

**AMENDED BYLAWS
OF BEARTOOTH ELECTRIC
COOPERATIVE, INC.
September 24, 2011**



A Touchstone Energy® Cooperative 
The power of human connections®

TABLE OF CONTENTS

	PAGE
ARTICLE I—MEMBERSHIP	1
ARTICLE II—RIGHTS AND LIABILITIES OF MEMBERS	4
ARTICLE III—MEETING OF MEMBERS	7
ARTICLE IV—BOARD MEMBERS	11
ARTICLE V—MEETING OF BOARD	14
ARTICLE VI—OFFICERS	16
ARTICLE VII—NON-PROFIT OPERATION	19
ARTICLE VIII—DISPOSITION OF PROPERTY	21
ARTICLE IX—SEAL	22
ARTICLE X—FINANCIAL TRANSACTIONS	23
ARTICLE XI—MISCELLANEOUS	24
ARTICLE XII—AMENDMENTS	25
STATEMENT OF NONDISCRIMINATION	26
GLOSSARY OF TERMS	26

ARTICLE 1—MEMBERSHIP

SECTION 1. *Requirements for Membership.* Any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency of a state or political subdivision or other organization or group of persons (the “Applicant”), may become a member of BEARTOOTH ELECTRIC COOPERATIVE INC., hereinafter called the “COOPERATIVE” upon receipt of electric service from the Cooperative, provided the Applicant has first:

1. Submitted a written application for membership on the “Application for Membership and Electric Service” form adopted by the Cooperative;
2. Agreed to purchase from the Cooperative electric energy as hereinafter specified;
3. Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules, regulations, and policies adopted by the Board of Trustees, hereinafter called the “Board”; and
4. Been accepted for membership 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.

All applications for membership shall be accepted unless the Board determines that the applicant is unwilling or unable to meet membership requirements and related terms and conditions for services or that the application should be rejected for other good cause. Membership shall be recorded in the records of the Cooperative. Any applicant for membership who is not accepted shall be notified of the rejection and the reasons therefore, within thirty (30) days after the rejection decision date; and, if the notice of rejection is not mailed within thirty (30) days, the applicant shall be accepted for membership.

SECTION 2. *Membership Certificates.* Membership in the Cooperative shall be evidenced by the completion and signing of an “Application for Membership and Electric Service” which will serve as a membership certificate.

SECTION 3. *Membership Classifications.* The Cooperative may have one or more classes of membership to accommodate various types of service. If the Cooperative has more than one class of membership, the Board shall determine the definition, rights, and obligations of each class, except as otherwise specified in these bylaws, state law, or Articles of Incorporation, including the method for allocating patronage capital.

SECTION 4. *Joint Membership.* Any two persons of those receiving electric service from the Cooperative at the same location 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 two persons 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 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) Notice to either shall constitute notice to both;

e) Expulsion of either shall terminate the joint membership;

f) Withdrawal of either shall terminate the joint membership;

g) Either but not both may be elected or appointed as an officer or Board Trustee, provided that both meet the qualifications for such office.

SECTION 5. *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 another party receiving electric services from the Cooperative at the same location to comply with the Articles of Incorporation, Bylaws and rules, regulations, and policies adopted by the Board.

Upon the death of either person who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 6. *Purchase of Electric Energy.* Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in the application for membership, except in such cases as a member may have interconnected their own generation resource with the Cooperative, and shall pay therefore 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 to the Cooperative as and when the same shall become due and payable.

The Cooperative shall use its best efforts to furnish adequate and dependable electric service, although it cannot, and therefore does not guarantee a continuous and uninterrupted supply of electricity.

The Cooperative may suspend or terminate service without notice if a member has tampered or interfered with, damaged or impaired any facilities or equipment furnished or used by the Cooperative to provide, monitor, measure or maintain any Cooperative service, or upon discovery of any unsafe condition or imminent hazard.

SECTION 7. *Termination of Membership.* Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who refuses or fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, rules, regulations, or policies adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such refusal or failure makes him/her liable to expulsion and such refusal or failure shall have continued for at least ten (10) 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/her, has not made payment of amount due and payable to the Cooperative, or of a member who has either terminated electric service or has had his/her electric service terminated from the Cooperative, may be cancelled by resolution of the Board.

The membership shall terminate upon the withdrawal, death, cessation of existence or expulsion of said member. 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.* Members and former members holding patronage Capital shall have no individual or separate interest in the property or assets of the Cooperative except upon dissolution. Upon dissolution, the property and assets of the Cooperative remaining after all debts and liabilities of the Cooperative are paid, 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 and former members, for which the Cooperative has a valid mailing address, during the seven years immediately preceding the date of filing of the Certificate of Dissolution for the Cooperative, or as then otherwise required by applicable law.

