

ARTICLE I
MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof will become a member of Southeast Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- (a) made a written application for membership therein,
- (b) agreed to purchase from the Cooperative electric energy as hereinafter specified,
- (c) agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board of trustees, and
- (d) paid the membership fee hereinafter specified.

SECTION 2. Joint Membership. 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 bylaws shall be deemed to include a husband and wife holding a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter-specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

SECTION 3. Conversion of Membership.

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

SECTION 4. Membership Fees. The membership fee shall be ten dollars, upon the payment of which a member shall be eligible for one service connection.

SECTION 5. Purchase of Electric Energy. Except for electric energy produced or generated by the member on his own premises, each member, shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the board of trustees. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay the Cooperative a minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board of trustees from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 6. Termination of Membership. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of trustees may prescribe. The board of trustees of the Cooperative may, by the affirmative vote of not less than two-thirds of all the trustees, 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 trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable for expulsion and such failure shall have continued for at least ten days after such notice as given. Any expelled member may be reinstated by vote of the board of trustees or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available

to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be cancelled by resolution of the board of trustees.

(a) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

(b) 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 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.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERSHIP

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 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.

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 on a day in June of each year, which day shall be designated by the board of trustees at a regular or special meeting held during the month of February next preceding said annual meeting, beginning with the year 1957, and at such place as the board of trustees may designate within the boundaries of the project, State of Montana, and the time and place so designated shall be stated in the notice of the meeting. The annual meeting shall be held for the purpose of electing trustees, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the board of trustees to make adequate plans and preparations for the annual meeting. The day designated for the annual meeting shall not fall on a Sunday or legal holiday. 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 trustees, or upon a written request signed by any three trustees, 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 meetings of the members may be held at any place within the County of Carter or Fallon, State of Montana, specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or 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 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 such meeting.

SECTION 4. Quorum. As long as the total number of members does not exceed five hundred, ten per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall

exceed five hundred, fifty members or five per centum of the members present in person, whichever shall be the larger, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

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. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation, or these bylaws.

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

ARTICLE IV TRUSTEES

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of eight trustees which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Beginning with the year 2000, the trustees of the Cooperative shall be divided into three (3) classes, two classes to consist of three (3) members, and one class to consist of two (2) members for a total of eight (8) trustees. At the annual meeting of the Cooperative held in 2001, one (1) trustee each from Districts 1 and 7 shall be elected by secret ballot for a period of three (3) years; that in 2002, one (1) trustee each from Districts 2, 5, and 8 shall be elected by secret ballot for a period of three (3) years, and in the year 2003, one (1) trustee each from Districts 3, 6, and 9 shall be elected by secret ballot for a period of three (3) years, and that thereafter all trustees shall serve for a term of three (3) years with three (3) trustees to be elected at subsequent annual meetings from Districts 3, 6, and 9 and Districts 2, 5, and 8 and two (2) trustees from Districts 1 and 7. District 4 shall be combined with District 3 and continue to be numbered District 3.

At each annual meeting thereafter, the trustees shall be elected by secret ballot by and from the members to succeed those trustees, whose terms have expired, to serve for a period of three (3) years or until their successors have been elected and shall have qualified. If an election of trustees shall not be held on the day designated herein for the annual meeting or at any adjournment thereof, a board of trustees shall cause an election to be held at a special meeting of the members within a reasonable time thereafter. Trustees may be elected by a plurality vote of the members.

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

- (a) is not a member and bona fide resident in the area served or to be served by the Cooperative; or
- (b) is in anyway employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative.

Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, the board of trustees shall remove such trustee from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board of trustees.

SECTION 4. Nominations. It shall be the duty of the board of trustees to appoint, not less than thirty days nor more than sixty days before the date of a meeting of the members at which trustees are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from the districts

for which trustees are to be elected. No member of the board of trustees may serve on such committee. The committee shall nominate one or more candidates for each district for which a trustee is to be elected, and it shall prepare and post at the principal office of the Cooperative, at least twenty days before the meeting, a list of its nominations for trustees which may include a greater number of candidates than are to be elected. Any fifteen or more members acting together may make other nominations by petition not less than fifteen days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten days before the date of the meeting, a statement of the number of trustees to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any. Nominations by petition, if any, received at least five days before the meeting shall be included on the official ballot. Later nominations by petition shall be treated as nominations from the floor.

The chairman shall call for additional nominations from the floor and nominations shall not be closed until at least one minute has passed during which no additional nomination has been made. No member may nominate more than one candidate.

SECTION 5. Removal of Trustees by Members. Any member may bring charges against a trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, may request the removal of such trustee by reason thereof. Such trustee 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 to the charges, and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of trustees by the members, a vacancy occurring in the board of trustees shall be filled by the affirmative vote of a majority of the remaining trustees for the unexpired portion of the term.

SECTION 7. Compensation. Trustees shall not receive any salary for their services as trustees, except that by resolution of the board of trustees a fixed sum and expenses of attendance, if any, may be allowed for each day or portion thereof spent on Cooperative business, such as attendance at board meetings, conferences, training programs, or performing committee assignments when authorized by the board. No trustee shall 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 by such trustee or close relative shall have been certified by the board of trustees as an emergency measure.

