



84423 US Highway 87
Lewistown, MT 59457-2058
406-538-3465
www.ferguselectric.coop

ORIGINAL ADOPTION
September 8, 1939

CURRENT AMENDED DATE
June 6, 2013

BYLAWS

Bylaws Adopted September 8, 1939
Bylaws Revised October 6, 1979
Amended October 4, 1980
Amended October 4, 1982
Amended October 13, 1983
Amended October 10, 1985
Amended June 12, 1986
Amended June 11, 1992
Amended June 6, 1996
Amended June 11, 1998
Amended June 7, 2006
Amended June 4, 2009
Amended June 6, 2013

INDEX

ARTICLE I	1
<i>Membership</i>	1
Sec. 1.1 Requirements for Membership.....	1
Sec. 1.2 Joint Membership.....	1
Sec. 1.3 Conversion of Membership.....	2
Sec. 1.4 Membership Fees.....	2
Sec. 1.5 Purchase of Electric Energy.....	2
Sec. 1.6 Termination of Membership.....	2
ARTICLE II	3
<i>Rights and Liabilities of Members</i>	3
Sec. 2.1 Property Interest of Members.....	3
Sec. 2.2 Non-Liability for Debts of the Cooperative.....	4
ARTICLE III	4
<i>Meeting of Members</i>	4
Sec. 3.1 Annual Meeting.....	4
Sec. 3.2 Special Meetings.....	4
Sec. 3.3 Notice of Members' Meeting.....	4
Sec. 3.4 Election and Credentials Committee.....	5
Sec. 3.5 Quorum.....	6
Sec. 3.6 Voting.....	6
Sec. 3.7 Order of Business.....	6
ARTICLE IV	7
<i>Board Members</i>	7
Sec. 4.1 General Powers.....	7
Sec. 4.15 Limitation on Capital Expenditures.....	7
Sec. 4.2 Qualifications, Election and Tenure.....	8
Sec. 4.3 Nominations.....	9
Sec. 4.35 District Boundaries.....	10
Map of District Boundaries.....	11
Sec. 4.4 Removal of Board Member by Members.....	12
Sec. 4.5 Vacancies.....	12
Sec. 4.6 Compensation.....	12
Sec. 4.7 Indemnification and Insurance.....	13
ARTICLE V	14
<i>Meetings of the Board</i>	14
Sec. 5.1 Regular Meetings.....	14
Sec. 5.2 Special Meetings.....	14
Sec. 5.3 Notice of Board Meetings.....	14
Sec. 5.4 Location of Meeting.....	14
Sec. 5.5 Quorum.....	14

ARTICLE VI	15
<i>Officers.....</i>	<i>15</i>
Sec. 6.1 Number.....	15
Sec. 6.2 Election and Term of Office.....	15
Sec. 6.3 Removal of Officers and Agents by the Board	15
Sec. 6.4 President.....	15
Sec. 6.5 Vice-President	16
Sec. 6.6 Secretary.....	16
Sec. 6.7 Treasurer	16
Sec. 6.8 Manager	17
Sec. 6.9 Bonds of Officers	17
Sec. 6.10 Compensation	17
Sec. 6.11 Reports	17
ARTICLE VII	17
<i>Non-Profit Operation.....</i>	<i>17</i>
Sec. 7.1 Interest or Dividends on Capital Prohibited.....	17
Sec. 7.2 Patronage Capital in Connection with Furnishing Electric Energy.....	17
ARTICLE VIII	20
<i>Disposition of Property.....</i>	<i>20</i>
ARTICLE IX.....	20
<i>Seal</i>	<i>20</i>
ARTICLE X.....	21
<i>Financial Transactions.....</i>	<i>21</i>
Sec. 10.1 Contracts	21
Sec. 10.2 Checks, Drafts, Etc.....	21
Sec. 10.3 Deposits.....	21
Sec. 10.4 Fiscal Year	21
ARTICLE XI.....	21
<i>Miscellaneous.....</i>	<i>21</i>
Sec. 11.1 Membership in Other Organizations.....	21
Sec. 11.2 Waiver of Notice.....	21
Sec. 11.3 Policies, Rules and Regulations	22
Sec. 11.4 Accounting System and Reports	22
ARTICLE XII.....	22
<i>Amendments.....</i>	<i>22</i>

