



H-D Electric
Cooperative, Inc.

"Powerful...Together"

BY-LAWS
OF
H-D ELECTRIC CO-OP, INC
Amended March 24, 2026

Your Touchstone Energy[®] Cooperative
The power of human connections[®]



BYLAWS OF H-D ELECTRIC COOPERATIVE, INC.

TABLE OF CONTENTS

ARTICLE I – MEMBERSHIP.....3
ARTICLE II - MEMBERSHIP SUSPENSION AND TERMINATION5
ARTICLE III - RIGHTS AND LIABILITIES OF MEMBERS.....6
ARTICLE IV - MEETINGS OF MEMBERS6
ARTICLE V - DIRECTORS8
ARTICLE VI - MEETINGS OF DIRECTORS 11
ARTICLE VII - OFFICERS 12
ARTICLE VIII - INDEMNIFICATION 14
ARTICLE IX - NONPROFIT OPERATION..... 14
ARTICLE X - DISPOSITION OF PROPERTY 15
ARTICLE XI – SEAL 16
ARTICLE XII - FINANCIAL TRANSACTIONS 16
ARTICLE XIII - FISCAL YEAR 16
ARTICLE XIV - MISCELLANEOUS 16
ARTICLE XV – AMENDMENTS 17

BYLAWS OF H-D ELECTRIC COOPERATIVE, INC.

ARTICLE I – MEMBERSHIP

Section 1. Eligibility

Any individual, business, partnership, government agency, or other legal entity (called “applicant”) may become a Member of H-D Electric Cooperative, Inc. (“Cooperative”) if the applicant owns, leases, or uses a property that receives electric service from the Cooperative.

- No Individual or entity may hold more than one Membership in the same name.
- Compliance with applicable South Dakota cooperative statutes is required.

Section 2. Applying for Membership

To become a Member, an applicant must:

- Fill out and sign the Cooperative’s membership application form.
- Agree to purchase electricity from the Cooperative.
- Comply with the Articles of Incorporation, these Bylaws, and all Board-adopted policies, rules, and rates (collectively, “Membership Obligations”).
- Pay the membership fee (see Section 3), plus any required deposits or construction costs.

If the Board of Directors denies the application, all fees and deposits will be refunded.

A former Member may rejoin by paying the membership fee and clearing all past-due balances with applicable interest, plus any required deposits.

Section 3. Membership Fee and Deposits

The Board of Directors sets the membership fee.

- One membership fee applies to a single service connection and may include a security deposit, service connection fees, a contribution in aid of construction, or any combination of these charges.
- If a Member requests additional service connections, the Member must pay additional connection fees and any required deposits or construction costs.

Section 4. Joint Membership

Two individuals may hold a joint membership as joint tenants with rights of survivorship. The following rules apply:

- Either joint Member attending a meeting counts as the membership being present.
- The joint Membership has only one vote (no split votes).
- If the two joint Members disagree about who may vote, the Presiding Officer may decide by a fair method, such as drawing lots.
- Notices sent to one joint Member counts as notice to both.
- Either joint Member, but not both, may serve as an officer or director if otherwise qualified.
- If one joint Member dies, divorces, or legally separates, the Membership continues in the name of the surviving or remaining joint Member, who still receives service.
- An individual who is a Joint Member in more than one Joint Membership, or who is both a Joint Member and a non-Joint Member, may act (including voting, signing petitions, or consents) through one Membership only on any given matter.

- If the Cooperative is exempt under Internal Revenue Code section 501(c)(12), each membership is entitled to one vote only; proportional or weighted voting cannot be used. If tax status changes, the Board may propose conforming amendments

Section 5. Acceptance of Membership

Membership begins when:

- The applicant meets all requirements in Section 2, and
- Electric service is connected.
- The Board may deny service if it determines whether the applicant cannot or will not meet Cooperative requirements. If the Board delays action on an application for 60 days or more, the applicant may request that a vote of the Members decide on the membership at the next membership meeting.

Section 6. Purchase of Electricity

Members must purchase all electricity for their premises from the Cooperative, unless the Board makes a written exception consistent with law and power supply obligations. Members must pay for service according to approved rates, contracts, and billing rules.

- If a Member has multiple service connections, payments are applied across all accounts.
- Members who generate their own power (such as solar or wind) must follow Cooperative interconnection rules.

