

BYLAWS
OF
LAKE REGION
ELECTRIC
ASSOCIATION,
INC.

2015 Revision & Restatement

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Article 1 Membership

Section 1. Requirements for Membership

Any natural person, firm, association, corporation, cooperative, business trust, partnership, federal agency, personal representative of an estate, State or political subdivision thereof, or any body politic or subdivision thereof will become a member of Lake Region Electric Association, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he/she 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, bylaws of the Cooperative, any policies, rules, regulations and rate schedules established pursuant thereto, as all the same then exist or may thereafter be duly adopted or amended by the Board of Directors. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative.
- d. Membership in this Cooperative shall be obtained upon receipt of electric services from the Cooperative; said services to be subject to approval of the Board of Directors. The membership in this Cooperative shall be determined from time to time as the records indicate in the Cooperative office as to the consumers of record at any given time. The consumers of record shall be placed on the register and presented at the annual meeting. The Board of Directors of this Cooperative are authorized to charge to new members a reasonable hookup fee; said fee to be determined from time to time as the Board of Directors may determine.
- e. Upon complying with the requirements set forth in this section, any applicant shall automatically become a member on the date of his/her connection for electric service; PROVIDED, that the Board of Directors may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause; PROVIDED FURTHER, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved by the Board of Directors may, by filing written request therefor with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his/ her application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard. 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. Joint Membership

A husband and wife may apply for a joint membership, and, subject to their compliance with the requirements set forth in Section I 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 subject 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 constitute 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) A notice to either shall constitute a 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 meet the qualifications for such office.

Section 3. 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, policies, rules, regulations and rate schedules adopted by the Board of Directors. Such membership would then be modified by the Cooperative in such manner as to indicate the changed membership status.

Upon the death of either spouse who is a party to a joint membership, such membership shall be held solely by the survivor and such membership shall be modified in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased and/or the withdrawing spouse shall not be released from any debts to the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

Section 4. Service Security and Facilities Extension Deposits; Contribution in Aid of Construction

Service Securities shall be fixed from time to time by the Board of Directors. Service Securities (together with any service security deposit, service connection deposit or fee, facilities extension deposit, contribution in aid of construction or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection.

Section 5. 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/her 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 the 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 service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these bylaws. Each member shall 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/her 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 of Directors may prescribe. The Board of Directors 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, policies, rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten days after such notice was given, and only after a due hearing if such is requested by him/her. 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. The membership of a member of the Cooperative shall be cancelled who has ceased to purchase electric service from the Cooperative.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.

Section 7. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs

Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement, or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him/her or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

Article 2 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.

Section 3. Indemnification

Each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative director, officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the member's negligence or failure to comply with the governing Bylaws.

Article 3 Meetings of Members

Section 1. Annual Meeting

The annual meeting of the members shall be held at such time and place within a county served by the Cooperative, as selected by the Board of Directors and which 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 of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not result in a forfeiture or dissolution of the Cooperative.

Section 2. Special Meeting

Special meetings of the members may be called by resolution of the Board of Directors, or upon written request signed by any three Directors, by the President or by ten per cent or more of all the members, and it shall there upon 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 one of the counties served by the Cooperative as designated by the Board of Directors and shall be 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 sixty 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 given when deposited in the United States mail, addressed to the member at his/her 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

Business may not be transacted at any meeting of the members unless there are present in person a quorum. As long as the total number of members does not exceed one thousand, five per cent 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 (50) 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 records of each meeting shall contain a list of members present in person.

Section 5. Voting

Each member shall be entitled to only one (1) 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 or these bylaws.

Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. In the case of a partnership, not more than one shall be allowed to vote. In the case of a corporation, any authorized officer (President, Vice President, Secretary or Treasurer) shall be allowed to vote. Voting by proxy shall not be permitted.