ARTICLE I

Membership

SECTION 1.1

Requirements for Membership

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of FERGUS ELECTRIC COOPERATIVE, INC., hereinafter called the Cooperative, upon receipt of electric service from the Cooperative, provided that:

- (a) A written application for membership therein;
- (b) An agreement to purchase from the Cooperative electric energy as hereinafter specified;
- (c) An agreement to comply with and be bound by the articles of Incorporation and Bylaws of the Cooperative and any rules and regulations by the Board of Trustees, hereinafter called the board; and
- (d) No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable except as provided by these Bylaws.

SECTION 1.2

Joint Membership

A husband and wife or partnership may apply for a joint membership and, subject to the compliance with the requirements set forth in Section 1.1 of this Article, may be accepted for such membership. The term 'member' as used in these Bylaws shall be deemed to include a husband and wife or partnership 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 any or all shall be regarded as the presence of one (1) member and shall constitute a joint-waiver of the notice of the meeting;
- (b) The vote of any separately or all jointly shall constitute one (1) vote;
- (c) A waiver of notice signed by any or all shall constitute a joint waiver;
- (d) Notice to any shall constitute notice to both;
- (e) Expulsion of any shall terminate the joint membership;
- (f) Withdrawal of any shall terminate the joint membership;

- (g) Any but only one (1) may be elected or appointed as an officer or board member, provided that all meet the qualifications for such office.

SECTION 1.3
Conversion of
Membership

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board Bylaws and rules and regulations adopted by the Board;
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor.

SECTION 1.4
Membership Fees

There shall be no membership fee charged for membership in the Cooperative and any membership fee heretofore paid by any member shall be reimbursed.

SECTION 1.5
Purchase of
Electric Energy

Each member, as soon as electric energy is available, shall purchase from the Cooperative electric energy used on the premises specified in application for membership, 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. 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.

SECTION 1.6
Termination of
Membership

- (a) 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 (2/3) of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure is liable to expulsion and such 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, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board;

- (b) Upon the withdrawal, death, cessation or existence or expulsion of a member, the membership shall thereupon terminate. Termination of membership in any manner shall not release a member or estate from any debts due to the Cooperative;
- (c) 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 II

Rights and Liabilities of Members

SECTION 2.1

Property Interest of Members

Upon dissolution after:

- (a) All debts and liabilities of the Cooperative shall have been paid, and;
- (b) All capital furnished through patronage shall have been retired as provided by these Bylaws; the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the Certificate of Dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2.2
Non-Liability for Debts
of the Cooperative

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

ARTICLE III

Meeting of Members

SECTION 3.1
Annual Meeting

The Annual Meeting of the members may be held on the first (1st) Saturday in June of each year beginning with the year 1986 as designated by the Board, or the Board may elect to set the meeting for two (2) weeks prior to the first (1st) Saturday in June or two (2) weeks later than the first (1st) Saturday in June at such place in the city of Lewistown, in the county of Fergus, State of Montana, as shall be designated in the notice of the meeting for the purpose of electing trustees, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. If the day fixed for the Annual Meeting shall fall on a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. In the absence of the member holding a single membership, the spouse may vote.

SECTION 3.2
Special Meetings

Special meetings of the members may be called by Resolution of the Board, or upon a written request signed by any three (3) board members, by the President, or by ten (10) per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one (1) of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3.3
Notice of Members'
Meeting

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days no more than forty-five (45)

days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action, which may be taken by the members at any such meeting.

SECTION 3.4
Election and Credentials
Committee

The Board of Trustees shall, at least ten (10) days before any meeting of the members, appoint a Credential and Election Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15), who are not close relatives or members of the same household of, existing directors or known candidates for trustees to be elected at such meeting. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot voting, to pass upon all questions that may arise with the respect to the registration of members in person, to count all ballots cast in any election or in any other ballot vote taken, to rule upon the effects of any ballots irregularly or indecisively marked, and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the adjournment of the meeting in which the election is conducted. The Committee shall thereupon be convened, upon notice from its chairman, not less than seven (7) days after such protest or objection if filed. The Committee shall hear such evidence as is presented by the protester(s) or objector(s) who may be heard in person, by counsel, or both; and the Committee, by a vote of the majority of those present and voting, shall within a reasonable time but not later than thirty (30) days after such hearing, render its decision, which may be either to affirm or change the results of the election or to set aside such election. The Committee's decision (as reflected by a majority of those actually present and voting) on all such matters shall be final.