SECTION 2. *Non-liability for Debts of the Cooperative.* No member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

SECTION 3. *Access to Property.* As determined or required by the Cooperative, each member or patron shall provide the Cooperative safe and reliable access reasonably necessary to operate the Cooperative safely, reliably, and efficiently or to provide Cooperative services to any real or personal property in which the member possesses a legal right.

Members or patrons shall grant the Cooperative the right to inspect, monitor, operate, repair, maintain, or remove any Cooperative facilities or equipment. Members agree to work with and provide easement to Cooperative for extending new facilities or relocating existing facilities. Members or patrons shall also give the Cooperative access to provide, monitor, measure or maintain any Cooperative service or to satisfy or facilitate any obligation incurred or right granted by the Cooperative regarding the use of Cooperative equipment.

Unless otherwise determined by the Board, the Cooperative owns all Cooperative facilities and equipment. Each member and patron shall protect all Cooperative equipment and shall install, implement and maintain any protective device or procedure required by the Cooperative.

SECTION 4. *Membership List.* The Cooperative shall maintain a record of current Members in a form permitting the Cooperative to alphabetically list the names and addresses of all Members. Upon thirty-five (35) days prior written notice or request to the Cooperative, a Member who has been an active member during the immediately preceding twelve (12) months may:

1. Inspect and copy the Membership List at a reasonable time and location determined by the Cooperative; or
2. Pay the Cooperative a reasonable charge determined by the

Cooperative covering the labor and material cost of preparing and copying the Membership List and the Cooperative must provide the Member a copy of the Membership List.

A member may inspect, copy, or receive a copy of the Membership List only if, as determined by the Board of Trustees:

1. The Member's notice or request is made in good faith and for a proper purpose;
2. The Member describes with reasonable particularity the purpose for which the Member will use the Membership List;
3. The Membership List is directly connected with the Member's purpose; and
4. The Member completes the Cooperative Request for Information form, acknowledging violation of the terms and conditions within will subject the Member to suspension and /or termination of the Member's membership in the Cooperative.

Except as otherwise provided by the Board of Trustees, a Member may not:

1. Use the Membership List for a purpose unrelated to the Member's interest as a Member;
2. Use the Membership List to solicit money or property unless the money or property is used solely to solicit Member votes;
3. Use the Membership List for a commercial purpose; or
4. Sell the Membership List.

SECTION 5: *Access to Information.* The Cooperative shall post the following on their website:

1. Board Meeting schedule;
2. Agenda of any official meeting (within five (5) business days prior to the meeting);
3. Approved Minutes of any official meeting (within fifteen (15) business days following approval);
4. Bylaws; and
5. Policies except Employee Relations policies.

SECTION 6: *Initiative Process.* The Cooperative recognizes applicable state statute as the guideline for member proposed initiatives. In addition, members shall abide by the following:

1. Initiatives to be submitted to the Cooperative members shall be embodied in a petition;
2. The petition form to be used is provided by the Cooperative;
3. The petition form issued will be signed and dated by a Cooperative representative, acknowledging the issue date;
4. Member signatures on the petition are valid only during the current annual meeting cycle; and

5. Members may request their names be removed from a petition at any time prior to petition submittal.

ARTICLE III—MEETING OF MEMBERS

SECTION 1. *Annual Meeting.* The annual meeting of the members shall be held during the month of September each year at such place within a county, in the State of Montana, served by the Cooperative, as selected by the Board and which place shall be designated in the notice of the meeting, for the purpose of electing Board Trustees, 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. Failure to hold the annual meeting at the designated time shall not cause a forfeiture or dissolution of the Cooperative.

SECTION 2. *Special Meeting.* The Cooperative shall hold a special meeting of the members at a date, time, and location determined by the Board upon the Cooperative's receiving:

1. A resolution of the Board; or
2. A written request prepared by the President; or
3. A written request signed by at least three (3) trustees; or
4. One or more written petitions signed and dated, within one (1) year following the date of the first signature, by at least ten percent (10%) of members; or
5. Each page of the petition shall include the purpose for which the meeting is being called, the printed name and address of the signer and his or her telephone number, and the original dated signature.

If the Cooperative fails to properly notify the members of a special meeting within forty-five (45) days of receiving any member petition, then any member signing the petition may;

- a.) Set a reasonable time, place and location for the special meeting; and
- b.) Properly notify the members of the special meeting.

The agenda for a special meeting shall be limited to the purpose for which the meeting is called.