Section 6. 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 the members at such meeting:

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 the 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 4 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

At each annual meeting of the members, directors shall be elected by secret written ballot by the members from among those members who are natural persons to succeed those directors whose terms have expired; PROVIDED, that when the number of nominees does not exceed the number of directors to be elected from a particular Directorate District, and if there is no objection, secret written balloting may be dispensed with concerning that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast. No proxy voting and no mail voting shall be permitted for election of directors. In the election of directors, each member shall be entitled to

cast the number of votes (but not cumulatively) which corresponds to the total number of directors to be elected, but no member may vote for more nominees than the number of directors that are to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restriction concerning one or more Directorate Districts shall be invalid and shall not be counted concerning such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors. If an election of Directors shall not be held on the day designated herein for the annual meeting or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter.

Directors shall be so nominated and elected that one director from or with respect to each of Directorate Districts No. 2 and 4 shall be elected for three-year terms at an annual member meeting; one director from or with respect to each of Directorate Districts No. 1 and 7 shall be elected for three-year terms at the next succeeding annual member meeting; and one director from or with respect to each of Directorate Districts No. 3, 5 and 6 shall be elected for three-year terms at the next succeeding annual member meeting, and so forth. Upon their election, directors shall, subject to the provisions of these bylaws concerning the removal of directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

Section 3. Qualifications

No person shall be eligible to become or remain a director of the Cooperative who is a close relative (father, mother, son, daughter, brother, sister, grandchildren, first cousins or stepchild) of an incumbent director or of an employee of the Cooperative, or is not a member in good standing of the Cooperative and receiving service at his/her primary residential abode or primary business, which must be located in the directorate district that the director is to represent; PROVIDED, that the designated representative of any non-human member, such as a corporation or its designee, shall notwithstanding that he/she does not receive services from the Cooperative at his/her primary residential abode, be eligible to become a director if (1) he/she is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year-round resident within the Cooperative's service area or residing not more than fifty (50) miles from the principal location of the non-human member that is being served by the Cooperative; BUT PROVIDED FURTHER, that no more than one such person as the designated representative may serve on the Board at the same time and in the event that he/she should resign or is unwilling to so act, that directorship shall become vacant. No person may become or remain a director of, or to hold any other position of trust in the Cooperative who does not have the legal capacity to enter into a binding contract, or is in any way employed by or financially interested in a competing enterprise, or a business providing electric services to the Cooperative, or a business primarily engaged in selling electric appliances, fixtures or supplies to, among others, the members of the Cooperative. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least eighteen (18) years of age. No ex-employee, either retired or terminated, will be eligible to become a director of the Cooperative for at least 5 years after their employment ends. If a nominee for director lacks eligibility under this paragraph or as may be provided elsewhere in these bylaws, the chairperson presiding at the meeting at which such nominee would otherwise be voted upon shall disqualify such nominee.

If any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this paragraph, the Board shall withhold such position, or cause such person to be removed therefrom, as the case may be. Nothing contained in this paragraph shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board, unless such action is taken with respect to a matter which is affected by the provisions of this paragraph and in which one or more of the directors have an interest adverse to that of the Cooperative.

Section 4. Nominations

Any fifteen (15) or more members acting together may make nominations for Board of Directors by a petition filed not less than forty-five (45) days prior to the annual meeting. If no nominating petitions are filed, it shall be the duty of the Board of Directors to appoint, not less than thirty (30) days before the annual meeting at which directors are elected, a committee on nominations consisting of not less than four (4) nor more than eleven (11) members who shall be selected from districts in which the vacancy exists so as to insure equitable representation. No member of the Board of Directors may serve on the committee. The committee shall prepare and file a report, at least twenty (20) days before the annual meeting, of a list of nominations for directors in such districts where no nominating petitions have been filed.

The secretary shall mail, with the notice of meeting or separately but at least seven (7) days before the meeting, a statement of the number of directors to be elected and the names and addresses of candidates.

At the annual meeting, the chairman or his/her designee shall read the statement of the secretary as to number of directors to be elected and the names of nominees.

The chairman or his/her designee shall call for additional nominations from the floor and nominations shall cease after a reasonable time. No member may nominate more than one candidate. Any member intending to nominate a candidate from the floor shall notify the Cooperative prior to the opening of the meeting, to verify qualifications and willingness to serve.

Section 5. Voting Districts

The territory served or to be served by the Cooperative shall be divided into seven districts in such a way as to give equitable representation to all members. Each district shall be represented by one director. The seven districts shall be as hereby listed:

District 1 shall consist of LaBelle, Dumarce, Lake, Red Iron Lake, McKinley and Veblen.