SECTION 3.5

Quorum

Either 5% (five percent) of the members present in person or fifty (50) but not less than fifty (50) members shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 3.6

Voting

Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation and these Bylaws. In the absence of the member holding a single membership, the spouse may vote.

(a) Except as set forth in sub-part (b) below, each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation and these Bylaws. In the absence of the member holding a single membership, the spouse may vote.

(b) Each member shall be permitted to cast one vote on each issue voted on at any meeting of members. The Board of Trustees shall leave the existing balloting at meetings of members as is currently done or determine which one or several of these means shall be used: (i) direct ballot at any meeting of members, (ii) absentee, (iii) by mail, (iv) electronic means or (v) other practical means. The Board of Trustees shall order a process to be used which they find will enhance the ability of the membership to vote on any issue presented to vote, be secure and avoid fraud or errors in the voting process, and will not be unduly expensive or burdensome to the cooperative or its members.

SECTION 3.7

Order of Business

The order of business at the Annual Meeting of the Members and, so far as possible, at all other meetings of the members, shall be essentially as follows except as otherwise determined by the Board of Trustees or members at such meeting:

(a) Report on the number of members present in person in order to determine the existence of a quorum;

- (b) Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (d) Presentation and consideration of reports of officers, trustees and committees;
- (e) Election of board members;
- (f) Unfinished business;
- (g) New business;
- (h) Adjournment.

Notwithstanding the foregoing, the Board of Trustees or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business: PROVIDED, that no business other than adjournment of a meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

ARTICLE IV

Board Members

SECTION 4.1

General Powers

The business and affairs of the Cooperative shall be managed by a board of seven (7) members which shall exercise all of the powers of the Cooperative except such as are provided by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

SECTION 4.15

Limitation on Capital Expenditures

Except for the repair or upgrading of existing facilities, or the construction of any facility for the transmission or distribution of electrical energy, no single capital expenditure in excess of \$500,000 shall be made unless said expenditure is approved by the Board of Trustees at a meeting at which a quorum of trustees is present. Thereafter, and before said action shall become final and the expenditure made, the action of the Board of Trustees shall be presented to the membership at the next Annual Meeting of Members, with notice to be given as is provided for in the notice of an Annual Meeting and with the minute entry of the action of the

Trustees set forth verbatim in said notice. If the members present and voting at a meeting at which there is a quorum by a majority of three-fifths (3/5) of those voting disapprove said action, it shall fail. If no action is taken or action of disapproval fails, then the action of the Trustees shall stand. Action for disapproval may be taken only at the Membership Meeting next following in time of the initial action of the Trustees.

If the Board of Trustees deems any capital expenditure limited by this paragraph to involve an emergency, which should be acted upon before the next regular Annual Meeting of Members, the Board of Trustees, by a majority vote shall call a special meeting of members. Said special meeting shall be held at a place selected by the Board of Trustees at a time no less than ten (10) days or no more than thirty (30) days after notice to members. Notice shall be given by regular mail.

SECTION 4.2 Qualifications, Election and Tenure

The persons named as trustees in the Articles of the Incorporation shall compose the Board of Trustees until the first Annual Meeting or until their successors shall have been elected and shall have been qualified. If the election of trustees shall not be held on the day designated herein for the Annual Meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members as soon as thereafter as conveniently may be. Trustees shall be elected by ballot at the Annual Meeting of the Members in the year 1966, by and from the members to serve for one (1) year from Districts 1, 2, 3, 4, 5, 6 and 7.

In succeeding years, trustees shall be elected by ballot at each Annual Meeting of the Members, by and from the Members, as follows:

Trustees shall be elected by ballot at the Annual Meeting of the Members in the year 1967, by and from the members, to serve for a term for one (1) year from District 1 and 6; to service for terms of two (2) years from Districts 2 and 4; and to serve for terms of three (3) years from Districts 3, 5 and 7. Thereafter, trustees shall be elected for three (3) years as the above terms expire.

