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WEST CENTRAL ELECTRIC COOPERATIVE, INC.
MURDO, SOUTH DAKOTA

SECTION I BYLAWS

It shall be the aim of West Central Electric Cooperative, Inc. to make electric energy and other products or services, available to its members at the lowest cost consistent with sound economy and good management, either acting itself, or through subsidiary organizations or enterprises, or in connection or cooperation with other organizations or enterprises.

1. MEMBERSHIP

1.1 Requirements for Membership

- A. Any person, firm, association, corporation or body politic or subdivision thereof may become a member of West Central Electric Cooperative, Inc. (hereinafter called the "cooperative") by:
1. Making a written application for membership therein;
 2. Agreeing to purchase from the Cooperative electric energy or services as hereinafter specified; and
 3. Agreeing to comply with and be bound by the articles of incorporation and by-laws of the Cooperative and any rules and regulations adopted by the board of directors.
 4. No person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the board of directors or the members. No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable, except as provided in these by-laws.
- B. The Board may by resolution establish membership classes based upon a member's use, receipt, or purchase of one (1) or more services from the Cooperative and the Cooperative may group members into such classes and may define rights and privileges of each class. In classifying members:
1. No member may be a member of more than one (1) member class.
 2. Based upon a member's use, receipt or purchase of one (1) or more services from the Cooperative, the Cooperative shall group the member in descending order of priority as a Class A member, Class B member, and so on.

1.2 Proof of Membership

- A. Membership in the Cooperative shall be evidenced by appropriate entry in the records of the Cooperative, no certificate of membership shall be required.

1.3 Joint Membership

- A. A husband and wife may apply for a joint membership, and subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "Member" as used in these by-laws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

1. The presence at a meeting of either or both shall be regarded as the presence of both and shall have the effect of constituting a joint waiver of notice of the meeting;
2. When joint members share a single meter, the vote of either separately or both jointly shall constitute a single vote. To the extent permitted by law, the board of directors may adopt policies authorizing and establishing procedures to allow joint members who share multiple meters to each cast a separate vote, but in no case shall any individual be authorized to cast more than one vote.
3. A waiver signed separately or by both jointly shall constitute a waiver by both;
4. Notice to either shall constitute notice to both;
5. Expulsion of either shall terminate the joint membership;
6. Withdrawal of either shall terminate the joint membership;
7. Either but not both may be elected or appointed as an officer or director.

1.4 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, by-laws and rules and regulations adopted by the board of directors. The outstanding membership certificates shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.
- B. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall

indicate the changed membership status; provided however, that the estate of the deceased shall not be released from any debts due the Cooperative.

1.5 Service Requirement

- A. Actual receipt of electrical energy, transmission or distribution service from the Cooperative shall be mandatory prior to issuance of membership. Discontinuance of such service shall terminate membership in the Cooperative.

1.6 Purchase of Electric Energy, Transmission or Distribution Services

- A. Each member shall as soon as available, purchase electric energy, transmission and distribution services from the Cooperative for use on the premises specified in the membership or service application, and shall pay for the same at the time, place, and at the rates from time to time fixed by the board of directors. The board of directors may limit the amount of energy, transmission or distribution services which the Cooperative shall be required to furnish to any one member. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative's facilities shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these by-laws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the board of directors from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

1.7 Termination of Membership

- A. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of directors may prescribe. The board of directors of the Cooperative, may by affirmative vote of not less than two thirds of all the directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, by-laws, or rules and regulations adopted by the board of directors, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the board of directors or by vote of the members at any annual or special meeting. The membership of a member who for a period of six months after service is available to him, has not purchased electric energy from the Cooperative, or a member who has ceased to purchase energy from the Cooperative, shall be canceled by resolution of the board of directors.
- B. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate

from any debts due the Cooperative, or entitle such member to early distribution of capital credits.

- C. In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid in cash by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative; and, provided further, however, that any membership fee which has been paid, in whole or part, by the application of capital credited to the account of a non-member patron or as provided in these by-laws, shall be repaid to the member only in accordance with the provisions of these by-laws with respect to the retirement of patronage capital.

