

BY-LAWS OF MISSOULA ELECTRIC COOPERATIVE

ARTICLE I Membership

Section 1 Eligibility.

Any natural person, firm, association, corporation, business trust, partnership, Federal agency, State or political subdivision thereof, or any body politic (each hereinafter referred to as "person," "applicant," "him/her" or "his/hers") shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him/her, to receive electric service from, Missoula Electric Cooperative, Inc. hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative.

Section 2 Application for Membership; Renewal of Prior Application.

Application for membership wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and By-laws, and all rules, regulations and rate schedules established pursuant thereto, as all the same then exist or may thereafter be duly adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations") shall be made in writing on such form as is provided therefor by the Cooperative. With respect to any particular classification of service for which the Board of Trustees 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. The membership application shall be accompanied by any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative, which service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any, shall be re-funded in the event the application is by Board resolution denied. Any former member of the Cooperative may, by the sole act of paying any outstanding account plus accrued interest thereon at the legal rate on judgments in effect when such account first became overdue, compounded annually, together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative, and by updating the information thereon contained, renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment(s).

Section 3 Service Security and Facilities Extension Deposits; Contribution in Aid of Construction.

The 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. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative together with a service security deposit, a facilities extension deposit or a contribution in aid of construction or any combination thereof, if required by the Cooperative, shall be paid by the member for each additional service connection requested by him/her

Section 4 Joint Membership.

Any persons, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership. The words "member," "applicant," "person," "his/her" and "him/her," as used in these By-laws, shall include any persons applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

- a.) the presence at a meeting of one or any shall constitute the presence of one member and a joint waiver of notice of the meeting;
- b.) the vote of one or any shall constitute, respectively, one joint vote: PROVIDED, that if more than one be present but are in disagreement on such vote, each shall cast only his/her fractional vote equivalent to the number of persons holding such joint membership, (such as 1/2, 1/3, etc.)
- c.) notice to, or waiver of notice signed by one or any shall constitute, respectively a joint notice or waiver of notice;
- d.) suspension or termination in any manner of one or any shall constitute, respectively, suspension or termination of the joint membership;
- e.) one only and not all concurrently, shall be eligible to serve as a Trustee of the Cooperative, but only if all meet the qualifications required therefor; and
- f.) none will be permitted to have any additional service connections except through their one joint membership.

Section 5 Acceptance into Membership.

Upon complying with the requirements set forth in Section 2, any applicant shall automatically become a member on the date of his/her connection for electric service; PROVIDED, that the Board of Trustees 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, had been submitted to but not approved by the Board of Trustees 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.

Section 6 Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts.

The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises

es are owned or directly occupied or used by him/her shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his/her membership, unless and except to the extent that the Board of Trustees may in writing waive such requirements, and shall pay therefore at the times, and in accordance with rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Trustees and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 2. 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. Each member shall also pay all other amounts owed by him/her to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by him/her for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his/her outstanding accounts for all such service connections notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proportion.

Section 7 Excess Payments to be Credited as Member-Furnished Capital.

All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article VII of the By-laws.

Section 8 Wiring of Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.

Each member shall cause all premises receiving electric service pursuant to his/her membership to become and to remain wired in accordance with the specifications of the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities and shall use his/her best efforts to prevent others from so doing. Each member shall also provide such protective devices to his/her premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their opera-

tion and to prevent any such interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

Section 9 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.

Section 10 Rights and Liabilities of Members

Upon dissolution, after (a) all debts, obligations and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these By-laws, 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 seven years next preceding the date of the filing of the certificate of dissolution. The private property of the members shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts of the Cooperative.

ARTICLE II Membership Suspension and Termination

Section 1 Suspension; Reinstatement.

Upon his/her failure, after the expiration of the initial time limit prescribed either in a specific notice to him/her or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his/her membership obligations, a person's membership shall automatically be suspended; and he/she shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other non-compliance with his/her membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

Section 2 Termination by Expulsion; Renewed Membership.

Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 1, he/she may, without further notice, but only after due hearing if such is requested by him/her, be expelled by resolution of the Board of Trustees at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his/her expulsion. After any final expulsion of a member, he/she may not again become a member except upon new application therefore duly approved as provided in Article 1, Section 5. The Board of Trustees, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his/her membership obligations.

Section 3 Termination by Withdrawal or Resignation.

A member may withdraw from membership upon such generally applicable conditions as the Board of Trustees shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Trustees, resigning his/her membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his/her membership, or (b) except when the Board of Trustees specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

Section 4 Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners.

Except as provided in Section 6 of this Article, the death of an individual human member shall automatically terminate his/her membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: PROVIDED FURTHER, that neither a withdrawing partner nor his/her estate shall be released from any debts then due the Cooperative.

Section 5 Effect of Termination.

Upon the termination in any manner of a person's membership, he/she or his/her estate, as the case may be, shall be entitled to refund of his/her service security deposit, if any, theretofore paid the Cooperative, less any amounts due the Cooperative; but neither he/she nor his/her estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 1 and 2 of this Article, such suspension or expulsion shall not, unless the Board of Trustees shall expressly so elect, constitute

release of such person from his/her membership obligations as to entitle him/her to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

Section 6 Effect of Death, Legal Separation or Divorce upon a Joint Membership.

Upon the death of any person of a joint membership, such membership shall continue to be held solely by the survivors, in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the estate of the deceased person shall not be released from any debts due 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 7 Board Acknowledgment of Membership Termination; Acceptance of Members Retroactively.

Upon the termination of a person's membership for any reason, the Board of Trustees, as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Trustees approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE III Meeting of Members

Section 1 Annual Meeting.

The annual meeting of the members shall be held in the month of March each year, in Missoula County, State of Montana, on a date and at a location chosen by the Board of Trustees and designated in the notice of annual meeting, for the purposes of electing trustees, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the annual meeting during the month of March shall not work a forfeiture or dissolution of the Cooperative.

Section 2 Special Meetings.

A special meeting of the members may be called by the Board of Trustees, by the President, by any three (3) Trustees or by petition signed by not less than ten percent (10%) of the then total members of the Cooperative, 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. Such a meeting shall be held at such place in one of the counties in Montana which the Cooperative serves, on such date, not sooner than forty (40) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour

as shall be designated by him/her as those calling or petitioning for the same.

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 other than listed in Section 6 of this Article is to be transacted, the purpose or purposes for which the meeting is to be called, shall be delivered not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally or by mail to each member by or at the direction of the Secretary, or upon a default in the duty by the Secretary, by the persons calling the meeting. If mailed such notice shall be deemed to be delivered 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 paid. 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. The attendance in person of a member at any meeting of the members 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 grounds that the meeting shall not have been lawfully called or convened.

Section 4 Quorum.

Business may not be transacted at any meeting of the members unless there are present in person at least one hundred (100) members except that, if less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date not less than forty (40) days later and to any place in one of the counties in Montana which the Cooperative serves; PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person. In the event of a district meeting held to consider the removal of a trustee pursuant to Article IV, Section 5, a quorum shall consist of one hundred (100) members residing within that trustee's district. If a quorum is not present the meeting shall adjourn as set forth in this section.

Section 5 Voting.

Each membership shall be entitled to only one vote as provided for hereafter. District Trustee election shall be decided by a vote of a majority of the memberships from the District of the Trustee nominee voting thereon by mail-in ballot or in person at the meeting of the membership at which such election or vote is scheduled to occur. Changes to the By-laws shall be decided by a vote of a majority of the memberships voting thereon by mail-in ballot or in person at the meeting of the membership at which such election or vote is scheduled to occur. All other questions shall be decided by a vote of a majority of the memberships voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Members may not vote by proxy.

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:

1. report as to the number of members present in order to determine the existence of a quorum;
2. reading of the notice of the meeting and proof of the due giving thereof or the waiver or waivers of notice of the meeting, as the case may be;
3. reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
4. presentation and consideration of reports of officers, trustees and committees;
5. announcement of trustees elected;
6. unfinished business;
7. new business; and,
8. adjournment.