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

- (a) Is not a member of the Cooperative and a bona fide resident of the particular District being represented; or
- (b) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative.

Upon the 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.

SECTION 4.3 Nominations

It shall be the duty of the Board to appoint, not less than sixty (60) days before the date of a meeting of the members at which the Trustees are to be elected, as many district committees on nominations as there are trustees to be elected, each such committee is to be composed of three (3) members from the district of the Cooperative from which a trustee is to be elected.

The following substations, or their successors, shall establish the Districts of the Cooperative:

District No. 1: Heath, Ruby Gulch, Carter's Pond

District No. 2: Glengarry, Kolin, Lyons, Straw, Nihill West

District No. 3: Hilger, Winifred, Roy

District No. 4: Winnett Jct., Winnett, Box Elder, Grass Range,

Roundup Rt. 1 (E of Hwy 87), Roundup Rt. 2 (N of Hwy 12)

District No. 5: Roundup Rt. 2 (S of Hwy 12), Roundup Rt. 3 (S of Hwy 12), Musselshell, South Roundup

District No. 6: Harlowton, Lavina, Nihill East, Ryegate, Roundup Rt. 1 (W of Hwy 87), Roundup Rt. 4 (W of Hwy 87)

District No. 7: Denton, Spion Kop, Benchland, Utica, White Sulphur

No member of the Board of Trustees shall be allowed to serve on such district committee on nominations.

The District Committee on Nominations from each such district shall meet within the boundary of their district in a publicly announced meeting in sufficient time to accomplish their duties in an orderly

manner. After they shall have met, interviewed candidates, and heard any member of the Cooperative who wishes to be heard, they shall prepare and post at the principal office of the Cooperative, at least forty-five (45) days before the meeting at which the Trustee from their district is to be elected, a list of nominations for trustees in their district. They must nominate at least two (2) candidates from their district if two or more qualified and willing candidates may be found. The questions of qualifications shall be final as made by the nominating committee.

Candidates for trustees must have their principal residence in the District from which they are elected.

In addition to the procedure set forth above, any fifteen (15) or more members acting together from the District from which a trustee is to be elected may make other nominations by petition not less than thirty (30) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the aforesaid committee are posted. No other method of nominating candidates for trustee shall be permitted.