2. RIGHTS AND LIABILITIES OF MEMBERS

2.1 Property Interest of Members

A. Upon dissolution after:

1. All debts and liabilities of the Cooperative shall have been paid;
2. And 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, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

2.2 Non-Liability for Debts of the Cooperative

- A. 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.

3. MEETINGS OF MEMBERS

3.1 Annual Meeting

- A. The annual meeting of the members shall be held in October of each year at such time and place in the Counties of Lyman, Jones, Jackson, Haakon, or Stanley, State of South Dakota, as shall be designated in the notice of the meeting, for the purpose of announcing the result of director elections, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the board of directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative, but the Board shall make arrangements to hold the annual meeting as soon after the designated date as reasonably possible with proper notice to the members.

3.2 Special Meetings

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

3.3 Zone Meetings

- A. Zone meetings shall be held for the purpose of electing directors. The procedures and rules governing zone meetings shall be as set forth in the provisions for election of directors.

3.4 Notice of Members' Meetings

- A. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called shall be delivered not less than ten days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action, which may be taken by the members at any such meeting.

3.5 Quorum

- A. The quorum for an Annual or Special Meeting of the members, other than a Zone meeting, shall be 50 members. The quorum for a Zone meeting shall be as specified in the Director Election procedure. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

3.6 Voting

- A. Each member shall be entitled to one vote upon each matter submitted to a vote at a meeting of the members. In no case shall any one individual be provided more than one ballot, or allowed to cast more than one vote on any question, or to vote in more than one capacity. In the case of a corporation, partnership, association, or body-politic, the board of directors shall be authorized to adopt rules and procedures for the designation and certification to the Cooperative of the person authorized to vote for such entity at any membership meeting. All questions shall be decided by a vote of the majority of the members voting thereon in person, except as otherwise

provided by law, the articles of incorporation, or these by-laws. In the case of a tie vote during a ballot in which more than two candidates for election are being voted on, there shall be a run off ballot immediately following the announcement of the tie with voting to be limited to the candidates who received the highest number of votes. In the case of a tie between two candidates, or upon a tie in a runoff ballot, the winner shall be determined by drawing lots. In the case of a tie vote on any motion or resolution, the motion or resolution shall be declared to have failed.

3.7 Order of Business

- A. Unless otherwise announced by the chairman, the Order of Business at the Annual Meeting of the members, and so far as possible all other meetings of the members, shall be essentially as follows:
1. Registration by members present.
 2. Report on the number of members present in person in order to determine the existence of a quorum.
 3. Reading of the notice of the meeting and proof of the due publication or mailing thereof; or the waiver or waivers of notice of the meeting, as the case may be.
 4. Reading of unapproved minutes of previous meetings of members and taking of necessary action thereon.
 5. Presentation and consideration of reports of officers, directors, and committees.
 6. Announcement of the results of director elections and/or elections of directors not previously elected.
 7. Unfinished business.
 8. New business.
 9. Adjournment.

4. DIRECTORS

4.1 General Powers

- A. The business and affairs of the Cooperative shall be managed by a board of ten directors 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.

4.2 Director Zones

- A. For the purpose of election and qualification of directors, the area comprising West Central Electric Cooperative, Inc.'s territory shall be divided into zones for which directors of the Cooperative shall be elected as follows:
1. Zone 1 shall consist of Lyman County and any adjacent territory to which service is extended and which is not in any other zone and shall be entitled to two directors. One director must be a resident of a city or incorporated town within the zone and the other must be a resident of the territory of said zone outside of the boundaries of any city or incorporated town within the zone.
 2. Zone 2 shall consist of Jones County and any adjacent territory to which service is extended and which is not in any other zone and shall be entitled to two directors. One director must be a resident of a city or incorporated town within the zone and the other must be a resident of the territory of said zone outside the boundaries of any city or incorporated town within the zone.
 3. Zone 3 shall consist of Jackson County and any adjacent territory to which service is extended and which is not in any other zone and shall be entitled to two directors. One director must be a resident of a city or incorporated town within the zone and the other must be a resident of the territory of said zone outside the boundaries of any city or incorporated town within the zone.
 4. Zone 4 shall consist of Haakon County and any adjacent territory to which service is extended and which is not in any other zone and shall be entitled to two directors. One director must be a resident of a city or incorporated town within the zone and the other must be a resident of the territory of said zone outside the boundaries of any city or incorporated town within the zone.
 5. Zone 5 shall consist of Stanley County and any adjacent territory to which service is extended and which is not in any other zone and shall be entitled to two directors. Only one of said directors may be a resident of a city or incorporated town within the zone.
- B. In the event the territory of the West Central Electric Cooperative, Inc. should be enlarged in the future, the enlarged portion shall become part of the zone numbered from one to five as above described with the exterior boundary of which it has the greatest distance of its own exterior boundary contiguous.

