the total number of members does not exceed one thousand, five per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed one thousand, fifty members present in person shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

Section 5. Voting

Each member, with no proxy voting permitted, shall be entitled to only one 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 thereon in person, except as otherwise provided by law, the articles of conversion or these bylaws.

Section 6. Mail Voting

Any member who is absent from any annual or special meeting of the members may vote by mail at such meeting upon matters pertaining to the borrowing of funds, sale, mortgage, lease, or other disposition or encumbrance of property, acquisition of other entities, merger, consolidation or reorganization, and other matters as to which the board determines that the membership may vote by mail. The Secretary shall enclose with the notice of the meeting a printed ballot including an exact copy of the motion, resolution, or matter to be acted on. The ballot shall be returned as established by the board, but must be received at or before the meeting. The failure of any absent member to receive a copy of the proposed motion, resolution or matter to be acted on shall not invalidate any action taken by the members.

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:

1. Report on the number of members present in person 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 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 nine directors which shall exercise all of the powers of the Cooperative except such as are by law, the articles of conversion or these bylaws conferred upon or reserved to the members.

Section 2. Districts

The Cooperative's service area shall be divided into nine districts and shall be known, designated, and represented as follows:

District I: Shall include all area served or to be served north of the north boundary line of Codington and Clark Counties and shall be represented by one director.

District II: Shall include all area served or to be served in Leola, Germantown, Rauville and Waverly Townships in Codington County and any area east of the above named townships that adjoins the east boundary line of Codington County and shall be represented by one director.

District III: Shall include all area served or to be served in Dexter, Eden, Phipps and Fuller Townships in Codington County and shall be represented by one director.

District IV: Shall include all area served or to be served in Lake, Richland, Graceland, Henry and Kampeska Townships in Codington County and Brantford Township in Hamlin County and all area south of the above named townships that adjoins the boundary line of Codington County and shall be represented by one director.

District V: Shall include all area served or to be served in Kranzburg, Elmira, Pelican, and Sheridan Townships in Codington County and all area east and south of the above named townships that adjoins the boundary line of Codington County and shall be represented by one director.

District VI: Shall include all area served or to be served in Blaine, Cottonwood, Thorp, Maydell, Eden, Mt. Pleasant and Elrod Townships in Clark County and shall be represented by one director.

District VII: Shall include all area served or to be served in Spring Valley, Warren, Ash, Woodland, Garfield, Raymond and Logan Townships in Clark County and all area west of the above named townships that adjoins the boundary line of Clark County and shall be represented by one director.

District VIII: Shall include all area served or to be served in Lincoln, Darlington, Fordham, Richland, Hague and Rosedale Townships in Clark County and all area west and south of the above townships that adjoins the boundary line of Clark County and shall be represented by one director.

District IX: Shall include all area served or to be served in Day, Merton, Foxton, Pleasant, Lake, Collins and Washington Townships in Clark County and all area south and east of the above townships that adjoins the boundary line of Clark County, except that area contained in District IV as designated, and shall be represented by one director.

Not less than sixty (60) days before any meeting of the members, at which directors are to be elected, the board shall review the composition of the several districts. If any inequalities in representation have developed which can be corrected by redelimitation of districts, the board shall reconstitute the districts so that any such inequalities shall be eliminated.

Section 3. Tenure

The persons named as directors in the articles of conversion shall compose the board until the first annual meeting or until their successors shall have been elected and shall have qualified. Commencing with the year 1973, the position of director for Districts I, III, and VII, shall be elected for a term of three years. Commencing with the year 1974, the position of director for Districts II, VI, and IX, shall be elected for a term of three years. Commencing with the year 1975, the position of director for Districts IV, V, VIII, shall be elected for a term of three years. Upon election, directors shall, subject to the provisions of these bylaws with respect to removal of directors, serve until the annual membership meeting of the year in which their terms shall expire or until their successors shall have been elected and shall have qualified. If an election of directors is not held on the date designated herein for the annual meeting or at any adjourned meeting thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter.

Section 4. Qualifications

No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who:

- (a) Is not a member and bona fide resident physically residing in the area served or to be served by the Cooperative and in the district which the member is to represent; or
- (b) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative; or
- (c) Is an employee of the Cooperative or was an employee of the Cooperative and less than three (3) years have passed since the last day of employment; is a close relative of an employee of the Cooperative; or is a close relative of an incumbent director. As used by these bylaws, close relative means a person who, by blood or in-law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, uncle, aunt, nephew or niece of the principal; or
- (d) Does not have the legal capacity to enter into a binding contract.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the board 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.