Section 7 Procedure for Voting by Mail-in Ballot.

When a vote concerning a pro-posed By-Law change is held by mail-in ballot, each membership of the Cooperative shall be furnished, by mail, along with his/her written notice of the membership meeting, a mail-in ballot for the vote. In the case of a trustee election, only those Members residing in the district for which the trustee election is being held shall receive a ballot accompanied by a "Trustee Candidate Qualifications and Statement" information sheet, which shall describe pertinent candidate qualifications and a statement from the candidate seeking election. The Board of Trustees shall adopt a mail-in ballot system calculated to maintain the secrecy of each membership's vote. Mail-in ballots must be returned to the Secretary of the Cooperative via return mail or in person, sealed in the secret ballot envelope furnished by the Cooperative, not later than the close of business the business day prior to the date of the meeting at which the vote is scheduled to occur. Counting of mail-in ballots shall be conducted by the Certified Public Accountant firm retained by the Cooperative for its annual audit. All mail-in ballots shall remain sealed until counted. Memberships not voting by mail-in ballot shall be entitled to vote in person at the meeting at which the election is scheduled to occur. The Board of Trustees shall adopt procedures calculated to ensure that only memberships not voting by mail-in ballot vote in person at the meeting.

ARTICLE IV Trustees

Section 1 Number and General Powers.

The business and affairs of the Cooperative shall be managed by a board of seven (7) trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these By-laws conferred upon or reserved to the members. The Board may not contract for construction of facilities for production of energy with project capability of fifty or more megawatts, either alone or in cooperation with other utilities or as a member of a generation and transmission cooperative, without approval of the members at the annual meeting or at a special meeting called for that purpose.

Section 2 Qualifications and Tenure.

At each annual meeting of the members, the same number of trust-

ees that corresponds with the number whose terms are expiring shall be elected by ballot to serve a term of three years. Upon election, trustees shall, subject to the provisions of these By-laws with respect to the removal of trustees, serve until the annual meeting of the members of the year in which their term expires or until their successors shall have been elected and shall have qualified.

The trustee nominees must possess the following qualifications:

- a) must be a member and a bona fide resident of the district which he/she intends to represent;
- b) must be willing to promote and safeguard the interests of the Cooperative among the members and the general public;
- c) shall represent the membership on an impartial basis for the good of and in the best interest of the entire Cooperative;
- d) must not in any way be employed by or have material financial interest in a competing enterprise or business selling electric energy or electrical distribution supplies to the Cooperative or its members;
- e) must be willing to attend regularly scheduled and special meetings of the Board of Trustees, and other related educational training functions; and
- f) the trustee nominee must be in good financial standing with the Cooperative. Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such 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 of Trustees.
- g) must not have a Conflict of Interest with the Cooperative.

Section 3 Nomination and Election of Trustees.

Any member desiring to become a candidate for trustee from his/her district shall be required to obtain a petition for election of trustees containing not less than ten (10) signatures of other members from his/her district and submit such petition to the Secretary of the Cooperative not less than forty-five (45) days prior to the annual meeting of the membership. Candidates must be members residing in the district for which they are seeking election and must possess the qualifications for trustees specified in Section 2 of this Article. Voting shall be in accordance with the procedures in Article III, Section 7 of these By-laws. Each membership of the Cooperative shall be entitled to vote for one candidate from their district. The candidate from each district receiving the highest number of votes will be considered as elected as trustee. Such persons so elected shall be announced as elected at the meeting of the membership at which the election is held and shall take office immediately following the adjournment of the meeting and shall hold said office for three years or until their successors are duly elected and qualified.

Section 4 Trustee Districts.

The territory served by the Cooperative shall be divided into seven (7) districts. "The Board of Trustees will define the boundaries of each district and shall strive to maintain geographical compactness." Each district shall be represented by one trustee.

Section 5 Removal of Trustees by Members.