4.3 Tenure of Office

- A. Directors shall be elected to serve a three-year term, with director terms staggered in such a manner that no two directors from any one zone, and no more than four directors, are up for election in any one year.

4.4 Qualifications

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

1. Is not a member of the Cooperative who receives and consumes electrical energy at living quarters, or at a farm, ranch, or business, located in the area or zone from which he is elected.
 - a) Any person qualifying under this provision shall be deemed a "resident" of the area or zone in which he receives and consumes electrical energy for purposes of all other provisions of these by-laws.
 - b) For the purpose of determining the residence of members receiving service in more than one zone, or location the secretary shall, not less than 160 days prior to the annual meeting to be held in the year 1993, send each member a notice declaring the zone and location in which the Cooperative deems said member to reside, based upon the location of the active meter account first registered on the books of the Cooperative. Said notice shall provide that the member shall have not more than 60 days from the mailing of said notice in which to declare their residence to be any other zone or location in which they have a metered account. Such notice shall further state that in the event of a failure to designate another zone within that time, each member shall be considered a resident of the zone set forth in the notice.
 - c) Thereafter each member shall be considered a resident of the zone so designated until such time as the member ceases to be a member, the account upon which his residency is based becomes inactive, or the member shall have notified the Cooperative of a change of residence.
 - d) No change of residence shall be considered effective until more than one year has passed following the last annual meeting in which the member wishing to change his residence was eligible to participate. If the account upon which determination of a member's residence is based becomes inactive, it shall be the responsibility of the member to designate a new residency account in accordance with these rules.
2. Is in any way employed by or financially interested in a competing enterprise or 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.
 - B. No employee or former employee shall be eligible for election to the board of directors until one year has passed since the termination of his employment. No director or former director shall be eligible for employment by the Cooperative until one year has passed since the expiration of his service as director.
 - C. Upon establishment, pursuant to the procedures outlined in Section 6, of the fact that a director is holding office in violation of any of the foregoing provisions, the board of directors shall immediately remove such director from office.
 - D. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

4.5 Nominations & Election of Directors

- A. Directors shall be nominated by petition and elected at a zone meeting. Only members who have been nominated by petition shall have their name printed on the official ballot and be eligible for election at a zone meeting. No nominations from the floor shall be accepted at a zone meeting.
- B. The general procedure for nomination and election of directors shall be as follows:
1. On or before the 2nd day of July of each year, the secretary shall, either by mail, or by publication in the Cooperative's designated official publication, give notice of a vacancy or the expiration of any director term, listing each zone in which a vacancy or term expiration will occur, the name of the person presently holding said directorship, if any, and announcing that nominations by petition shall be made by filing petitions in the required form of the Cooperative headquarters in Murdo on or before the 20th day of July.
 2. All nominating petitions shall be in such form as prescribed by the board of directors, but shall contain a declaration signed by the candidate, under oath, certifying to the membership that he possesses the necessary qualifications and is willing to serve as director, and shall be signed by not less than ten members of the Cooperative, each of whom shall be required to write their name, address, and the date and time of signing.
 3. All nominating petitions shall be filed with the secretary of the Cooperative on or before the 20th day of July of each year.
 4. In the event that more than one nominating petition is filed nominating director candidates in any one zone, a zone meeting shall be held in each such zone for the purpose of electing the director to serve from that zone. Each zone meeting shall be held in August, at such time and place as shall be set and arranged for by the board of directors. The place of each such meeting shall be within the geographical boundaries of each such zone, except that the Zone 5 (Stanley County) meeting may be held in Ft. Pierre. Notice of the meeting shall be sent to all members living in the appropriate zone by first class mail or by publication in the Cooperative's designated official publication, not less than 10 days before the meeting. One director designated by the board of directors shall attend each such meeting for the purpose of acting as chairman of the meeting and presiding over the election process. The director so designated may designate another member of the Cooperative to act as secretary of the zone meeting, and to assist in counting the votes. In the event that the director designated to act in such capacity cannot attend, the president shall have authority to name any other director to act. In no event however shall any director preside over, or act as secretary for, any zone meeting at which he is a nominee to be voted upon. In the event that the designated director and secretary shall be absent at the appointed time and place of the meeting, the members present shall select a chairman pro tem, and a secretary pro tem, and proceed with the meeting. The director for the zone shall be elected by a