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 shall state the purpose or purposes for which the meeting is called and the matter or matters to be acted upon. Notice shall be delivered not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally by postal or electronic mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting. Notice of a members' meeting is deemed delivered when either deposited in the United States mail with prepaid postage affixed, and addressed to each member at his/her/its mailing address as it appears on the records of the Cooperative, or when sent electronically to his/her/its e-mail

address as it appears on the records of the Cooperative. The inadvertent or unintended 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. *Conduct and Attendance at Members' Meetings.* At any meeting of members, unless otherwise determined by the Board, the president:

1. Shall preside at all members' meetings;
2. May exercise any power reasonably necessary for conducting any members' meeting efficiently and effectively.

SECTION 5. *Quorum.* Five percent (5%) of all members present in person, or fifty (50) members present in person, whichever is fewer, shall constitute a quorum for transaction of business at all meetings of the members. 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 6. *Voting.* Each membership shall be entitled to only one (1) vote. Voting by mail shall be permitted, as set forth in Section 7, below, so long as the quorum requirements of members, present in person, are satisfied, at any meeting of the members. The vote by mail ballots shall be added to the ballots cast by members who are present, in person. All questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Two or more persons holding a joint membership shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

SECTION 7. *Mail Ballot.* On all motions, resolutions, and candidates for trustee elections in conjunction with the annual members' meeting, members may either: 1) vote by mailing in their mail ballot; or, 2) vote by casting their mail ballot in person, at the annual meeting. All other voting arising from the agenda items shall be done at the annual meeting.

1. All properly completed mail ballots received on or before the time and date specified shall constitute a vote. If duplicate ballots are received from a member, all of that member's ballots will be disqualified.
2. A member's failure to receive a mail ballot does not affect any action taken by mail ballot.
3. Mail ballots shall be returned to a secure off-site location and held until the day of the annual meeting.
4. The mail ballot shall:
 - a.) Describe each proposed motion and resolution, if any, and identify

- all candidates upon which the members are asked to vote;
- b). Provide a reason for the proposed motions and resolutions, if any;
- c). Provide a written candidate profile prepared by the candidate(s), if provided; and
- d). Instruct members how to complete and when to return the ballot.

SECTION 8: *Credentials and Election Committee.* The Board of Trustees shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15), who are not existing trustees or candidates for trustees, and who are not close relatives or members of the same household of existing trustees or known candidates for trustees to be elected at such meeting. As used in the bylaws, “close relative” means: son, daughter, mother, father, sister, brother, spouse, stepfather, stepmother, half-sister and half-brother, by blood, by marriage or by adoption, and the spouses of any of the foregoing.

In appointing the Committee, the Board shall have regard for equitable representation of the districts served by the Cooperative. It shall be the responsibility of the Committee to pass upon all questions that may arise with respect to the registration of members, to supervise counting all ballots cast in any election or in any other ballot vote taken, to rule upon the effect of any ballots irregularly marked, and to decide any other questions concerning balloting or elections. The Committee’s decisions on all such matters shall be final.

SECTION 9. *Announcement of Voting Results.* The results of all voting shall be announced after certification by the Credentials and Election Committee and will become effective at that time.

SECTION 10. *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 established at one of the Board of Trustees’s regular monthly meetings in advance of the deadline for publishing the Notice of annual 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 unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Election of Board trustees.
5. Presentation and consideration of reports of officers, trustees and

committees.

6. Unfinished business.
7. New business.
8. Adjournment.

SECTION 11. *Districts.* The territory served or to be served by the Cooperative shall be divided into seven (7) districts, each of which shall contain as nearly as practical the same number of members. Each district shall be represented by one (1) Trustee. The boundaries of the seven (7) districts shall be determined by the Board of Trustees, and a description of same shall be kept on file in the principal office of the Cooperative as a part of the official records of the Cooperative.

Not more than ninety (90) days after the annual meeting of the members at which trustees were elected, the Board shall review the composition of the seven districts and, if it should be found that inequalities in representation have developed which can be corrected by a re-delineation of districts, the Board shall reconstitute the districts so that each shall contain as nearly as practical the same number of members.

ARTICLE IV—BOARD TRUSTEES

SECTION 1. *General Powers.* The business and affairs of the Cooperative shall be managed by a board of seven trustees, 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. *Tenure of Office.* Each board trustee shall represent one of the seven districts, and shall be elected in conformance with procedures described as follows:

1. At the annual meeting for the year 1972 the board trustees representing Districts 1, 3 and 7 shall each be elected to serve three (3) year terms, or until their successors shall have been elected and shall have qualified.
2. At the annual meeting for the year 1973 the board trustees representing Districts 4 and 6 shall each be elected to serve three (3) year terms, or until their successor shall have been elected and shall have qualified.
3. At the annual meeting for the year 1974 the board trustees representing Districts 2 and 5 shall each be elected to serve three (3) year terms, or until their successor shall have been elected and shall have qualified.