District 2 shall consist of White, Victor, Pleasant Valley, Nordland, Miller, Wismer, Newark, Stena and Dayton.

District 3 shall consist of Weston, Newport, Lowell, Waverly, Hamilton, Hickman, Sisseton and Fort.

District 4 shall consist of Eden, Buffalo, Drywood Lake, Nutley, Grenville, Raritan, and Liberty.

District 5 shall consist of Kosciusko, One Road, Waubay, Alto, Ortley, Racine and Central Point.

District 6 shall consist of Farmington, North Andover, South Andover, Homer, Union, Independence, Kidder, Lynn, and Bristol

District 7 shall consist of Scotland, Oak Gulch, Valley, Troy, Butler, York, Webster, Rusk, Highland, and Morton.

Section 6. Removal of Directors by Members. Any member may bring charges against a director by filing with the Secretary such charges in writing together with a petition signed by at least ten per- cent (10 %) of the members, requesting 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 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 the Director 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 a vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, provided, however, that the director so chosen must reside in the same district as the director in respect to whom the vacancy occurs.

It shall be the duty of the Board Chairperson to notify the entire Board of Directors when any one of the directors has missed three (3) consecutive regular Board of Directors meetings without just cause. Attendance by conference call will constitute being present at the meeting. Upon the establishment of the fact that such director has missed three (3) consecutive regular Board of Director meetings without just cause, it shall be the duty of the Board to remove such director and appoint his/ her replacement within sixty (60) days.

Section 7. Vacancies

A vacancy occurring in the Board of Directors other than by removal by members (section 6) will be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term. Vacancies that occurs per removal of directors by member (Section 6) shall be filled at the same membership meeting that the removal has taken place. The member elected as director to fill the vacancy must reside in the same district as the director to whose office the Director succeeds.

Section 8 Compensation; Expenses

Directors shall not receive any salary for their services. However, Directors shall, as determined by resolution of the Board of Directors, receive on a per diem basis, a fixed fee, excluding health and medical insurance, for attending meetings of the Board of Directors.

Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in attending such meetings and performing such business. 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 such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure; PROVIDED, that a Director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

Section 9. Director Liability. To the fullest extent permitted by South Dakota law governing this Cooperative as the same exists or may hereinafter be amended, a director of this Cooperative shall not be personally liable to the Cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for liability as follows:

- (a) For any breach of the director's duty of loyalty to the Cooperative or its members;
- (b) For acts or omissions not in good faith or which involve intentional misconduct or a known violations of the law;
- (c) For any violation of SDCL 47-17-7, which makes directors liable to the Cooperative for improper distribution of Cooperative assets; or
- (d) For any transaction from which the director derived any improper personal benefit.

Article 5 Meetings of Directors

Section 1. Regular Meetings

Regular meetings of the Board of Directors may be held monthly with a minimum of 10 regular meetings yearly, at such date, time and place in one of the counties in South Dakota within which the Cooperative serves as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice; PROVIDED, that any director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER, that, if a policy therefor is established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days notice thereof to all Directors.

Section 2. Special Meetings

Special meetings of the Board of Directors may be called by the President, Board resolution, 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 in Section 3. The Board, the President or the Directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in South Dakota within which the Cooperative serves, unless all Directors consent to its being held in some other place in South Dakota or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 3, may also be held via telephone conference call, without regard to the actual location of the Directors at the time of such a telephone conference meeting, if all the Directors consent thereto.

Section 3. Notice of Directors Meetings

Written notice of the date, time place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted shall require such, of any regular meeting of the Board shall be given to each director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him/ her or those calling it in the case of a special meeting or by any Director in the case of a

meeting whose date, time and place have already been fixed by the Board resolution. If mailed, such notice shall be deemed to be given when deposited in the United States mail, addressed to the Director at his/her address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a Director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

Section 4. Quorum

The presence in person of a majority of the Directors in office shall be required for the transaction of business and the affirmative votes of a majority of the Directors present and voting shall be required for any action to be taken; PROVIDED, that a director who by law or these bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of Directors in office or present; AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent Directors to be duly and timely notified of the date, time and place of such adjourned meeting.