Section 5. Nomination

Nomination of directors shall be by petition. The Secretary shall be responsible for notifying members about the nomination of candidates for director and the availability of nominating petitions. Any fifteen (15) or more members of the same district affixing their signatures to a petition provided by the Cooperative can nominate a qualified person as a candidate for director from their district. Petitions must be submitted to the Secretary not less than forty (40) days prior to the annual meeting of the members. Not less than ten (10) days prior to the annual meeting, the Secretary shall be responsible for notifying members of the number of directors to be elected and the names and addresses of nominated candidates.

Section 6: Election

Election of directors shall be by printed ballot. Nominated candidates' names on the ballot shall be arranged by districts. Drawing by lot, under the supervision of the Secretary, shall determine the order of

names on the ballot within each district. Each member of the Cooperative present at the meeting shall be entitled to vote for one candidate from each district from which a director is to be elected. The candidate from each district receiving the highest number of votes at this meeting shall be declared elected as director from the particular district. Drawing by lot shall resolve, where necessary, any tie votes. In the event there is only one nominee for director from a particular district, and if there is no objection, written balloting may be waived for that particular election and voting may be conducted in any other proper manner.

Section 7. 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 (10) percent of the members, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered. Such director shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges. The person or persons bringing the charges against such director shall have the same opportunity. The question of the removal of such director shall be considered and voted upon by printed ballot at the meeting of the members. A majority of the votes cast shall be required to remove a director. 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; however, the new director must be qualified and shall serve the unexpired portion of the removed director's term.

Section 8. Vacancy

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 shall be filled for the unexpired portion of the term with a qualified person elected by the affirmative vote of a majority of the remaining directors.

Section 9. Compensation

Directors shall not receive any salary for their services as directors, except that by resolution of the board a fixed sum and expenses while on Cooperative business as a member of the board. 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 the board as an emergency measure.

Article V

Meetings of Directors

Section 1. Regular Meetings

A regular meeting of the board 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 shall also be held monthly at such time and place in Codington and Clark Counties, State of South Dakota, as the board may provide by resolution. Such monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings

Special meetings of the board 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 be given as hereinafter

provided. The President or directors calling the meeting shall fix the time and place for the holding of the meeting.

Section 3. Notice of Director's Meetings

Written notice of the time, place and purpose of any special meeting of the board shall be delivered to each director either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered 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.

Section 4. Quorum

A majority of the board 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 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 except as otherwise provided in these bylaws.

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 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 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 his 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 Directors

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. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity 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 opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

Section 4. President

The President shall:

- (a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the board, shall preside at all meetings of the members and the board;
- (b) Sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the board or the members, and may sign 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 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.

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) Seeing 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 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) Signing, with the President, certificates of membership, the issue of which shall have been authorized by the board or the members;
- (f) 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 of all amendments thereto to any member upon request; and
- (g) 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 issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys 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.

Section 8. Manager

The board may appoint a manager who may be, but who 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 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 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 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 fiscal 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 the sum of (a) operating costs and expenses properly chargeable against the furnishing of electric energy, (b) amounts required to offset any losses incurred during the current or any prior fiscal year, and (c) a surplus or contingency reserve as required in the judgment of the Board of Directors to provide for reasonable reserves for the payment of the incremental cost of electric power and energy purchased by the Cooperative for resale to its patrons, provide for the adoption of margin stabilization plans, revenue or expense deferral plans or other plans that provide for the retention of revenues and receipts in excess of those needed to meet current losses and expenses. All such amounts in

excess of operating costs, expenses, losses, and reserves as set forth in (a) (b) and (c) above 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 for each patron all such amounts in excess of operating costs, expenses, losses, and reserves as set forth in (a) (b) and (c) above. The books and records of the Cooperative shall be set up and kept in such 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. 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 the patron's account; however, individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies patrons of the aggregate amount of such excess and provides a clear explanation of how patrons may compute and determine for themselves the specific amount of capital so credited to them. 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.

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 shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Notwithstanding any other provisions of these bylaws, the board shall determine the method of allocation, basis, priority and order of retirement, if any, for all amounts furnished as patronage capital. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least ten per centum (10%) of the total assets of the Cooperative.