Section 7. Capital Credits

Any money a Member pays beyond the actual cost of service is credited to their capital account as patronage capital “member-furnished capital.” Details are covered in Article IX.

Section 8. Member Responsibilities

Members must:

- Ensure their wiring and equipment meet all safety codes.
- Provide the Cooperative with a safe site for meters and equipment.
- Allow access to a meter for reading, maintenance, or service work.
- Protect Cooperative equipment from damage or tampering.

Members are responsible for damage caused by tampering, neglect, or interference with Cooperative facilities. The Cooperative will compensate Members only for billing errors caused by faulty metering or administrative mistakes.

Section 9. Easements and Load Management

When requested, Members must grant the Cooperative reasonable easements for power lines and equipment on their property.

Members must also participate in required load management programs designed to save energy or improve system reliability.

ARTICLE II - MEMBERSHIP SUSPENSION AND TERMINATION

Section 1. Suspension and Reinstatement

A Member's rights may be suspended if they:

- Fail to pay amounts owed to the Cooperative within the time stated in their bill, notice, or Cooperative policies, or
- Fail to comply with other membership obligations.

During suspension, the Members cannot vote at meetings. If the Member pays all amounts due (including any late charges) or corrects the noncompliance within the time allowed, membership will be automatically reinstated, and full voting rights restored.

Section 2. Termination by Expulsion; Renewed Membership

If a suspended Member does not correct the issue, the Board of Directors may terminate (expel) their membership at a regular or special Board meeting.

- The Member may request a hearing before the Board before expulsion is finalized.
- The Member may also appeal the Board's decision to the Members at the next membership meeting, where Members may vote to overturn the expulsion.
- An expelled Member may reapply, subject to Board-imposed reasonable conditions to ensure compliance.

Section 3. Termination by Withdrawal or Resignation

A Member may voluntarily withdraw or resign from membership if they:

- Stop using the Cooperative service, or
- With Board approval, transfer their membership to a new applicant who occupies the premises and receives service. Membership generally ends upon permanent cessation of service, unless the Board approves an exception.

Section 4. Termination by Death or Dissolution

- The death of an individual Member automatically ends that membership, except as provided in Section 6 (joint memberships).
- The termination by death becomes effective when the cooperative is notified of the death. The Cooperative will not retroactively apply the termination to the date of death.
- If a non-individual Member (such as a business or partnership) legally dissolves, the membership ends
 - However, if a partnership dissolves but the remaining or new partners continue to use the Cooperative service at the premises, the membership continues in their name(s).
 - A withdrawing partner or their estate remains responsible for any outstanding debts to the Cooperative

Section 5. Effect of Termination

When a membership ends for any reason:

- The Member (or their estate) is entitled to a refund of the membership fee and any service deposit, minus amounts owed to the Cooperative.
- Termination or expulsion does not confer any right to obtain service from another provider at the same premises contrary to law, contract or Board policy.

Section 6. Joint Memberships – Effect of Death, Separation, or Divorce

- If one joint Member dies, the membership continues solely with the surviving Member. The deceased member's estate remains responsible for any debts owed.
- If joint Members legally separate or divorce, the membership continues with the Member who remains in the served premises; the other remains responsible for outstanding debts.

Section 7. Board Acknowledgment of Termination; Retroactive Membership

- The Board will acknowledge termination by resolution, effective as of the date Cooperative service ceased.
- If the Cooperative discovers it has been providing service to a non-member, service must stop unless that individual applies for membership. The Board may approve membership retroactively to the date service began.

ARTICLE III - RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members

Upon Dissolution:

- After payment of all debts and liabilities and retirement of patronage capital as provided in Article IX,
- Any remaining assets shall be distributed among current and former Members in proportion to their respective patronage during the ten (10) fiscal years preceding the filing for dissolution (or the Cooperative's existence if less than ten years). If assets are insufficient, distributions shall be prorated.

Section 2. Members Not Personally Liable

Members' personal property is protected and cannot be used to pay Cooperative debts.

- No Member is personally responsible for the Cooperative's debts or liabilities.

ARTICLE IV - MEETINGS OF MEMBERS

Section 1. Annual Meeting

The annual meeting of Members will be held at a location in Deuel or Hamlin County, South Dakota, on a date and time set by the Board of Directors, as stated in the notice of the meeting.