Member(s) may bring one or more charges for cause against the

trustee residing in the district in which the Member resides and may request the removal of such trustee by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten percent (10%) of the then-total members of that district, which petition calls for a special member meeting, the stated purpose of which shall be to hear and act upon such charge(s). The Board will publish a notice of the special meeting which specifies the place, time and date thereof not more than forty-five (45) days after the filing of such petition or schedule the matter to be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty-five (45) days after the filing of such petition. The petition shall identify the members filing such charge(s), state the charge(s) with reasonable clarity and the name of the trustee against whom such charge(s) is (are) being made. The petition shall be signed by each member with name and address as the same appears on the books of the Cooperative. Notice of such charge(s), of the trustee against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon. The trustee against whom such charge(s) have been brought shall be informed in writing of the charge(s) after the same has been filed with the Secretary and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered. The person(s) bringing the charge(s) shall have the opportunity at the meeting to present evidence in person and by counsel in respect to the charge(s) after which the trustee shall be granted the right to be heard in person and by counsel and to present evidence in the same manner. The question of removal of such trustee shall, be considered and voted upon at such meeting. Any vacancy created by such removal shall be filled by vote of the members residing in that trustee's district by mail-in ballot conducted pursuant to Article III, Section 7 of these By-laws. Nomination(s) must be in compliance with Section 3 of this Article. The successor must reside in the same district as the trustee to whose office he/she succeeds and shall serve the unexpired portion of the removed trustee's term.

Section 6 Removal of Trustees by Trustees.

A Trustee may be removed by the unanimous vote of all remaining trustees: (i) for any action or inaction which significantly and adversely affects the Cooperative; (ii) for conduct that is not in the best interest of the Cooperative; or (iii) for any reasonable performance related grounds for dismissal based upon Trustee's failure to satisfactorily perform Trustee's duties, disruption of the Cooperative's operation or other legitimate business reasons. If such action is to be taken, a petition shall be filed by all remaining Trustees which sets forth that the removal of a Trustee is required, and must set forth the reasons for such proposed action. The petition shall schedule a Special meeting of the Board for the sole purpose of addressing the removal of such Trustee. At the Special Meeting, the Trustee shall be entitled to be represented by counsel and shall have the right to be heard in person, through counsel and through witnesses to present evidence that said Trustee desires to present. After the presentation of evidence and argument is concluded, the question of the removal of such Trustee shall be considered and voted upon at such meeting. Removal of said Trustee shall require the unanimous vote of remaining Trustees. Any vacancy created by such removal shall be filled by vote of the members residing in that Trustee's district by mail-in-ballot conducted pursuant to Article III, Section 7 of the By-laws. Nomination(s) must comply with Section 3 of Article IV. The successor must reside in the same district as the Trustee to whose office he/she succeeds and shall serve the unexpired portion of the removed trustee's term.

Section 7 Vacancies.

Except as set forth in the provisions of these By-laws with respect to the filling of vacancies caused by the removal of trustees by the members (Article IV, Section 5) or trustees (Article IV, Section 6), a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining trustees. A trustee thus elected shall serve out the unexpired term of the trustee whose office was originally vacated and until a successor is elected and qualified. The member elected as trustee to fill the vacancy must reside in the same district as the trustee to whose office he/she succeeds.

Section 8 Compensation; Expenses.

Trustees, as such, shall not receive any salary for their services, but by resolution of the Board of Trustees a fixed sum and expenses of attendance, if any, may be allowed on a per diem basis, for attendance at each meeting of the Board of Trustees and committees thereof and to attend meetings, conferences and seminars pertaining to rural electrification. No trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a trustee receive compensation for serving the Cooperative, unless the payment of compensation has been approved by the Board of Trustees as an emergency measure.

Section 9 Rules, Regulations and Contracts.

The Board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these By-laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative. Except as otherwise provided in these By-laws, the Board of Trustees 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 10 Accounting System and Reports.

The Board of Trustees shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit report shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

Section 11 "Close Relative" Defined.

For the purpose of these By-laws, "close relative" includes grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, uncles, aunts, nephews and nieces, by blood, by marriage or by adoption, and spouses of any of the foregoing.