Section 5. Meetings Open to Membership

Except as otherwise provided, all regular and special meetings of the Board shall be open to the members. Executive sessions may be held for the purpose of considering personnel matters or matters concerning legal action involving the Cooperative, but for these purposes only. A majority vote of the Board members present is required for considering matters in executive session.

Article 6 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 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 first meeting of the Board held 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 of Directors following the next succeeding annual meeting of the members or until his/her successor 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 the Board

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 interest of the Cooperative will be served thereby.

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 of Directors, shall preside at all meetings of the members and the Board of Directors;
- (b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these 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/her 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/ her by the Board of Directors,

Section 6. Secretary

The Secretary shall:

- (a) keep, or cause to be kept, the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) see 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 see that the seal of the Cooperative is affixed to all documents, the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these bylaws or is required by law;
- (d) keep, or cause to be kept, a register of the names and post office addresses of all members;
- (e) have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) keep on file at all times a complete copy of the Cooperative Articles of Incorporation and Bylaws containing all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto to any member upon request; and
- (g) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him/her 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 from any source whatsoever, and for the deposit or investment of all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these bylaws; and
- (c) in general perform all the duties incident to the office of the Treasurer and such other duties as from time may be assigned to him/her by the Board of Directors.

Section 8. Delegation of Secretary's and Treasurer's Responsibilities

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Article VI, Sections 6 and 7, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be relieved from such duties, responsibilities and authorities.

Section 9. Manager

The Board of Directors 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 of Directors may from time to time vest in him/her.

Section 10. 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 of Directors shall determine. The Board of Directors 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. The cost of all such bonds shall be borne by the Cooperative.

Section 11. Indemnification of Officers, Directors, Employees and Agents: Insurance.

- (a.) Each Director, officer, employee, or person acting as agent for or on behalf of the Cooperative now or hereafter serving as such, shall be indemnified by the Cooperative against any and all claims and liabilities to which he/she has or shall become subject by reason of serving or having served as such director, officer, employee or agent for said Cooperative, or by reason of any action alleged to have been taken, omitted, or neglected by him/her as such Director, officer employee or agent and the Cooperative shall reimburse each such person for all legal expenses reasonably incurred by him/her in connection with any such claim or liability, provided, however, that no such person shall be indemnified against or be reimbursed for any expense incurred in connection with any claim or liability arising out of his/her own willful misconduct or gross negligence.
- (b) The amount paid to any such person by way of indemnification shall not exceed his/her actual reasonable and necessary expenses incurred in connection with the matter involved, such additional amount as may be fixed by a committee of not less than five (5) persons nor more than seven (7) persons selected by the Board of Directors, who shall be members of the Cooperative, but not officers or directors, employees or persons performing services for the Cooperative, and any determination so made shall be prima facie evidence of the reasonableness of the amount fixed or binding on the indemnified officer, Director, employee

or agent. The right of indemnification hereinabove provided shall not be exclusive of any rights to which any Director, officer, employee or agent may otherwise be entitled by law.

- (c) The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a Director, officer, employee or agent of another corporation, cooperative, partnership, joint venture, trust or other enterprise against any liability asserted against him/her or incurred by him/her in any such capacity, or arising out of his/her status as such whether or not the Cooperative would have the power to indemnify him/her against such liability under the provisions of this section.

Section 12. Reports

The officers of the Cooperative shall submit at each annual meeting of the member's reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

Article 7

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 persons will, through their patronage, furnish capital for the Cooperative. The Board of Directors of the Cooperative before allocating and crediting margins to its patrons may, by resolution, 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. 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 pay by credits 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 fiscal year notify each patron of the amount of capital so credited to his/ her account; PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself/ herself the specific amount of capital so credited to him/her. 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 its operation 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 amount so allocated shall be included as 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; PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Directors before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part.

The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital, Provided further that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Cooperative, unless the Board of Directors acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his/her estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon; PROVIDED, however, that the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the South Dakota legal rate on judgments in effect when such amount became overdue, compounded annually.

