

**2012  
BYLAWS  
of  
WEST RIVER ELECTRIC ASSOCIATION, INC.  
AS AMENDED**

**TABLE OF CONTENTS**

	<b>Article</b>	<b>Section</b>	<b>Page</b>
Accounting System	XI	4	15 – 16
Amendments	XII		17
Area Coverage	XI	6	16
Checks, Drafts, etc.	X	2	15
Contracts	X	1	15
Debts, Non-Liability of	II	2	4
Deposits	X	3	15
Directors, Compensation	IV	8	9
Meeting of	V	1 – 2	9 – 10
Nomination of	IV	4	7
Power of	IV	1	6
Qualifications	IV	3	6 – 7
Removal of	IV	5 – 6	7 – 8
Tenure of Office	IV	2	6
Vacancies of Board	IV	7	9
Districts of Cooperatives	IV	1	6
Election Committee, Credentials	III	7	5
Employment, Compensation	IV	8	9
Of Relation	IV	8	9
Estates, Patronage Capital	VII	2	12 – 13
Fiscal Year	X	5	15
Gift by Failure to Claim	XI	7	16
Indemnification	XI	9	16 – 17
Interest on Capital	VII	1	12
Manager, Appointment	VI	8	11
Meetings, Directors, Regular	V	1	9
Directors, Notice of	V	3	10
Directors, Quorum	V	4	10
Directors, Special	V	2	9 – 10
Membership, Annual	III	1	4
Membership, Notice of	III	3	4
Membership, Order of Business	III	6	5
Membership, Quorum	III	4	4
Membership, Record	I	3	1
Membership, Special	III	2	4
Membership, Voting	III	5	4 – 5
Membership Acceptance	I	2	1
Conversion of	I	5	2
Membership Fee	I	6	2
Joint	I	4	2
Obligation of	I	7	2 – 3
In Other Organizations	XI	1	15
Requirements for	I	1	1
Surrender or Withdrawal	I	8	3
Officers, Board of Directors	VI	1	10
Bonds of	VI	9	11 – 12
Compensation of	VI	10	12
Duties of	VI	4 – 7	10 – 11
Election of	VI	2	10
Removal of	VI	3	10
Reports of	VI	11	12
Term of Office	VI	2	10
Official Publication	XI	5	16
Property, Interest of Members	II	1	3 – 4
Disposition of	VIII		14
Rates, Change in	X	4	15
Rules and Regulations	XI	3	15
Seal, Corporate	IX		14
Waiver of Notice	XI	2	15

## **ARTICLE I Membership**

**SECTION 1. Requirements for Membership.** Any person, partnership, estate, trust, association, corporation, limited liability company, Federal or State Agency or political subdivision thereof may become a member of the West River Electric Association, Inc., (hereinafter called the "cooperative") upon receipt of electric service from the Cooperative, such members shall:

- (a) Make an application for electric service;
- (b) Purchase electric energy on terms and conditions set forth in these Bylaws and as may be established by the Board will make a party a member of the Cooperative;
- (c) Comply with and be bound by the Articles of Incorporation, Bylaws, policies, rules, regulations and rate schedules as adopted or amended by the Board;
- (d) Submit a security deposit, a supplemental electric service contract, contribution in aid of construction, facilities extension fees, easements or electric service contracts in such form as may be required by the Cooperative;
- (e) Cause all premises covered by the membership to be wired according to applicable City, State and Federal specifications and the specifications of the Cooperative. Each member shall be responsible for, and shall indemnify the Cooperative, or any other person against injury, loss or damage resulting from the defective or improper use or maintenance of the members premises, wiring and any apparatus connected thereto.

No membership certificate shall be issued, and subject to Article 1, Section 2 of these Bylaws, all memberships shall be automatically effective upon receipt of the electric service from the Cooperative as evidenced from the books and records of the Cooperative. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

The responsibility of the Cooperative shall not extend beyond the point of delivery where it's service wires are attached to the meter or meter loop provided for measuring electricity used on the members premises, except that the Cooperative shall own and retain control of any load management equipment installed beyond the metering point.