ARTICLE V Meetings of Trustees

Section 1 Regular Meetings.

A regular meeting of the Board of Trustees shall be held monthly

at such time and place and on such date in Missoula County as the Board may provide by resolution. Such regular monthly meetings may be held without notice other than the resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, any trustee absent from any meeting of the Board at which a determination is made as to date, time and place of a regular meeting shall be entitled to notice of such determination at least five (5) days prior to such meeting; and provided further, that if a policy therefore 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 trustees.

Section 2 Special Meetings.

Special meetings of the Board of Trustees may be called by the President or by any three trustees and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the trustees calling the meeting shall fix the date, time and place for the meeting. Special meetings may be held via telephone conference call, without regard to the actual location of the trustees at the time of such telephone conference meeting if all the trustees consent thereto.

Section 3 Notice of Trustees Meetings.

Notice of the time, place and purpose of any special meeting of the Board of Trustees and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each trustee not less than five (5) days prior thereto, either personally, by mail, or by telephone or other electronic means, by or at the direction of the Secretary, or upon a default in this duty by the Secretary, by the President or the trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the trustees at their address as it appears on the records of the Cooperative, with first class postage thereon prepaid. The attendance of a trustee 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 one or more items of business, on the ground that the meeting shall not have been law-fully called or convened.

Section 4 Quorum.

The presence in person of a majority of the trustees in office shall be required for the transaction of business and the affirmative votes of a majority of the trustees present and voting shall be required for any action to be taken; PROVIDED, that a trustee who by law or these By-laws 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 trustees in office or present; AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the trustees present may adjourn the meeting from time to time, but shall cause the absent trustees to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE VI Officers; Miscellaneous

Section 1 Number and Title.

The officers of the Cooperative shall be a President, Vice President,

Secretary and Treasurer, and such other officers as may from time to time be determined by the Board of Trustees. The offices of Secretary and Treasurer may be held by the same person.

Section 2 Election and Term of Office.

The four officers named in Section 1 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Trustees at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until his/her successor shall have been duly elected and shall have qualified subject to the provisions of the By-laws with respect to the removal of trustees and to the removal of officers. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Trustees may from time to time deem advisable.

Section 3 Removal.

Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer by filing such charges in writing with the Secretary, together with a petition signed by ten (10) per centum of the members, and request the removal of the particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges at least twenty (20) 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 to the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. In the event the Board does not remove such officer, the question of the removal of such officer shall be considered and voted upon at the next meeting of the members.

Section 4 Vacancies.

A vacancy in any office elected or appointed by the Board of Trustees shall be filled by the Board for the unexpired portion of the term.

Section 5 President.

The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board of Trustees,
- (b) shall preside at all meetings of the members and the Board of Trustees; sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board of Trustees or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these By-laws 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 Trustees from time to time.

Section 6 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 Trustees.

Section 7 Secretary.

The Secretary shall:

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board of Trustees in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these By-laws 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 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 By-laws or as required by law;
- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- (e) sign, with the President, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Trustees;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the Cooperative's Articles of Incorporation and By-laws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and furnish a copy of such documents and of all amendments thereto upon request to any member;
- (h) 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 Trustees;
- (i) be responsible for the duties incident to the office and may delegate performance thereof in a manner prescribed by the Board of Trustees; and,
- (j) be responsible for maintaining on file for member viewing a copy of the Cooperative's Policies and Procedures Manual, and copies of all Board minutes excluding any sensitive membership information.

Section 8 Treasurer.

The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative.
- (b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest 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 By-laws;
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board of Trustees; and,

- (d) be responsible for the duties incident to the office and may delegate performance thereof in a manner prescribed by the Board of Trustees.

Section 9 General Manager; Executive Vice-President.

The Board of Trustees shall appoint a General Manager, who also may be designated Executive Vice-President. Such officer shall perform such duties as the Board of Trustees may from time to time require and shall have such authority as the Board of Trustees may from time to time vest in him.