- The Board of Directors is responsible for planning and preparing the meeting.
- The purpose is to elect Directors, review reports for the previous fiscal year, and handle other proper business.
- Failure to hold the meeting on the scheduled date does not affect the Cooperative's existence or operations.

Section 2. Special Meetings

Special meetings can be called by:

- The Board of Directors,
- Any three directors,
- The President, or
- Ten percent (10%) or more of the Members.
- The Secretary must send notice of the special meeting.

- Special meetings may be held anywhere in Deuel or Hamlin County, South Dakota, as stated in the notice.

Section 3. Member Action by Mail Ballot

A. Mail Ballots

- Members may vote by mail on matters other than director elections, if allowed by the Board.
- The Cooperative must send ballots to Members at least 10 days before the Member meeting.
- Members who submit a mail ballot cannot vote in person on the same matter.
- Each completed ballot counts as a Member present for quorum purposes.
- Votes submitted by the deadline will be counted as the Member's vote.

B. Ballot Requirements

- Each mail ballot must:
 - Describe the matter;
 - State the date of the Member meeting;
 - Allow the Member to vote for, against, or abstain;
 - Explain how to complete and return the ballot;
 - Include the deadline for receipt of the ballot.
- Completed ballots cannot generally be revoked.
- Failure to receive a ballot does not invalidate action taken.

Section 4. Notice of Meetings

- Written notice must state the place, day, and time of the meeting.
- For notice of special meetings, the purpose must be included.
- Notice must be delivered at least 10 days before the meeting, either personally or by mail.
- Mailed notice is considered delivered when sent to the Member's address on record.
- Missing a notice does not invalidate actions taken at the meeting.

Section 5. Quorum

- If there are 1,000 or fewer Members, 5% present in person is a quorum.
- If there are more than 1,000 Members, 50 present in person is a quorum.
- If less than a quorum is present, a majority may adjourn the meeting without further notice.
- Minutes must list the Members present.

Section 6. Member Voting

- Only Members not suspended (per Article II, Section 1) may vote, by showing ID or proof of membership.
- Each Member gets one vote, regardless of service usage.
- Authorized individuals may vote for non-natural person Members.
- A spouse may vote for a Member unless the Member has opted out.
- Approval of a matter requires:
 - A quorum present, and
 - A majority of Members present or voting by mail in favor, and

- Affirmative votes at least equal to a majority of the applicable quorum.
- The presiding officer may require voice or written votes as appropriate.
- Members may not accumulate votes. Agreements dictating votes are invalid.

Section 7. Credentials and Election Committee

- The Board appoints a Credential and Election Committee before the annual meeting starts.
- The committee will have an odd number of Members—at least three and no more than nine.
- No one can serve on the committee if they are:
 - An employee, agent, officer, director, or known candidate for director of the Cooperative,
 - A close relative or someone who lives in the same household as any of those people.
- The Committee elects its own chair and secretary.
- In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.
- Responsibilities include:
 - Registration,
 - Validating votes and ballots,
 - Reviewing nomination petitions and candidate qualifications,
 - Resolving election protests or objections.
- Protests must be filed during or within three business days of the meeting.
- If a protest or objection is filed, the Committee chair will call another meeting, giving at least 7 days' notice after a protest to hear evidence and opposing evidence, and decides by majority vote within 30 days.
- Committee decisions are final.

Section 8. Order of Business

At annual and, when possible, other meetings, business proceeds as follows:

1. Verify quorum and record Members present,
2. Read the notice of the meeting, or waivers,
3. Review unapproved minutes from previous meetings,
4. Present reports from officers, directors, and committees,
5. Elect directors,
6. Handle unfinished business,
7. Handle new business,
8. Adjourn.

The Board or Members may change the order to prioritize urgent business, provided a quorum is established first.

ARTICLE V - DIRECTORS

Section 1. General Powers

- A Board of nine directors manages the business and affairs of the Cooperative.
- The Board exercises all powers of the Cooperative except those reserved to the Members by law, the Articles or these Bylaws.

Section 2. Election

- Directors are elected at the annual member meeting by secret written ballot.
- Only natural people who are Members of the Cooperative may generally be elected, unless otherwise provided.
- If the number of nominees equals or is fewer than the number of positions for a district and there is no objection, voting by acclamation should occur.
- Directors are elected by plurality unless Members vote beforehand to require a majority.