Trustees whose terms expire shall be elected by ballot at each annual meeting of the members by and from the members to serve three (3) year terms or until their successors are elected and qualified.

If the election of Trustees has not been held on the day designated herein for the annual meeting or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the members as soon thereafter as reasonably and conveniently may be.

SECTION 3. *Qualifications.* No person shall be eligible to become or remain a board trustee of the Cooperative who:

- a.) Is not a consuming member and bona fide resident of the district served or to be served by the Cooperative;
- b.) Is any way employed by or financially interested in a competing enterprise or a business selling electric energy (excluding Net Metered customers), or supplies to the Cooperative, or a business primarily engaged in selling electrical appliances, fixtures or supplies to the members of the Cooperative;
- c.) Has been an employee of the Cooperative for any length of time within the immediately preceding five (5) years;
- d.) Is employed by, is an agent of, or is a close relative of an employee or agent of the Cooperative;
- e.) Is employed by or materially affiliated with any other Trustee; or
- f.) Owns an interest greater than ten percent (10%) or holds a management position in a business wherein more than ten percent

(10%) of the goods sold are sold to the Cooperative or one of its subsidiaries, or a combination thereof.

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

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

SECTION 4: *Nominations.* It is the responsibility of the members to solicit candidates for the election of trustee. The trustees shall ensure there are qualified nominees.

Any fifteen (15) or more members acting together may make other nominations by petition and the secretary shall publicize such nominations. Nominations made by petition received at least fifty (50) days before the meeting shall be included on the official ballot.

SECTION 5: *Election of Trustees.* Elections of trustees shall be by a form of printed ballot. Each membership of the Cooperative shall be entitled to vote for one (1) candidate from each district for which a trustee is to be elected. The candidate from each district for which a trustee is to be elected receiving the plurality of votes cast for that office at such meeting shall be declared elected as trustee. If, after a recount, there is a tie for a trustee position, the winner shall be determined by a coin toss. Failure of an election for a given year shall allow the incumbent trustees whose trusteeships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 6: *Trustee Seating.* At the Board Reorganization Meeting immediately following the Annual Membership Meeting, all newly elected trustees shall sign a statement verifying they are qualified and have no conflict of interest that violates these bylaws. The newly elected trustees shall then be seated.

SECTION 7. *Removal of Board Trustee.*

A. Removal of Board Trustees by Members.

Any member may bring charges against a board trustee, and by filing with the Secretary such charges in writing together with a petition signed by at least, ten percent (10%) of the members or four hundred fifty (450), whichever is the lesser, may request the removal of such board trustee by reason thereof. Such board trustee 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 of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. The question of the removal of such board trustee shall be considered and

voted upon at the meeting of the members.

B. Removal of Board Trustee by Trustees.

Any board trustee who fails to attend three (3) monthly meetings in a calendar year without approval from the Board is subject to removal from the Board by majority vote of the other board trustees.

SECTION 8. *Vacancies.* Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by resignation, failure to attend meetings, or removal of board trustees by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining board trustees. The appointed trustee will fill the vacancy until the next annual meeting cycle whereby a trustee will be elected for the remaining unexpired portion of said term. The Board must give public notice of such vacancy and shall fill such vacancy within one hundred twenty (120) days of its occurrence.

SECTION 9. *Compensation.* Without approval of the membership, board trustees may not receive any salaries for their services as trustees, except board trustees may receive the same insurance coverage provided to Cooperative employees. The policies of the Cooperative may also provide that benefits provided to the employee may be extended to the board trustees. Except in emergencies, board trustees may not be employed by the Cooperative in any capacity involving compensation.

The Board of Trustees may establish a fixed sum, including expenses of attendance, if any, to be allowed for attendance at each meeting of the Board of Trustees or any committee of the Board of Trustees; or representing the Cooperative at any meeting or on any business whenever representation has been approved by the Board. Board trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses.

ARTICLE V—MEETING OF BOARD

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 within one (1) of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. Regular Board meetings may be held by conference telephone, if convened in accordance with Section 3.

SECTION 2. *Special Meetings.* Special meeting of the Board may be called by the President or by any three (3) Board members, 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 Board members calling the meeting shall fix the time and place for the holding of the meeting. Special Board Meeting may be held by conference telephone, if convened in accordance with Section 3.