Section 10 Bonds.

The Board of Trustees may require any officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to be bonded in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees 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 11 Compensation; Indemnification.

The compensation, if any, of any officer, agent or employee who is also a trustee or close relative of a trustee shall be determined as provided in Article IV, Section 7, of these By-laws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefore approved by the Board of Trustees. The Cooperative shall indemnify present and former trustees, officers, including the General Manager (or, if so titled, the Executive Vice-President), agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

Section 12 Reports.

The officers of the Cooperative shall submit reports covering the business of the Cooperative for the previous fiscal year showing the condition of the Cooperative at the close of such fiscal year, at each annual meeting of the members.

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, members and non-members

alike, except those expressly excluded by contract, 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 amount in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his/her 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. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. 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 instructions from the assignor and only to successors in interest or successors in occupancy of all or part of such patron's premises served by the Cooperative, unless the Board of Trustees, acting under policies of general application, shall determine otherwise. Notwithstanding any other provision of these By-laws, the Board of Trustees, at its discretion, shall have the power, upon death of a patron, who is a natural person, if the legal representative of such patron shall request in writing, to retire capital credited to such patron in conformance with the determined capital credit retirement policy of the Cooperative as fixed and determined by the Board aforesaid and upon such terms and conditions as set forth in such policy; provided, however, 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. The patrons of the Cooperative, by dealing with the Cooperative, acknowledged that the terms and provisions of the Articles of Incorporation and By-laws 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. Written notice of the provisions of this Article of the By-laws shall be given to each patron of the Cooperative upon application for membership in the Cooperative.

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 pro-rated annually on a patronage basis and returned to those patrons, members and non- members alike, from whom such amounts were obtained at such time and in such order of priority as the Board of Trustees shall determine.

ARTICLE VIII Non-profit Operation

Section 1. Sale or Encumbrance.

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; PROVIDED, HOWEVER, NOTWITHSTANDING ANYTHING HEREIN CONTAINED, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Trustees 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.

Section 2 Conditions of Sale.

Before a meeting is held to vote on authorization of disposition of Cooperative property, the Board of Trustees shall:

- (a) have the property appraised by three appraisers chosen by the Board and not associated with the Cooperative or a proposed buyer of the Cooperative property;
- (b) notify all Cooperative members, at least 90 days in advance, of a meeting to vote on disposition of such property. Detailed proposals for disposition of such property must accompany the notice;
- (c) at least 30 days before the meeting, notify all other Cooperatives situated and operating in the state that the property is available for disposition and include with the notice one copy of each appraisal on the Cooperative property; and,
- (d) at least 30 days before the meeting, mail to all members any alternative proposal made by Cooperative members if it has been submitted to the Board and signed by 50 or more members.

Section 3 Meeting.

The vote on property disposition may take place at an annual meeting if the Board notifies the members as provided in this Article.

Section 4

The provisions of this Article do not apply to the transfer of Cooperative property in a merger or consolidation of Cooperatives.

ARTICLE IX Seal

The Corporate Seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, State of Montana."

ARTICLE X Financial Transactions

Section 1 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 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 Trustees.

Section 2 Deposits; Investments.

All funds 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 institutions or securities as the Board of Trustees may select, except petty cash.

ARTICLE XI Waiver of Notice

Any member or Trustee may waive, in writing, their right to be notified as required by these By-laws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE XII Fiscal Year

The Cooperative's fiscal year shall be determined by resolution of the Board of Trustees.

ARTICLE XIII Rules of Order

Parliamentary procedure at all meetings of the members, or the Board of Trustees, of any committee provided for in these By-laws and of any other committee of the members or Board of Trustees 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 By-laws.

ARTICLE XIV Amendments

These By-laws may be altered, amended or repealed by a majority of the memberships voting thereon pursuant to Article III, Section 7: PROVIDED that each membership is provided with a copy of the pro-posed alteration, amendment or repeal with an accurate summary explanation thereof.

ARTICLE XV

Section 1 Membership in Other Organizations.