**SECTION 2. Acceptance into Membership.** A report of electric service applications shall be regularly submitted to the Board. Upon determination that all requirements set forth in Article One (1) Section One (1) of these Bylaws are complied with, any applicant shall automatically become a member of the cooperative on the date of their connection for electric service; PROVIDED, that the Board may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the cooperative's terms and conditions of membership or that such application should be denied for other good cause; PROVIDED FURTHER, that any person whose application for sixty (60) days or longer, has been submitted to but not approved by the Board may, by filing written request therefore with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

**SECTION 3. Membership Record.** Membership in the Cooperative shall be listed in an official record as shall be determined by the Board of Directors.

**SECTION 4. Joint Membership.** A member may apply at any time for conversion to a joint membership (limited to two persons only) subject to compliance with the requirements set forth in Section 1 of this Article. The term joint membership shall be deemed to be joint tenants with full rights of survivorship as authorized by the laws of this state, except as restricted herein as limited to two persons only. Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. For joint membership the following rules shall apply:

- (a) The presence at a meeting of any joint member shall be regarded as the presence of one member, and of constituting a joint waiver of notice of the meeting;
- (b) The vote of any joint members shall constitute one vote; no split vote shall be permitted;
- (c) If there is any disagreement between joint members as to who is entitled to vote for the joint membership, if parties are not able to reach an agreement as to how to determine who should vote, the president of the board may choose any reasonable method of chance to determine who shall vote;
- (d) A waiver of notice signed by any joint member shall constitute a joint waiver;
- (e) Notice to any joint member shall constitute notice to all joint members;
- (f) Expulsion of any joint member shall terminate the joint membership;

- (g) Either joint member, but not both, may be elected or appointed as an officer or Director, subject to the qualifications for such office as stated in these Bylaws; and
- (h) The joint member continuing to receive electric service shall be considered as an individual member upon notification of death, divorce or legal separation, or legal conclusion of the relationship of those named in a joint membership.

**SECTION 5. 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 such holder's joint member to comply with the articles of incorporation, bylaws and rules and regulations adopted by the Board of Directors. The outstanding membership 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 joint member 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.

**SECTION 6. Membership Fees.** There shall be no membership fee. Any membership fee collected prior to the enactment of this section shall be considered a connection fee.

**SECTION 7. Purchase of Electric Energy.** Each member shall purchase from the Cooperative electric energy and shall pay therefore at rates which shall from time to time be fixed by the Board of Directors. 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. The Cooperative will use its best efforts to furnish adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply of electricity. Production or use of electric energy on the premises of the member, regardless of the source thereof, by means of facilities which may be interconnected with Cooperative facilities, on securing approval of the Cooperative in writing, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall pay all amounts owed by the member to the Cooperative as and when the same shall become due and payable. Each member shall irrevocably waive any relevant statute of limitations as a defense to any claim made by the Cooperative, by way of set-off, for any amounts which become due, or which are claimed to have become due, to the Cooperative from the member during his or her membership. Such waiver shall not be affected by subsequent termination of membership.

Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of, or causing damage to such facilities, and shall use the member's best efforts to prevent others from so doing. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance could have prevented such, the member shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing, or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the Cooperative extend beyond the point at which its service wires are attached to the meter loop provided for measuring electricity used on such premises, or beyond the combination circuit breaker-meter base panel if such is owned and maintained by the Cooperative, except that the Cooperative shall, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment.

**SECTION 8. Termination of Membership.** Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all the Directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such failure makes such member 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 a vote of the Board of Directors or by a vote of the members at any annual or special meeting. The membership shall terminate when the member no longer has an active service for purchasing electric energy from the Association.

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 such member's estate from any debts due the Cooperative.

**ARTICLE II**  
**Rights and Liabilities of Members**

**SECTION 1. Property Interest of Members.** Upon dissolution, after

- (a) all debts and liabilities of the Cooperative shall have been paid, and
- (b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of such 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.