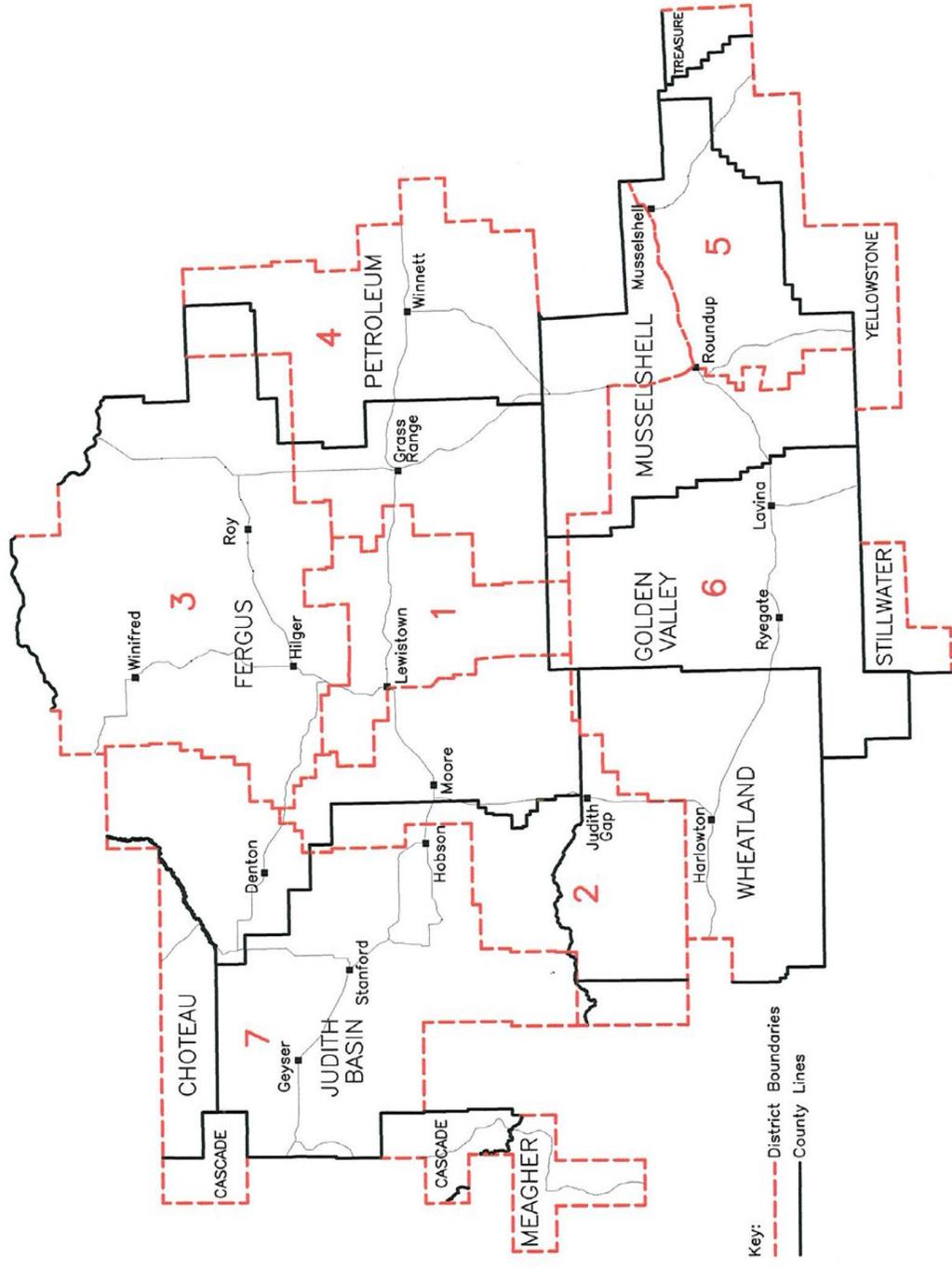
Each member of the Cooperative shall be entitled to vote for one (1) candidate from each district. The candidate from each district receiving the highest number of votes at this meeting shall be considered elected trustee.

Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of trustees.

SECTION 4.35 District Boundaries

It shall be the duty of the Board of Trustees to make an annual review of the number of members found in each district. If they find sufficient imbalance in said district to change, at their discretion the district boundaries, those changes shall then be presented to the membership for their action pursuant to Article XII as any other amendment to the Bylaws.

- DISTRICT 1:
Heath
Ruby Gulch
Carter's Pond
- DISTRICT 2:
Glengarry
Kolin
Lyons Tap
Straw
Nihill West
- DISTRICT 3:
Hilger
Winifred
Roy
- DISTRICT 4:
Winnett Jct.
Winnett
Box Elder
Grass Range
Roundup Rt. 1 (E. of Hwy. 87)
Roundup Rt. 2 (N. of Hwy. 12)
- DISTRICT 5:
Roundup Rt. 2 (S. of Hwy. 12)
Roundup Rt. 3 (S. of Hwy. 12)
Musselshell
South Roundup
Signal Peak - 50kV
Broadview - 100kV
- DISTRICT 6:
Lavina
Nihill East
Ryegate
Roundup Rt. 1 (W. of Hwy. 87)
Roundup Rt. 4 (W. of Hwy. 87)
Harlowton
- DISTRICT 7:
Spion Kop
Benchland
Utica
Denton
White Sulphur



Key:
 District Boundaries
 County Lines

SECTION 4.4

Removal of Board

Members by Members

Any member may bring charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten (10) per centum of the members, may request the removal of such board member by reason thereof. Such board member 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 shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provision with respect to nominations, except as to district requirements.

SECTION 4.5

Vacancies

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by removal of board members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term.

SECTION 4.6

Compensation

Board members shall not receive any compensation for their services except as authorized by the Board on a uniform basis. If authorized by the Board, board members may also be reimbursed for expenses actually and necessarily incurred in the carrying out of such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member, as set forth in the Nepotism Law of the State of Montana, receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members of the service by the Board Member or his close relative shall have been certified by the Board as an emergency measure. As used in these Bylaws, 'close relative' means a person who is related to the principal person, by consanguinity or affinity, to the third degree or less – that is, a person who is either a spouse, child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, aunt, uncle, nephew, or niece, by blood or in-law, of the principal.