In reference to the above and written capital credit provisions, the Board of Directors shall be specifically governed by the restrictions for payment of patronage capital by the terms and agreements of any existing mortgage or mortgages of the Cooperative.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by providing each patron with a copy of the bylaws at the time of application.

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 constituted as non-operating margins and retained by the Cooperative.

Section 4 Failure to Claim Patronage Refunds

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/her by check mailed to him/her at his/her last address furnished by him/her to the Cooperative, such failure shall be and constitutes an irrevocable contribution by such member of such capital credit or other payments 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/her by the Cooperative at the last address furnished by him/her to the Cooperative.

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

The Notice by mail herein provided, shall be one mailed by the Cooperative to such member or former member at the last known address. If notice by publication is given, such publication shall be one 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.

Section 5 - Allocation of Margins to Market-Rate Members

Any member of the cooperative who has a market-rate contract with the cooperative shall be entitled to all rights of members, except shall not be entitled to capital credit allocation of operating margins except for such margins that are passed through and received by the cooperative from generation and transmission cooperatives. A market-rate contract provides for a rate that does not consider all of the direct and indirect operating costs of the cooperative.

Article 8 Encumbering or Disposing 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 the United States of America or any agency or instrumentality thereof or any other lender.

Section 2. Other Disposition

Except as provided in Section I 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 two-thirds of all members of the Cooperative; members voting thereon must be present and vote in person; PROVIDED, however, that notwithstanding any other provisions 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 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 evidences of indebtedness issued to the United States of America or any agency or instrumentality thereof or any other lender.

Article 9 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, South Dakota.

Article 10 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 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 of Directors,

Section 3. Deposits; Investments

All funds except petty cash of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may 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 December 31st of the same year.

Section 5. Debt Limitation

That the Board of Directors of the Cooperative is authorized, on behalf of the Cooperative to borrow from time to time additional sums from the United States of America pursuant to the provisions of the Rural Electrification Act of 1936, as amended and from any other lender; and, to incur indebtedness from time to time by the assumption of the indebtedness of third parties to the United States of America or to any other lender, the aggregate amount of such loans, together with the aggregate amount of such assumed and the aggregate amount of loans heretofore made to the Cooperative by the United States of America or any other lender not to exceed fifty million dollars (\$50,000,000).

Article 11 Miscellaneous

Section 1. Membership in Other Organizations

The Cooperative shall not become a member of or purchase stock 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 or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or of any other organization when in the opinion of the Board of Directors such membership will promote the interest of the Cooperative.

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 notice is required to be given. 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 business on the grounds that the meeting has not been lawfully called or convened.

Section 3. Rules, Regulations, Rate Schedules and Contracts

The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits and other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or bylaws, as it may deem advisable for the management, administration and regulation 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 Utilities Service 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 shall be submitted to the members at the next following annual meeting.

Section 5. Official Publication

For the purpose of advising the members concerning the general activities and business of the Cooperative, and disseminating such other information as the management may deem advisable, there shall be established an official publication of the Cooperative as the "Lake Region Ripples Cooperative Connections". The said publication to be distributed to each member in good standing of the Cooperative once in each month, or at such other intervals as may from time to time be determined by the Board of Directors, at the annual subscription price. The said annual subscription price to be paid in each year by each member from the amount accruing to such member as a capital credit on the records of the Cooperative.

Section 6. 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 (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 7. Rules of Order

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or bylaws.

Article 12 Amendments

These bylaws may be altered, amended or repealed by the affirmative vote of not less than a majority of the members present and voting at any regular or special meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal or an accurate summary explanation thereof and will be published in our official publication of the Cooperative as the "Lake Region Ripples Cooperative Connections".

For an alteration, amendment or repeal of any bylaw to be presented to the membership for consideration, alteration, amendment or repeal must be approved by a majority of the votes of the bylaw committee. The Board of Directors, by a majority vote, may sponsor or propose a single Bylaw article Amendment change to go before the membership at the next scheduled annual meeting.

A bylaw committee will be a standing committee and will be selected by the Board of Directors. This bylaw committee will consist of one member from each of the seven voting districts. The bylaw committee will consist of members only and no current directors may serve on this committee. This bylaw committee may request any director, the General Manager or System Attorney to be present at these meetings in an advisory capacity only.