**SECTION 2. Non-Liability for Debts of the Cooperative.** The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

**ARTICLE III**  
**Meetings of Members**

**SECTION 1. Annual Meeting.** The Annual Meeting of the Members shall be held during the month of October of each year, the day in said weeks to be designated by the Board of Directors, and if the Board of Directors shall fail to designate a day in said weeks, the Annual Meeting shall be held on the first Tuesday in October of each year, at Wall, South Dakota, for the purpose of electing Directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**SECTION 2. Special Meetings.** 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 thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meeting of members shall be held at Wall, South Dakota.

**SECTION 3. Notice of Members Meetings.** Notice, whether by written or electronic means shall state 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 purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty five days before the date of the meeting, either personally, by mail or by electronic means, 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 member's 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 such meeting.

**SECTION 4. Quorum.** Fifty members, present in person, shall constitute a quorum at any meeting of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person, or such list shall be filed at the principal office of the Cooperative.

**SECTION 5. Voting.** Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative prior to or upon registration at each member meeting of satisfactory evidence entitling the person presenting the same to vote. 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 conversion, or these bylaws, and except that if the questions to be voted upon shall be to authorize an increase in the debt limit of the Cooperative, then such voting may be by mail with the member directing an affirmative or negative vote upon the question.

When so voting by mail, the member shall be provided, at the time of notice of the meeting at which the question will be voted upon, with a written or printed ballot fully stating the question and, with provision for the member to indicate thereon his affirmative or negative vote. Such ballot shall be voted by delivering same in a sealed envelope addressed to the Secretary and bearing the member's name, in person, by the member, or by mailing to the Secretary of the Cooperative so as to be received by the said Secretary of the Cooperative or at place of meeting, simultaneously with or prior to balloting on the question by the membership in

attendance at said meeting, at which said meeting and time of balloting the Secretary, after removing the ballot from the sealed envelope, shall deposit said ballot in the ballot box or facility provided therefore.

Voting by mail as hereinbefore provided shall be supplemental to the right of voting in person, and shall be authorized only by resolution of the Board of Directors at a regular or special meeting of said Board.

In the event of a tie vote between the candidates receiving the highest number of votes, none of the candidates shall be declared elected and a run-off election shall be held between the candidates who tied in receiving the highest number of votes. Said election may be held immediately at the call of the Board of Directors, or at a special meeting of the members called for that purpose within sixty (60) days following the annual meeting.

**SECTION 6. Order of Business.** The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees, and committees.
5. Election of Directors.
6. Unfinished business.
7. New business.
8. Adjournment.

**SECTION 7. Credentials and Election Committee.** The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than eleven (11) who are not, whether naturally born or through adoption, a grandparent, parent, uncle, aunt, first cousin, brother, sister, niece, nephew, child, grandchild or spouse of any of the known candidates for Directors 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. It shall be the responsibility of the committee to pass upon all questions that may arise with respect to the registration of members, to count all ballots cast in any election or in any other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. The committee's decision on all such matters shall be final.

## **ARTICLE IV Directors**

**SECTION 1. General Powers.** The business and affairs of the Cooperative shall be managed by a Board of nine Directors, which shall be composed of three members elected from and residing in the following geographical districts served by the Cooperative:

**District One** shall consist of the area served by the Cooperative in Pennington County, South Dakota, west of the Cheyenne River;

**District Two** shall consist of the area served by the Cooperative in Meade and Ziebach Counties;

**District Three** shall consist of all the areas served by the Cooperative east of the Cheyenne River.

The Directors shall exercise all of the powers of the Cooperative except such as are, by law, the articles of incorporation or these bylaws, conferred upon or reserved to the members.

**SECTION 2. Election and Tenure of Office.** At the Annual Meeting each year, one Director shall be elected from each district for a term of three years or until a successor has been elected and shall have qualified. If an election of Directors shall not be held on the day designated herein for the Annual Meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members.