SECTION 4.7
Indemnification
and Insurance

To the full extent permitted by law, each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, wherever brought, whether civil, criminal, administrative or investigative, by reason of the fact that he or she was a Director, Trustee, Officer, Employee or Agent of the Cooperative or is or was serving at the specific request of the Board of Directors of the Cooperative as a Director, Trustee, Officer, Employee or Agent of another Cooperative, Corporation, Partnership, Joint Venture, Trust or other enterprise, shall be indemnified by the Cooperative against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceedings provided, however, that the indemnification with respect to a person who is or was serving as a Trustee, Director, Officer, Employee or Agent of another Cooperative, Corporation, Partnership, Joint Venture, Trust or other enterprise shall apply only to the extent such person is not indemnified by such other Cooperative, Corporation, Partnership, Joint Venture, Trust or other enterprise. The indemnification provided by this section shall continue as to a person or agent and shall inure to the benefit of the heirs and personal representatives of such person, and shall apply whether or not a claim against such person arises out of matters occurring before the adoption of this section.

The Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a Trustee, Director, Officer, Employee or Agent of the Cooperative, or who, while a Trustee, Director, Officer, Employee or Agent of the Cooperative, is or was serving at the request of the Cooperative as a Trustee, Director, Partner, Officer, Employee or Agent of another foreign or domestic Corporation, Partnership, Joint Venture, Trust or Enterprise, or any employee benefit plan, against any liability asserted against and incurred in any such capacity or arising out of the status as such, whether or not the Cooperative would have the power to indemnify against such liability.

ARTICLE V

Meetings of the Board

SECTION 5.1

Regular Meetings

A regular meeting of the Board shall be held without notice, immediately after 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 meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 5.2

Special Meetings

Special meetings 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.

SECTION 5.3

Notice of Board Meetings

Written notice of the time, place and 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 duty by the Secretary, by the President or the Board Members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board Members at the address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

SECTION 5.4

Location of Meeting

If all trustees are present at a meeting, they may by mutual consent hold a meeting at any time and in any place.

SECTION 5.5

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 6.1

Number

The Officers of the Corporation shall be a president, vice-president, secretary, treasurer, and such other officers as may be determined by the Board from time to time. The offices of secretary and treasurer may be held by the same person.

SECTION 6.2

Election and Term of Office

The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the Annual Meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first (1st) meeting of the Board following the next succeeding Annual Meeting of the Members or until a 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 6.3

Removal of Officers and Agents by the Board

Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. 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 (10) per centum of the members may request the removal of such officer. The officer against whom such charges have been brought shall be informed, in writing, of the charges at least ten (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 shall have the same opportunity. In the event the Board does not remove such officer, the question of removal shall be considered and voted upon at the next meeting of the members.

SECTION 6.4

President

The President shall:

- (a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board, shall preside at all meetings of the Members and the Board;

- (b) Sign, with the Secretary any Deeds, Mortgages, Deeds of Trust, Notes, Bonds, Contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) In general, perform all duties incident to the office of president and such other duties as may be prescribed from time to time.

SECTION 6.5

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 restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned by the Board.

SECTION 6.6

Secretary

The Secretary shall be responsible for:

- (a) Keeping the minutes of the meeting of the members and of the Board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) The safekeeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) Keeping a register of the names and post office address of all members;
- (e) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the Bylaws 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 from time to time may be assigned by the Board.

SECTION 6.7

Treasurer

The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) The receipt of and issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys

in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
(c) The general performance of all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Board.

SECTION 6.8

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 such appointee.

SECTION 6.9

Bonds of Officers

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum 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 6.10

Compensation

The powers, duties and compensation of officers, agents, and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a board member and close relatives of a board member.

SECTION 6.11

Reports

The Officers of the Cooperative shall submit at each Annual Meeting of the Members a report covering the business of the Cooperative for the previous fiscal year. Such report shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

Non-Profit Operation

SECTION 7.1

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 on dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 7.2

Patronage Capital in Connection with Furnishing Energy

In furnishing electric energy, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative, subject to the authority of the Board of

Trustees to provide for uniform rules to manage said capital credits within the terms of this bylaw.