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 a part of such patron's premises served by the Cooperative unless the board, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative, the capital credited to the account of the non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provisions of these bylaws, the board at its discretion, shall have the power at all times upon the death of any patron, who was a natural person, if the legal representatives of his 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 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.

Notwithstanding any provision of these bylaws, the board, at its discretion, shall have the power at all times to retire capital credits to Churches, to Schools, and to Community Halls, prior to the time such capital would otherwise be retired under the provision of these bylaws, upon such terms and conditions as the board, and being under policies of general application and provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of conversion 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. The provisions of this 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.

Section 3. Patronage Refunds in Connection with Furnishing Other Services

In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members, and non-members alike, from whom such amounts were obtained.

Section 4. Publications and Subscription Fees

The board of directors is hereby authorized to assess and collect from the revenues from each member each year the amount necessary to pay the subscription fee for the Cooperative's official publication, which is a newsletter or periodical published either by the Cooperative alone or in cooperation with others for the purpose of providing information and notices to the membership.

Section 5. Assignment and Gift by Failure to Claim

Notwithstanding any other provisions of the bylaws, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the cooperative within three (3) years after payment of the same has been made available to him by check mailed to him at his last address furnished by him to the cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such member of such capital credits or other payment to the cooperative.

Failure to claim any such payment within the meaning of this Section shall include the failure of such patron or former patron to cash any check mailed to him by the Cooperative at the last address furnished by him to the Cooperative.

The assignment and gift provided for under this Section shall become effective only upon expiration of three (3) years from the date when such payment was made available to such patron or former patron without claim thereof and only after the further expiration of sixty (60) days following the giving of notice by mail or publication that, unless payment is claimed within sixty (60) days, such gift to the Cooperative shall become effective.

The notice by mail herein provided shall be one mailed by the Cooperative to such patron or former patron at the last known address. If notice by publication is given, such publication shall be one (1) insertion in a newspaper circulated in the service area of the cooperative.

The sixty (60) day period following the giving of such notice, either by mail or publication, shall be deemed to terminate sixty (60) days after the mailing or publication of such notice.

Article VIII

Disposition of Property

Section 1. Encumbering Cooperative Property

The board of directors shall have full power to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust of, 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 therefrom, all upon such terms and conditions as the board of directors shall determine to secure any indebtedness of the Cooperative to United States of America or any agency or instrumentality thereof, or any other lender.

Section 2. Other Disposition of Property

Except as provided in Section 1 of this Article, the Cooperative may not sell, lease or otherwise dispose of all or a substantial portion of its property, unless such sale, lease or other disposition is authorized by the affirmative vote of not less than a majority of all members of the Cooperative; members voting thereon must be present and vote in person, provided, however, that notwithstanding any other provision of this Article, or any other provisions of law, the board of directors may, upon the authorization of a majority of all members of the Cooperative at a meeting of the members thereof, called for that purpose, sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or to the holder or holders of any notes, bonds, or other evidence of indebtedness issued to United States of America, or any agency or instrumentality thereof, or any other lender.

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, State of South Dakota."

Article X

Financial Transactions

Section 1. Contracts

Except as otherwise provided in these bylaws, the board 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 and 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 and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the board.

Section 3. Deposits

All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board may select.

Section 4. Change in Rates

The Board of Directors may change rates charged by the Cooperative subject to limitations imposed by law or by contract with its lenders.

Section 5. Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December in 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 Board of Directors.

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, either before or after such meeting. 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. 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 conversion 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 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 shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of all accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 5. Area Coverage

The board shall make diligent effort to see that electric service is extended to serve all unserved persons within the Cooperative service area who:

- (a) Desire such service; and
- (b) Meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 6. Rules of Parliamentary Procedure

Unless otherwise provided in these bylaws, the rules of parliamentary procedure as provided in *Roberts Rules of Order* shall govern the conduct of all meetings of the board and meetings of the members of the Cooperative.

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.

Statement of Nondiscrimination

Codington-Clark Electric Cooperative Inc., Watertown, South Dakota, is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States shall, on the basis of race, color, national origin, age, or handicap, be excluded from participation in, admission or access to, or denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is the general manager. Any individual, or specific class of individuals, who believes this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural Utilities Service, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.