SECTION 3. *Conference Telephone Meetings.* The Board or any designated committee of the Cooperative may participate in a Board or Committee Meeting by means of a conference telephone or similar communications equipment, provided all persons entitled to participate in the meeting receive a proper notice of the telephone meeting (See Section 4), and provided that all persons participating in the telephone conference meeting can hear each other at the same time. A Board member participating in a conference telephone meeting is deemed present in person at the meeting. The Chairperson of the meeting may establish reasonable rules as to conducting the meeting by telephone.

SECTION 4. *Notice of Board Meeting.* Oral or written notice of the date, time, and place, but not the purpose, of any special meeting of the Board shall be delivered to each Board member either personally or by mail, by or at the direction of the Secretary, or upon a default in the duty by the Secretary, by the President or the Board members calling the meeting at least two (2) days before the meeting. If the meeting is to be held by conference telephone, (regardless of whether it is a Regular or Special Meeting), the Secretary or other person providing the notice must provide instructions for participating in the telephone meeting. If the meeting notice is mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board members at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least two (2) days before the date set for the meeting.

SECTION 5. *Quorum.* A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members 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 the Secretary and Treasurer may be held by the same person.

SECTION 2. *Elections 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/her successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. *Removal of Officers and Agents by the Board.* Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest 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 percent (10%) of the members or three hundred (300), whichever is the lesser, 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 (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. *President.* The President shall:

a) Be the principle executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meeting 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 deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which 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; Seeing that all notices are duly given in accordance with these Bylaws or as required by law;

b) 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.

c) Keeping a register of the names and post office addresses of all members;

d) Signing, with the President, certificates of membership, the issue of which shall have been authorized by the Board or the members;

e) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a Copy of the Bylaws and of all amendments thereto to any member upon request; and

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

SECTION 7. *The Treasure.* The Treasure shall be responsible for:

a) Custody of all funds and securities of the Cooperative;

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

c) The general performance of all duties incident to the office of Treasure 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/her.

SECTION 9. *Bonds of Officers.* The Treasurer and any other officer or agent of the Cooperative charged with the 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 provision of these Bylaws with respect to compensation for a Board member and close relative of a Board member.

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

ARTICLE VII—NON-PROFIT OPERATION

SECTION 1. *Interest or Dividends on Capital Prohibited.* The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. *Patronage Capital in Connection with Furnishing Electric Energy.* In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to 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 eight and one-half (8½) months after the close of the fiscal year notify in writing each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of cost and expenses shall, insofar as permitted by law, be: a) used to offset any losses incurred during the current or any prior fiscal year, and b) to the extent not needed for that purpose, in the discretion of the Board of Trustees, 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. 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 credited to patrons' accounts may be retired in full or in part. The Board of Trustees shall determine the method, basis, priority, and order of retirement, if any, for

all amounts furnished as capital.

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 applications, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time 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, including capital credit discounting, 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. The Board shall establish policies and procedures for implementing and conducting any capital credit discounting.

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 provision. 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.

ARTICLE VIII—DISPOSITION OF PROPERTY

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

ARTICLE IX—SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words “Corporate Seal of The State of Montana.”

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 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.

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.* Written notice shall be given to the United Stated Department of Agriculture, Rural Utilities Service (RUS) thirty (30) days prior to any proposed change in Beartooth Electric Cooperative's general rate structure if RUS has requested in writing that it be notified in advance of such changes.

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 of the same year.

ARTICLE XI—MISCELLANEOUS

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

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

SECTION 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 Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative

SECTION 4. *Accounting System and Reports.* The Board 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 RUS. The Board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of 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 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.

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.

The above and foregoing Bylaws were duly and regularly adopted at a regular meeting of the membership of BEARTOOTH ELECTRIC COOPERATIVE, INC., upon due notice being given to the members and said Bylaws supersede all and any prior adopted Bylaws which are hereby and hereof duly amended thru September 24, 2011.

STATEMENT OF NONDISCRIMINATION

“Beartooth Electric Cooperative, Inc” is the recipient of Federal financial assistance from the U.S. Department of Agriculture (USDA). The USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual’s income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA’s TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call toll free (866) 632-9992 (voice) or (800) 877-8339 (TDD) or (866) 377-8642 (relay voice users). USDA is an equal opportunity provider and employer.

GLOSSARY OF TERMS

- Board:** elected governing body of the Cooperative, of which there are seven board seats.
- Natural:** of the physical or biological.
- Trustee:** district member representative who is elected to serve on the Board.



PO Box 1110
1306 N Broadway Ave
Red Lodge, MT 59068
www.beartoothelectric.com

406-446-2310 Phone
800-472-9821 Toll Free
406-446-3934 Fax