**SECTION 3. Qualifications.** No person shall be eligible to become or remain a Director or to hold any other position of trust in the Cooperative who:

- (a) whether naturally born or through adoption, is a grandparent, parent, uncle, aunt, first cousin, brother, sister, niece, nephew, child, grandchild, or spouse of any of the preceding individuals, of an incumbent Director, officer or employee of the Cooperative or spouse of said Director, officer or employee; or
- (b) is not a member in good standing of the Cooperative and a bona fide resident in the area served by the Cooperative and receiving service therefrom at said member's primary residence; PROVIDED, that the designee of any member which is not a natural person, such as a corporation, trust, church, association, partnership, limited liability company, or other business entity, shall be eligible to become a Director of the Cooperative as long as said designee resides in the same district that the member referred to above is located in and the designee must also be a member of the Cooperative.

- (c) is not at least eighteen (18) years of age; or
- (d) is in any way employed by or financially interested in a competing enterprise, an electric utility, a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing fixtures, appliances, or supplies to, among others, Cooperative members. However, the previous sentence shall not prohibit a Director or a person holding a position of trust in the Cooperative from owning no more than 100 shares of stock in a competing enterprise, an electric utility, a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing fixtures, appliances, or supplies to, among others, Cooperative members provided that the stock of such enterprise, utility or business is publicly traded on a recognized stock exchange; or
- (e) is an employee of West River Electric Association, Inc. or was an employee of West River Electric Association, Inc. and less than three (3) years have passed from the date of the employee's last day of employment.
- (f) has been convicted of a felony within the last 10 years.

Upon establishment of the fact that a nominee for Director lacks eligibility under this Section or as may be provided elsewhere in these bylaws, it shall be the duty of the Chairman, presiding at the meeting at which such nominee would otherwise be voted upon, to disqualify such nominee. Upon establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause such person to be removed therefrom, as the case may be.

Nothing contained in this section shall affect or be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter directly affected by the provisions of this Section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

**SECTION 4. Nominations.** Not less than 70 days, nor more than 180 days, before the date of the membership meeting at which Directors are to be elected, the Board of Directors shall appoint a Nominating Committee, consisting of not less than 5 nor more than 11 members selected from different sections so as to insure equitable representation. An employee of the Cooperative shall attend the Nominating Committee meeting and shall prepare written minutes of the meeting. No Director may serve on such Committee.

At least 60 days before the membership meeting, the Nominating Committee, keeping in mind the principle of geographical representation, shall prepare and post at all of the Cooperative's offices a list of nominees for Directors, which may include a greater number of candidates than are to be elected. Any 15 or more members acting together may make other nominations by petition not less than 40 days prior to the meeting, and the Secretary shall post such nominations at the same place where the Committee's list of nominations is posted. At least 10 days before the date of the meeting, the Secretary shall mail, with the notice of the meeting or separately, a statement of the number of Directors to be elected, the terms for which they are to be elected, the districts from which they will be elected, and the names and addresses of the candidates, specifying separately the nominations made by the Nominating Committee and the nominations made by petition, if any. No nominations will be allowed at the time of the membership meeting.

**SECTION 5. Removal of Board Members by Members.** Any member may bring one or more charges for cause against any one or more Directors and request the removal of such Director(s) by reason thereof by filing such charge(s) in writing with the Secretary, together with a petition signed by not less than 10% of the Cooperative's total membership. Said petition shall call for and specify the place, time and date of a special membership meeting, the stated purpose of which is to hear and act on such charges, to be held not less than 40 days after filing of such petition, or request that the matter be acted upon at the subsequent annual membership meeting if the same will be held no sooner than 40 days after the filing of such petition. The petition, in the forepart of each page, shall state the name and address of each member filing such charge(s), a verbatim statement of each charge, and the name of each Director against whom any charges are being made. The petition shall be signed by each member with the same name and address as appears on billings by the Cooperative.

Not less than 10 days prior to the meeting at which the matter will be acted upon, notice of the meeting shall be given to all members, stating the purpose of the meeting and containing the charge(s) verbatim, the Director(s) against whom the charge(s) have been made, and the member(s) filing the charge(s); PROVIDED that the notice shall set forth only 20 of the names (in alphabetical order) of the members filing one or more charges if the 20 or more members file the same charge(s) against the same Director(s).