ARTICLE V

MEETINGS OF TRUSTEES

SECTION 1. Regular Meetings. A regular meeting of the board of trustees 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 trustees shall also be held monthly at such time and place in Carter or Fallon County, Montana, as the board of trustees 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 trustees may be called by the President or by any three trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President of the trustees calling the meeting shall fix the time and place for holding of the meeting.

SECTION 3. Notice of Trustees' Meetings. Written notice of the time, place and purpose of any special meeting of the board of trustees shall be delivered to each trustee either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or the trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid at least five days before the date set for the meeting.

SECTION 4. Absence from Trustees' Meetings. If a trustee is absent from five (5) consecutive regular board meetings, without leave granted by the board before, during or after at least one of such absences, the board shall declare the office vacant, provided that written notice of such action has been given to all of the trustees before the meeting at which the vacancy is declared.

SECTION 5. Quorum. A majority of the board of trustees shall constitute a quorum, provided, that if less than such majority of the trustees is present at said meeting, a majority of the trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent trustees of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the board of trustees, except as otherwise provided in these bylaws.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer and such other officers as may be determined by the board of trustees from time to time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the board of trustees at the meeting of the board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of trustees 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 trustees for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Trustees. Any officer or agent elected or appointed by the board of trustees may be removed by the board of trustees whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Cooperative, and unless otherwise determined by the members or the board of trustees, shall preside at all meetings of the members and the board of trustees.
- (b) sign, with the Secretary, any deed, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the board of trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of trustees or by these 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 trustees from time to time.

SECTION 5. Vice President In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of President, and when so acting, shall have 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 trustees.

SECTION 6. Secretary. The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board of trustees in one or more books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate records and books and of the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;

(e) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and all amendments thereto to each member upon request; and

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

SECTION 7. Treasurer. The Treasurer shall be responsible for:

(a) custody of all funds and securities of the Cooperative;

(b) 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) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the board.

SECTION 8. Manager. The board of trustees 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 trustees may from time to time vest in him.

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 or property shall be bonded in such sum and with such surety as the board of trustees shall determine. The board of trustees in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety, as it shall determine.

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

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

ARTICLE VII

NON-PROFIT OPERATION

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

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account.

All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so, and the patron had then furnished the Cooperative corresponding amounts of capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be

(a) used to offset any losses incurred during the current or any prior fiscal year and

(b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as part of the capital credited to the accounts of patrons as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a prorated basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board of trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

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 trustees, acting under policies of general application shall determine otherwise.

The board shall have the power, at any time, to adopt rules providing for the separate retirement of the portion ("Power Supply Portion") of capital credited to the agent of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall

- (a) establish a method of determining the power supply portion of capital credited to each patron for each applicable fiscal year,
- (b) provide 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 patrons for any prior fiscal year.

Notwithstanding any other provision of the bylaws, if any member or former member fails to claim any cash retirement of capital credits or other payment from the Cooperative within three (3) years after payment of the same has been made available to him by notice to check mail to him at his last address furnished by him to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such member of such capital credits or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure of such member or former member to cash any check mailed to him by the Cooperative at the last address furnished by him to the Cooperative. The assignment and gift provided for under this section shall become effective only upon the expiration of three (3) years from the date when such payment was made available to such member or former member without claim therefore, and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60) day period, such gift to the Cooperative shall become effective. The notice of mail herein provided shall be one mailed by the Cooperative to such member or former member at the last known address. If notice by publication is given, such publication shall be one insertion in a newspaper circulated in the service area of the Cooperative, which may be the Cooperative newsletter. The sixty (60) day period following the giving of such notice either by mail or publication shall be deemed to terminate sixty (60) days after the mailing and publication of such notice.

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and 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.

ARTICLE VIII

DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease, or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, or any other provisions of law, the board of trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the sale, lease or other disposition of a substantial portion of its property to another cooperative or foreign corporation doing business in this state pursuant to the act under which the Cooperative is incorporated, and the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbrance 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 there from, all upon such terms and conditions as the board of trustees shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to a national financing institution organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings, in which the Cooperative holds membership, or to any other financing sources within the United States; provided, further, that the board may upon authorization of a majority of those members of the Cooperative voting at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this state pursuant to the act under which the Cooperative is incorporated.

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 Montana."

ARTICLE X

FINANCIAL TRANSACTIONS

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

SECTION 2. Checks, Drafts, etc. 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 trustees.

SECTION 3. Deposits. All funds of the Cooperative, except petty cash, shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of trustees may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Services 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 shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the board of trustees, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of RUS of any other corporation for the purpose of acquiring electric facilities.

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

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

SECTION 4. Accounting System and Reports. The board of trustees 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 Services of the United States of America. The board of trustees shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of the fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

SECTION 5. Area Coverage. The board of trustees shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who;

- (a) desire such service and;
- (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII AMENDMENTS

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

STATEMENT OF NONDISCRIMINATION

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

Revised: 1/25/07