majority vote of members present and voting at such zone meeting. In the event that no nominee receives a majority vote, then a run-off election shall be held immediately between the two nominees receiving the highest number of votes cast. Balloting shall continue until such time as one nominee receives a majority vote of members present and voting or their vote shall be a tie between the two remaining candidates. Ties shall be determined as specified in Article III, Section 6. Voting shall be by secret ballot, restricted to members residing in such zone and all votes must be cast in person by the member. Ten members shall constitute a quorum for such zone meetings but a lesser number may adjourn such meeting for a period not in excess of five days, notice of such adjournment to be given by posting notice thereof on the building where such election was directed to be held which notice shall specify the time to which such meeting is adjourned and the place of such adjourned meeting. If no zone meeting is held prior to the annual meeting of members and if no director for that zone has been elected prior to the annual meeting, the director position may be filled at the annual meeting by voting upon those who have filed petitions, or if no petitions have been filed, by taking nominations from the floor. In either case such director shall be elected by majority vote of the general membership in attendance. No zone meeting shall be held in any zone unless two or more petitions are filed with respect to that zone. If only one petition is filed, the person nominated by that petition shall be declared elected.

5. The member acting as secretary of the meeting shall be responsible for keeping minutes of the zone meeting. The minutes shall set forth among other things, the name of each person in attendance, the name of each person voted upon, the number of votes received by each, and shall specify the person who has been elected to represent the zone. A copy of the minutes certified by the director acting as chairman and member acting as secretary shall be delivered to the secretary of the Cooperative within five days of the zone meeting.
6. No member may participate in the nomination of more than one candidate, either by signing a petition, or making a nomination from the floor at the annual meeting. In the event that any member attempts to nominate more than one director, the member's first action in signing a petition or making a nomination shall be considered valid, and all subsequent actions shall be considered void.
7. For the purposes of this provision, the definition of residency set forth in Article IV Section 4 shall apply in determining the residency of both a nominee and members desiring to participate in the nominating and election process.
8. Election of directors shall be by secret ballot, either printed or photo copied or by mechanical or electronic voting device. A candidate nominated from the floor at the annual meeting in the absence of any petition being filed, may be voted for by writing in the name of such candidate on the ballot provided. Each member of the Cooperative present at the meeting shall be entitled to one vote

only which must be cast in person. The candidate for each zone receiving the highest number of votes shall be declared elected as director. The board of directors shall be authorized to provide for such additional rules for the conduct and proper administration of the election as may be necessary or appropriate to facilitate and protect the integrity of the election, including selection of judges and clerks.

4.6 Removal of Directors by Members

- A. Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by a least 15% of the members, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled for the zone from which the vacating director was elected, by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

4.7 Vacancies

- A. Subject to the provisions of these by-laws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the board of directors shall be filled from the zone in which the vacancy occurred by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term.

4.8 Compensation

- A. Directors shall not receive any salary for their services as directors, except that by resolution of the board of directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors or any other meeting on behalf of the Cooperative. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service of such director shall have been certified by the board of directors as an emergency measure. For the purposes of this provision, or any other provision of these by-laws, the term "close relative" shall mean a spouse, child, grandchild, parent, brother sister, or the spouse of any such relative.