Such Director(s) shall be informed in writing after the charges have been validly filed and at least 20 days prior to the meeting at which the charge(s) are to be considered. Such Director(s) shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel, or any combination of such, and to present evidence regarding the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such Director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting; PROVIDED that the question of removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against the Director shall have been presented during the meeting through oral statements, documents, or otherwise; AND PROVIDED FURTHER that any charge that a Director has in a lawful manner opposed or resisted any effort to sell, lease/sell, transfer, exchange, convey, or otherwise dispose of all or a substantial portion of the Cooperatives properties and assets or to dissolve the Cooperative shall not constitute a "charge for cause" on the basis of which a Director may be removed from office.

**SECTION 6. Removal of Board Members by Board.**

(a) Any board member may bring one or more charges for serious cause against any one or more directors and request the removal of such director(s) by reason thereof by filing such charge(s) in writing with the Secretary, together with a petition signed by at least a majority of the cooperative's remaining board members. Said petition shall call for and specify the place, time and date of special board meeting, the stated purpose of which is to hear and act on such charge(s), to be held not less than forty (40) days after filing of such petition. The petition shall state the name and address of each board member filing such charge(s), a verbatim statement of each charge and the name of each director against whom any charges are being made. The petition shall be signed by a majority of the board members with their legal name and current address clearly indicated.

(b) Not less than ten (10) days prior to the meeting at which the matter will be acted upon, notice of the meeting shall be given to all board members, stating the purpose of the meeting and containing the charge(s) verbatim, the director(s) against whom the charge(s) have been made, and the board member filing the charge(s); provided that the notice shall set forth at least a majority of the members of the board who in turn have filed a petition as set forth above.

(c) Such director(s) shall be informed in writing after the charges have been validly filed and at least twenty (20) days prior to the meeting at which charge(s) are to be considered. Such director(s) shall have an opportunity at the meeting to be heard in person, by witnesses, by and with the assistance of counsel, or any combination of such, and to present evidence regarding the charge(s); and the board member(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately for each of more than one charge, be considered and voted upon at such meeting; PROVIDED that the question of removal of a director shall not be voted upon at all unless some evidence is in support of the charge(s) against the director shall have been presented during the meeting through oral statements, documents, or otherwise; AND PROVIDED FURTHER that any charge that a director has in a lawful manner opposed or resisted any effort to sell, lease/sell, transfer, exchange, convey, or otherwise dispose of all or a substantial portion of the cooperatives properties and assets or to dissolve the cooperative, shall not constitute a "charge of cause" or a "charge for serious cause" on the basis of which a director may be removed from office.

**SECTION 7. Vacancies.** A vacancy occurring on the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term. The person selected must reside in the district from which the vacancy is created.

#### **SECTION 8. Compensation and Expense of Directors.**

**Compensation.** Directors shall not receive any salary for their services as such, except that by resolution of the Board of Directors, a sum may be fixed for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the board.

**Expense.** The Board of Directors shall fix by resolution, reasonable allowances for expenses of Directors while on the business of the Cooperative.

**Relatives.** No close relative of a Director shall receive compensation for serving the Cooperative unless payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such close relative shall have been certified by the Board of Directors as an emergency measure.

### **ARTICLE V Meetings of Directors**

**SECTION 1. Regular Meetings.** A regular meeting of the Board of Directors shall be held without notice, immediately after, and at the same place as, the Annual Meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Pennington County, South Dakota, as the Board of Directors may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

**SECTION 2. Special Meetings.** 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 for the meeting (which shall be in Pennington County, South Dakota or any area served by West River Electric Association, Inc.) or the meeting may be held by telephone at the option of the President or the Directors calling the meeting. If the meeting is to be held by telephone, the call initiating the meeting shall be made from either the West River Electric Association, Inc. office in Wall, South Dakota, or the West River Electric Association, Inc. branch office in Rapid City, South Dakota.

**SECTION 3. Notice of the Directors Meetings.** Notice, whether by written or electronic means, 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 (5) days previous thereto either personally, by mail or electronic means, 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 the Director's address as it appears on the records of the Cooperative, with postage thereupon prepaid.