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members

at a meeting called as provided in these By-laws, the notice of which meeting shall specify that action is to be taken upon such membership or stock purchase. However, the Cooperative may, by the affirmative action of the Board of Trustees, acquire an interest in any entity whose principal purpose is to promote or distribute goods and services in connection with alternatives to central station electrical power distribution, become a member of any organization formed on a non-profit basis for the purpose of furthering the cause of electric service or, with the approval of the Administrator of RUS, purchase stock in any organization for the purpose of acquiring electric facilities or assuring more adequate energy service to its members.

Record of Origination of and Amendments to Missoula County Electrification Association/Missoula Electric Cooperative, Inc. By-laws

Background: In 1936, Harry Stiegler, Lee Elliott, Ira P. Holling, Holmes Maclay, and Victor Loiselle made application for a license with the State of Montana to begin operations of Missoula County Electrification Association. The license was granted December 9, 1936.

The original By-laws for the organization were adopted by the Commissioners of the Missoula County Electrification Association on February 27, 1937. With the adoption of the By-laws, the title "Commissioners" was replaced with "Directors".

On July 7, 1939, the Missoula County Electrification Association issued Articles of Conversion to effect a change from being a corporation to a cooperative, non-profit membership corporation, hereinafter known as the Missoula Electric Cooperative, Inc. The change was approved by the State of Montana on August 8, 1939. With this change, the title "Directors" was replaced with "Trustees".

There follows in chronological order all amendments to the original By-laws:

Annual (Special) Membership Meeting Year Amendments to By-laws

- 1941** Article VI, Section 1
Article X, Section 2
Article XI, Section 4
- 1942** Article IX, Section 1
- 1944** Article III, Sections 3 & 7
- 1947** Article I, Section 6
Article II, Section 1
Article VII, Sections 1 & 2
- 1955** Article IV, Section 2
- 1964** Article I, Sections 2, 4, 5, & 7
Article III, Sections 1 & 7
Article IV, Sections 2 & 5
Article VI, Section 6
Article X, Sections 4 & 5 (deleted)
Article XI, Sections 1 (deleted) & 4
- 1970** Article VII, Section 2
Article VII,
(no sections identified)
- 1975** Article IV, Section 4
- 1976** Article III, Section 1
- 1977** Article VII, Section 2
- 1978** Article I, Section 6
- 1979** Article I, Sections 1 & 6
Article III, Section 7
Article IV, Section 2
- 1980** Article I, Sections 3 & 7
Article V, Section 2

- Article VI, Sections 6, 7, & 9
Article X, Section 3
- 1981** Article IV, Section 6
Article VII, Section 2
Article VIII, Section 1
Article XI, Section 3
- 1983** Article IV, Section 1
- 1988** Article I, (in its entirety)
Article II, (in its entirety)
Article III, (in its entirety)
Article VIII, (in its entirety)
Article X, (in its entirety, shortened)
Article XI, (in its entirety, shortened)
Article XII, (new article completely)
Article XIII, (new article completely)
Article XIV, (this is former Article XII (Special) Article III, Sections 2 & 3
Article XV, (new article completely)
- 1990** Article III, Section 4
Article IV, Section 2
- 1998** Article XV, Section 1
Article I, Section 2
Article II, Section 7
Article III, Sections 5, 6 & 7
Article IV, Sections 3, 5 & 7
Article V, Sections 1 & 3
Article VI, Sections 3, 7, 11 & 12
Article XI
Article XIV
- 2004** Article III, Section 4 & 6
- 2005** Article III, Section 4, 5 & 7
Article IV, Section 3 & 5
- 2009** Article IV, Section 4
- 2017** Article IV, Section 2
Article IV, Section 6
(new section completely)
Article IV, Section 6
(this is former Section 6 renumbered to Section 7)
Article IV, Section 7
(this is former Section 7 renumbered to Section 8)
Article IV, Section 8
(this is former Section 8 renumbered to Section 9)
Article IV, Section 9
(this is former Section 9 renumbered to Section 10)
Article IV, Section 10
(this is former Section 10 renumbered to Section 11)