5. MEETING OF DIRECTORS

5.1 Regular Meetings

- A. A regular meeting of the board of directors may, but shall not be required to be held without notice, immediately after, and at the same place as, the annual meeting of the members. Regular meetings of the board of directors may also be held monthly at such time and place, as the board of directors may provide by resolution. Such regular monthly meetings may be held without notice other than the resolution fixing the time and place thereof.

5.2 Special Meetings

- A. Special meetings of the board of directors may be called by the president or by any three directors, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The president or the directors calling the meeting shall fix the time and place (which shall be in Murdo, Jones County) for the holding of the meeting.
- B. By signed unanimous consent of all directors a special meeting of the directors may be held at any time or place within or without the territory of the Cooperative. Such signed consent shall be filed and made a part of the minutes of such meeting.

5.3 Notice of Director's Meetings

- A. Written notice of the time, place and purpose of any special meeting of the board of directors shall be delivered to each director not less than five days previous thereto either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the president or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

5.4 Quorum

- A. A majority of the board of directors shall constitute a quorum provided that if less than such a majority of the directors is present at said meeting a majority of the directors present may adjourn the meeting from time to time; and provided further that the secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

6. OFFICERS

6.1 Number

- A. The officers of the Cooperative shall be a president, vice-president, secretary, treasurer, and such other officers as may be determined by the board of directors from time to time. The offices of secretary and of treasurer may be held by the same person, which officer shall then be designated as secretary-treasurer.

6.2 Election and Term of Office

- A. The officers shall be elected by ballot, annually by and from the board of directors. The election of officers may take place at the regular meeting of the board of directors next following the annual member meeting, but the election shall take place as soon after the annual meeting as may be conveniently done. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board of directors for the unexpired portion of the term.

6.3 President

- A. The president shall:
 - 1. Be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the board of directors, shall preside at all meetings of the members and the board of directors;
 - 2. Sign, with the secretary, certificates of membership, the issue of which shall have been authorized by the board of directors or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or by these by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
 - 3. In general perform all duties incident to the office of president and such other duties as may be prescribed by the board of directors from time to time.

6.4 Vice President

- A. In the absence of the president, or in the event of his inability or refusal to act, the vice president shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall also perform such other duties as from time to time may be assigned to him by the board of directors.

6.5 Secretary

- A. The secretary shall:
 - 1. Keep the minutes of the meetings of the members and of the board of directors in one or more books provided for that purpose;
 - 2. See that all notices are duly given in accordance with these by-laws or as required by law;
 - 3. Be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all certificates of membership prior to the

issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these by-laws;

4. Keep a register of the names and post office addresses of all members;
5. Sign, with the president, certificates of membership, the issue of which shall have been authorized by the board of directors of the members;
6. Have general charge of the books of the Cooperative;
7. Keep on file at all times a complete copy of the articles of incorporation and by-laws 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, forward a copy of the by-laws and of all amendments thereto to each member; and
8. In general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the board of directors.

6.6 Treasurer

A. The treasurer shall:

1. Have charge and custody of and be responsible for all funds and securities of the Cooperative;
2. Be responsible for the receipt of and the 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 by-laws; and
3. 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 by the board of directors.

6.7 Chief Executive

- ##### A.
- The board of directors may appoint a chief executive or manager who may be, but who shall not be required to be, a member of the Cooperative. The title of the chief executive shall be established by the board according to the prevailing custom of the time as appropriate to indicate the chief executive's overall authority for the operation and management of the cooperative. The chief executive shall perform such duties and shall exercise such authority as the board of directors may from time to time vest in him.

6.8 Bonds of Officers

- A. 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 give bond in such sum and with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

6.9 Compensation

- A. The powers, duties and compensation of officers, agents and employees shall be fixed by the board of directors, subject to the provisions of these by-laws with respect to compensation for directors and close relatives of directors.

6.10 Reports

- A. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

7. NON-PROFIT OPERATION

7.1 Nonprofit and Cooperative Operation

- A. The Cooperative:
 - 1. Shall operate on a cooperative basis for the mutual benefit of all Members; and
 - 2. May not pay interest or dividends on Capital furnished by Patrons.