**SECTION 4. Quorum.** A majority of the Board of Directors shall constitute a quorum, provided that if less than such 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.

## **ARTICLE VI Officers**

**SECTION 1. Number.** The officers of the Cooperative shall be a president, vice president, secretary, treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

**SECTION 2. Election and Term of Officers.** The officer shall be elected by ballot, annually by and from the Board of Directors at the meeting of the Board of Directors held immediately after the Annual Meeting of the members. If the election of officers shall not be at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual Meeting of the members, or until such officer's successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

**SECTION 3. Removal of Officers and Agents by Directors.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

**SECTION 4. President.** The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors.
- (b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases of which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

**SECTION 5. Vice President.** In the absence of the President, or in the event of the President's 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 on the President. The Vice President shall also perform such other duties as from time to time may be assigned to the Vice President by the Board of Directors.

**SECTION 6. Secretary.** The Secretary shall:

- (a) keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and affix 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) keep a register of the names and post office addresses of all members;
- (e) have general charge of the books of the Cooperative;
- (f) keep 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 forward a copy of the bylaws and of all amendments thereto to each member; and
- (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

**SECTION 7. Treasurer.** The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;



- (b) be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) 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 the Treasurer by the Board of Directors.

**SECTION 8. Manager.** The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in the Manager.

**SECTION 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 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.

**SECTION 10. Compensation.** The powers, duties and compensation of officers, agents, and employees shall be fixed by the Board of Directors, subject to the provisions of these bylaws with respect to compensation for Directors and close relatives of Directors.

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

## **ARTICLE VII**

### **Non-Profit Operation**

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

**SECTION 2. Patronage Capital in Connection with Furnishing Electric Distribution and/or Electric Supply Service.** In the furnishing of electric energy the Cooperatives operations shall be so conducted that all patrons, members, and non-members alike, will through their patronage, furnish capital for the Cooperative.

In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts excluding non-operating margins 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 patrons, members and non-members alike, as capital. The Cooperative is obligated to account on a patronage basis and pay by credits to a capital account for each patron all such amounts excluding non-operating margins in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so accredited to his account. All such amounts credited to the capital account of any person shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so, and the patron had then furnished the Cooperative corresponding amounts for capital. By action of the Board of Directors, non-operating margins may be allocated as capital credits to patrons in the same manner as the Cooperative allocates other margins or may be retained or used by the Cooperative as permanent, non-allocated 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 losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a *pro rata* basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patron accounts may be retired in full or in part. After October 18, 1975, and thereafter, the Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital. Provided further, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provides for separate identification on the Cooperative's books of the power supply portion of capital credited to the

Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to persons for any prior fiscal year.

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

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time:

1. Upon the death of any patron, who is a natural person, if the legal representatives of such patron's 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 of Directors, acting under policies of general application, and legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby;
2. To retire the capital credited to all patrons that reach a certain age. If any patron has reached the age as determined by the Board of Directors to be eligible to have their capital retired under these Bylaws and said patron shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire the capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the patron or the legal representative of such patron shall agree upon; provided, however, that the financial condition of the cooperative will not be impaired thereby;
3. Upon the death of one of the members of a joint account if the survivor of the joint account shall request in writing that the capital credited to such joint account be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire the capital credited to any such survivor of the joint account immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the survivor or the legal representatives of such survivor of the joint account 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 conversion and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Prior to retiring the capital credits due to any member, former member or deceased member, the Cooperative shall deduct there from any amounts owing by such member to the Cooperative together with interest thereon at the South Dakota legal rate on judgments in effect when such amount became overdue, compounded annually. In this regard, each member agrees that the Cooperative may recoup any debt discharged or reduced in bankruptcy against the member's retired capital credits.

## **ARTICLE VIII**

### **Disposition of Property**

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two thirds of all the members of the Cooperative, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of 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; 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 to the holder or holders of any notes, bonds, or other evidence of indebtedness issued to the United States of America or any agency or instrumentality thereof or any other lender.