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 an equitable basis to all of its patrons for all amounts received and receivable from 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 patrons 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 is clearly reflected and credited in an appropriate record to the capital account and the Cooperative shall within a reasonable time after the close of the fiscal year notify patrons of the amount of capital credited. All such amounts credited to the capital account shall have the same status as though they had been paid to the patrons in cash in pursuance of a legal obligation to do so and the patrons had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be;

- (a) Used to offset any losses incurred during the current or any prior fiscal year; and
- (b) To the extent not needed for that purpose allocated to its patronages on an equitable basis and any amount so allocated shall be included as part of the capital credits to the accounts of patrons as herein provided. Notwithstanding such allocation, the right shall vest or accrue only as set forth below.

The individual members have a right to their respective portion of the capital credits retired to the membership; however, this right shall only vest or accrue when the individual member accepts the Cooperative's offer to receive a capital credit payment.

In those years when the Board of Trustees decides to retire capital credits to the membership, the Cooperative shall offer the individual members an opportunity to receive a capital credit payment within a reasonable time after the close of the fiscal year. This may include, but not be limited to, the sending of a check which, when cashed by

the member, shall be sufficient proof of notice and acceptance. The Cooperative may charge against the capital credits of the member involved a fee for searching for them to make such offer.

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 may be retired in full or in part. Any such retirements of capital shall be made in accord with uniform rules to be adopted by the Board and these Bylaws. These uniform rules include, among other things, a provision for a minimum payment to be made, provided, however, that a final payment shall be made, no matter how small which shall satisfy the payment of capital credits in full.

Without intending to change the provision above requiring that the right to their respective portion of the capital credits shall only vest or accrue when the individual member accepts the Cooperative's offer to receive a capital credit payment, capital credited, or to be credited, to the account of each patron, shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of the estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such patron, immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however that the financial condition of the Cooperative will not be impaired thereby.

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 by the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

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 (2/3) 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 from 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, 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 Montana".

ARTICLE X

Financial Transactions

SECTION 10.1

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 10.2

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 10.3

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 10.4

Fiscal Year

The fiscal year of the Cooperative shall begin on the first (1st) day of January each year and shall end on the thirty-first (31st) day of December following.

ARTICLE XI

Miscellaneous

SECTION 11.1

Membership in Other Organizations

The Cooperative may, upon majority vote of the Board of Trustees, become a member of, or purchase stock or other equity ownership in another organization, whether a for-profit or a not-for-profit organization, fully own a subsidiary, or enter into any other ownership arrangement permitted by law.

SECTION 11.2

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 of any meeting shall constitute a Waiver of Notice of such meeting by such member or board member, except in a 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 conversed.

SECTION 11.3
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 the affairs of the Cooperative.

SECTION 11.4
Accounting System
and Reports

The board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board shall also, after the close of each fiscal year, cause to be made by a Certified Public Accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A full and complete summary of such audit shall be submitted to the members at the next following annual meeting.

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.

ARTICLE XII
Amendments

These Bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy or accurate summary of the proposed alteration, amendment or repeal.

UNITED STATE OF AMERICA)
)
STATE OF MONTANA)

We, the undersigned, the duly elected trustees of Fergus Electric Cooperative, Inc., do hereby certify that the foregoing Bylaws were adopted by the Trustees and the Members of the Cooperative on the date below set forth, and that the President and Trustees have hereunto attached their signatures and seal of the said Fergus Electric Cooperative, Inc.

FERGUS ELECTRIC COOPERATIVE, INC.

s/Paul Descheemaeker
s/Joe H. Dirkson
s/David R. Dover
s/Robert D. Evans, Jr.
s/Terry Frost
s/Jason Swanz
s/Michael A. Vlastelic

ATTEST:

s/Terry Frost
Secretary

Certified to a True Copy of the Bylaws of Fergus Electric Cooperative, Inc., as amended through June 6, 2013.

Terry Frost
Secretary

STATEMENT OF NON-DISCRIMINATION

Fergus 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.