7.2 Allocating and Crediting Capital

- A. In operating the Cooperative:
 - 1. Patron. A Cooperative patron ("Patron") is a Member who:
 - a) Uses any Cooperative Service; and
 - b) Prior to using the Cooperative Service, is entitled to an allocation of, and payment by credit to a Capital account for, Capital Credits and Affiliated Capital Credits regarding the Cooperative Service.
 - 2. Capital Credits. Patrons shall furnish and contribute to the Cooperative, and the Cooperative shall receive from Patrons, as capital ("Capital") the amount ("Operating Margins") by which the funds and amounts received by the Cooperative from Patrons for Providing a Cooperative Service ("Operating Income") exceed the Cooperative's costs and expenses of Providing the Cooperative Service ("Operating Cost")

- B. The Cooperative shall annually allocate to each Patron, and pay by credit to a Capital account for each Patron, Operating Margins from the Cooperative Service in proportion to the value or quantity of the Cooperative Service Used by each Patron during the applicable fiscal year (“Capital Credits”). Capital Credits must be treated as though the Cooperative paid the Capital Credit amounts to each Patron in cash pursuant to a preexisting legal obligation, and each Patron furnished or contributed the Capital to the Cooperative in the corresponding Capital Credit amounts.
3. Affiliated Capital Credits. If the Cooperative is a member, owner, or patron of an Entity providing a goods or services used by the Cooperative in providing a cooperative service (“Affiliated Entity”), then, to the extent the Affiliated Entity allocates or credits funds, amounts, or capital to the Cooperative in proportion to the value or quantity of the goods or services used by the Cooperative in Providing the Cooperative Service (“Affiliated Entity Allocated Capital”), the Cooperative may, but shall not be required, to separately allocate and credit to Patrons such portion of the Affiliated Entity Allocated Capital (“Affiliated Capital Credits”) as may be determined by the board.
- a) To the extent, but only if, the Patron shall have contributed to the Affiliated Entities Allocated Capital through the use of goods or services of the Cooperative, and
 - b) To the extent the Cooperative determines, and separately identifies, the Affiliated Capital Credits.
- C. For purposes of these Bylaws, Affiliated Entity Allocated Capital is Operating Income. Affiliated Entity Allocated Capital not allocated as Affiliated Capital Credits shall considered to be and treated as permanent, non-allocated capital.
- D. Nothing in this provision shall be deemed to entitle a Patron to receive any Capital Credit or Affiliated Capital Credits to which they have not contributed, or in a proportion greater than the proportion of their contribution.
4. Non-Operating Margins. Other than Operating Margins, funds and amounts received by the Cooperative that exceed the Cooperative’s costs and expenses (“Non-Operating Margins”) may be:
- a) Allocated as Capital Credits to Patrons in the same manner as the Cooperative allocates Operating Margins to Patrons;
 - b) Retained or used by the Cooperative as permanent, non-allocated capital;
 - c) Used to pay or offset any Cooperative cost or expense; or
 - d) Used as otherwise determined or approved by the Board.
5. Assignment and Notification. Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned or transferred only upon:

- a) A Patron delivering a written assignment or transfer to the Cooperative; and
 - b) The Patron complying with any other reasonable requirement determined by the Board;
- E. The Cooperative shall annually notify each Patron in writing of the dollar amount of Capital credits or Affiliated Capital Credits allocated or credited to the Patron during the applicable fiscal year.
- 6. Joint Memberships. Upon the termination, conversion, or alteration of a Joint Membership, and upon the Cooperative receiving written notice and adequate proof of the Joint Membership termination, conversion, or alteration: For any Joint Membership comprised of two (2) married Joint Members that is:
 - a) Terminated or converted through the death of one (1) Joint Member, the Cooperative shall transfer to the surviving Joint Member all Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership; or
 - b) Otherwise terminated or converted, and unless otherwise instructed by a court or administrative body of competent jurisdiction, the Cooperative shall transfer to each Joint Member one-half (1/2) of the Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership.