## ARTICLE IX

### Seal

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon, the name of the Cooperative and the words "Corporate Seal, South Dakota."

## ARTICLE X

### Financial Transactions

**SECTION 1. Contracts.** Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

**SECTION 2. Checks, drafts, etc.** All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

**SECTION 3. Deposits.** 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.

**SECTION 4. Change in Rates.** Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

**SECTION 5. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## ARTICLE XI

### Miscellaneous

**SECTION 1. Membership in Other Organizations.** The Cooperative may become a member of or purchase stock in any other organization upon authorization of the Board of Directors to accomplish the purposes for which the Cooperative is organized.

**SECTION 2. Waiver of Notice.** Any member or Director may waive in writing any notice of a meeting required to be given by these bylaws. 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 that the meeting has not been lawfully called or convened.

**SECTION 3. Rules and Regulations.** The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with law, the articles of conversion or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

**SECTION 4. Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete account 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.

**SECTION 5. Official Publication.** For the purposes of advising the members concerning the general activities and business of the Cooperative and disseminating such other information as the management may deem advisable, there shall be established an official publication of the Cooperative to be known as the "*West River Reflector*" or other such name as may be determined by the Board of Directors from time to time. The official publication shall be distributed to each member once a month, or at such other intervals as may be determined by the Board of Directors from time to time at an annual subscription rate as determined by the Board of Directors from time to time, and the annual subscription price shall be paid each year by each member from the amount accruing to such member as capital credit on the records of the Cooperative. The subscription renewal date shall be January 1 of each year and a full year subscription rate shall be charged for any member who receives one or more issues during that year.

**SECTION 6. Area Coverage.** The Board of Directors shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

**SECTION 7. Unclaimed Property.** All unclaimed property held by the Cooperative in any form, including unclaimed cash retirement of capital credits or other payment from the Cooperative, shall become the property of the Cooperative, provided the Cooperative complies with the necessary requirements of South Dakota law.

**SECTION 8. Services Provided.** The Cooperative may provide any service or engage in any business activity which is lawful under the laws of the State of South Dakota.

**SECTION 9. Indemnification of Directors, Officers, Manager, Employees and Agents.** Each director, officer, manager, employee or agent of the Cooperative at the effective date of this amendment, or who prior thereto, has been or subsequent thereto shall be a director, officer or manager of the Cooperative, shall be indemnified by the Cooperative against any and all claims and liabilities including reasonable settlements to which he or she has or shall become subject to by reason of serving or having served in such capacity, or by reason of any action alleged to have been taken, omitted, or neglected by him or her as such director, officer, manager, employee or agent; and the Cooperative shall reimburse each such person for all legal expenses reasonably incurred by such person in connection with any such claim or liability, provided, however, that no such person shall be indemnified or be reimbursed for any expense incurred in connection with, any claim or liability arising out of that persons own willful misconduct or gross negligence.

Any questions as to the above rights and responsibilities shall be finally resolved by directors not a party to the claim or by an opinion by independent counsel.

The Cooperative shall have power to purchase insurance covering such liability and expense, whether or not it could have power to indemnify such director, officer, or manager, under law, contract or by this bylaw.

It is intended reasonable advances may be made on such indemnity, and that the burden of proof of lack of entitlement be on any objector. If any part of these provisions shall be held ineffective, this shall not affect the balance, and in no case shall indemnification be less than provided or permitted to the full extent of the law.

The foregoing rights of indemnification shall, in the case of the death of a director, office, agent, employee or manager, inure to the benefit of his or her estate.

The intent of this bylaw provision is to authorize the Cooperative pursuant to the above section of the bylaw to indemnify directors, managers, employees and agents in each and every instance allowed by law.

## **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 of each proposed alteration, amendment or repeal, except that Article VIII of these bylaws may only be amended by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

IT SHALL BE THE AIM OF  
WEST RIVER ELECTRIC ASSOCIATION, INC.  
TO MAKE ELECTRIC ENERGY AVAILABLE  
TO ITS MEMBERS AT THE LOWEST COST  
CONSISTENT WITH SOUND ECONOMY  
AND GOOD MANAGEMENT