7.3 Retiring and Refunding Capital Credits

- A. At any time prior to the Cooperative's dissolution or liquidation, and if the Board determines that the Cooperative's financial condition will not be adversely impacted:
 - 1. The Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund Capital Credits to Patrons and former Patrons; and
 - 2. The Board may also authorize the Cooperative to, retire and refund the corresponding Affiliated Capital Credits to Patrons and former Patrons.
- B. The Board shall have discretion to determine the manner, method, and timing of retiring and refunding Capital Credits and Affiliated Capital Credits.
- C. Retirement due to Death. Upon the death of any individual Patron or individual former Patron ("Deceased Patron"), but not upon the cessation of existence of any Entity Patron or Entity former Patron, and pursuant to a written request from the Deceased Patron's legal representative, the Board may retire the Deceased Patron's Capital Credits and Affiliated Capital Credits under terms and conditions agreed upon by the Deceased Patron's legal representative and the Cooperative, which may include a discounting of such credits.

- D. Retirement due to Age. Upon an individual Patron having attained a certain age, as established by the board, and pursuant to written request by such Patron, the Board may retire such individual Patron's capital credits and Affiliated Capital Credits under terms and conditions agreed upon by the individual patron and the Cooperative, which may include a discounting of such credits. This provision shall not be available to any Entity Patron or Entity Former Patron.
- E. Application to Debt. Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct from the Capital Credits or Affiliated Capital Credits any amounts owed to the Cooperative by the Patron or former Patron, including any reasonable compounded interest and late payment fee determined by the Board. For purposes of enforcing this provision the Cooperative shall have a first lien upon all, patronage capital, or other interests standing on its books for all indebtedness of the respective holders or owners thereof to the Cooperative.
- F. In each case the proposal is intended to restate in its entirety the existing Article and Section having the same number.

7.4 Assessment of Subscription Fee

- A. The board of directors shall have the power to assess and charge against the capital credit account of any patron, member, or non-member, a subscription fee for an informational newsletter or publication published either by the Cooperative alone or in cooperation with another organization which may be designated by the board as an official Cooperative publication for the purpose of providing information and notices to the membership. The fee assessed shall be based upon the costs of production and distribution.

7.5 Other Services & Enterprises

- A. Nothing contained herein shall be interpreted to prevent the Cooperative from engaging in the business of providing goods and services, in addition to electrical energy at retail, through subsidiary organizations or enterprises, or in connection or cooperation with other organizations or enterprises, including subsidiary organizations or enterprises, or other organizations or enterprises, which may be operated on a for profit basis. Profits from those business enterprises may be retained by the enterprise or transferred to and retained by other enterprises or the Cooperative for purposes of capitalization and development of the Cooperative or such other enterprises and need not be allocated to capital credit accounts of the members.

8. DISPOSITION OF PROPERTY

- 8.1 The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of 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 directors 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 directors shall determine to secure any indebtedness of the Cooperative and in addition, to loan such sums of money on such terms as the Board shall deem necessary and advisable to generating and transmission cooperatives for the purpose of providing adequate generation and transmission facilities to insure an adequate supply of electrical energy to the Cooperative; provided further that the board of directors may upon the authorization of a majority of all members of the Cooperative at a meeting of the members thereof called for that purpose, sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated, or to the holder or holders of any of it notes, bonds, or other evidence of indebtedness issued to the United States of America or any agency or instrumentality thereof or any other lender.

9. SEAL

9.1 The corporate seal of the Cooperative shall be in form as follows:

West Central Electric Cooperative, Inc., Murdo, S. Dak.

SEAL

10. FINANCIAL TRANSACTIONS

10.1 Contracts

A. Except as otherwise provided in these by-laws the board of directors may authorize any officer or officers, agents or agent 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.

10.2 Checks, Drafts, Etc.

A. All checks, drafts or other orders for 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 directors.

10.3 Deposits

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

10.4 Fiscal Year

- A. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

11. MISCELLANEOUS

11.1 Waiver of Notice

- A. Any member or director may waive in writing any notice of a meeting required to be given by these by-laws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground the meeting has not been lawfully called or convened.

11.2 Accounting System and Reports

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

11.3 Indemnification

- A. The Cooperative may indemnify any 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, whether civil, criminal, administrative, or investigative other than an action by or in the right of the Cooperative by reason of the fact that he is or was a director, officer, employee or agent of the Cooperative or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another corporation, partner joint venture, trust or other enterprise, against expenses including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Cooperative and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.
- B. Any indemnification authorized by this section shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification is proper in the circumstances. Such determination shall be made (1) by a majority of a quorum consisting of directors who were not parties to such action suit or proceeding, or (2) if such quorum is not obtainable, or even if obtainable a quorum

of disinterested directors so directs, by independent legal counsel in a written opinion.

- C. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Cooperative as authorized by this section.
- D. The indemnification provided by this deemed exclusive of any other rights to section shall not be which those seeking indemnification may be entitled under any statute, by-law, agreement, vote of the stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefits of the heirs, executors, and administrators of such persons.
- E. By action of its board of directors, notwithstanding any interest of the directors in the action, the Cooperative may purchase and maintain insurance, in such amounts as the board of directors deems appropriate, on behalf of any person who is or was a director, officer, employee or agent of the Cooperative, or is or was serving at the written request of the Cooperative as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Cooperative would have power or would be required to indemnify him against such liability under the provisions of this section or the laws of the State of South Dakota.
- F. Nothing contained herein shall be construed as granting any person indemnification as a matter of right.

12. AMENDMENTS

- 12.1 These by-laws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration amendment or repeal. Proposed amendments may be submitted by resolution of the board of directors or by petition of the membership. In the case of proposals submitted by petition, the petition shall set forth the proposed amendment, and be signed by not less than sixty (60) members. The board of directors shall be authorized to adopt a general form of petition, and specific policies or rules relating to the information that must be contained in the petition, the procedures for verification of the petition, as well as such other rules or procedures as may appear necessary or appropriate for the proper administration of the amendment process.

13. RULES FOR MEETINGS

- 13.1 At all meetings of the members of the board of directors, and of any committees thereof, procedural questions, shall, unless governed by law, the articles of incorporation, these By-

laws, or Rules, Policies or Procedures adopted by the board of directors be governed by the latest edition of Robert's Rules of Order.

14. RULES POLICIES AND PROCEDURES OF THE BOARD

14.1 The board of directors shall have general authority to adopt policies, rules and procedures for the proper implementation of these bylaws and for the conduct and regulation of the Cooperative's business and affairs, subject only to the condition that such rules or polices shall not directly conflict with the express terms of law, the articles of incorporation, and these by-laws. The specific grant of authority in any other provision of these by-laws shall not be interpreted as a limitation of the authority of the Board to adopt rules and policies generally

15. RESOLUTION AMENDING DEBT LIMIT

15.1 WHEREAS, the members of West Central Electric Cooperative, Inc., of Murdo, South Dakota, by resolution adopted at a special meeting held on the 25th day of September, 1951, authorized the Board of Directors of the Cooperative to borrow sums from the United States of America in sums not to exceed in the "aggregate \$20,000,000.00" and

15.2 WHEREAS, the long standing interpretation of said provision has been that such limitation applies to the total amount borrowed rather than to the amount outstanding at any one time, and

15.3 WHEREAS, the Cooperative, over the course of its history has borrowed approximately \$19,000,000 and has nearly exhausted its authority to borrow money, even though it has paid back approximately half of said amount, and is presently indebted in the amount of only \$11,377,935, and

15.4 WHEREAS, the remaining authority of the Board to borrow funds is clearly inadequate to the demands of modern operation and the continued need for growth and development of the Cooperative, and

15.5 WHEREAS, current policy of the government makes necessary partial financing through third party or non-governmental lenders in addition to funds obtainable from the United States,

15.6 BE IT RESOLVED, that the above mentioned resolution, in so far as it purports to limit the Boards authority to borrow funds to an aggregate of \$20,000,000 and only from the United States, be rescinded,

15.7 BE IT FURTHER RESOLVED, that the Board of Directors be and they are hereby authorized to borrow from time to time such sums on the behalf of the cooperative as necessary to the proper business objectives of the cooperative, either from the United States, third party lenders, or a combination of both, as authorized by law.

October 2013