Section 3. Terms

- Staggered 3-year terms
 - Year 1: Districts 3, 4, 9
 - Year 2: Districts 5, 7, 8
 - Year 3: Districts 1, 2, 6
- Directors serve until successors are elected and qualified.
- If an election is not held at the annual meeting, it may be held later, but current directors continue until the next proper election.

Section 4. Qualifications

- To serve as a director, an individual must:
 - Be a Member in good standing and receive service at their primary residence (exceptions apply for corporate, church, or other non-natural person Members as detailed below);
 - Not be a close relative of a current director or employee;
 - Have legal capacity to enter into contracts;
 - Not be employed by or financially interested in a competing energy business, or a business selling electrical or plumbing supplies to the Cooperative.
- Non-natural person Members (like corporations or churches) may have one representative on the Board if they are a resident of the same district as the member.
 - A Member that is not a natural person (including, without limitation, a corporation, limited liability company, partnership, church, or other organization) (a “Non-Natural Person Member”) may be represented on the Board of Directors by a single natural person who meets the qualifications in this Section.
 - Any such representative must be an employee or agent of the Non-Natural Person Member and must reside within the same director district in which the Non-Natural Person Member is located or otherwise assigned under these Bylaws and Board-approved districting policies.
- If a nominee or current director is found ineligible, the chair or Board must disqualify or remove them.
- Invalid eligibility does not affect other valid Board actions.

Section 5. Petitions for Candidacy

- Candidates must meet the qualifications set forth in Section 4.
- Petition forms may be obtained from the Cooperative beginning 75 days and ending 25 days before the annual meeting.
- Completed petitions must be signed by at least 15 Members and may only be submitted to the Cooperative during the period beginning 75 days and ending 25 days before the annual meeting.

- Only one Member of a joint membership or one representative of a legal entity may sign a petition.
- Each petition must include the nominee's name, district, and term.
- The Secretary is responsible for verifying petition signatures.
- Failure to follow these procedures does not affect the validity of Board actions after the election.

Section 6. Directorate Districts

- The Cooperative is divided into nine districts
 - District No. 1 -Brandtford Township, Oxford Township and Opdahl Township, Hamlin County, South Dakota and Kampeska Township, Codington County, South Dakota;
 - District No. 2 - Hayti Township, Florence Township and Castlewood Township, Hamlin County, South Dakota;
 - District No. 3 - Hamlin Township and Dempster Township, Hamlin County, South Dakota, and Hidewood Township, Deuel County, South Dakota;
 - District No. 4 - Portland Township, Rome Township, Goodwin Township and Havana Township, Deuel County, South Dakota, Kranzburg Township, Codington County, South Dakota, and Georgia Township, Grant County, South Dakota;
 - District No. 5 Altamont, Altamont Township, Clear Lake Township and Brandt Township, Deuel County, South Dakota;
 - District No. 6 - Lowe Township, Antelope Valley Township, Glenwood Township, and Herrick Township, Deuel County, South Dakota, Adams Township, Grant County, South Dakota and Mehurin Township, Lac Qui Parle County, Minnesota;
 - District No. 7 - Norden Township and Scandinavia Township, Deuel County, South Dakota, Oak Lake Township and Hendricks Township, Brookings County, South Dakota and Fortier Township, Yellow Medicine County, Minnesota;
 - District No. 8 - Blom Township, Grange Township, Deuel County, South Dakota, Estelline Township, Hamlin County, South Dakota and Argo Township, Eureka Township and Preston Township, Brookings County, South Dakota;
 - District No. 9 - Norden Township, Cleveland Township, Dixon Township and Garfield Township, Hamlin County, South Dakota, Laketon Township, Brookings County, South Dakota and Pleasant Township, Clark County, South Dakota.
- The Board reviews and may adjust districts or the number of directors to ensure fair representation.
- Any changes to the Director districts shall take effect after notice to Members made at least 90 days before the next annual meeting.
- No director's term shall be shortened without the director's written consent.

Section 7. Voting for Directors; Validity of Board Action

- Each Member votes for the one director to be elected in each district (votes may not be cumulative).
- Ballots with votes exceeding the number of positions for a district are invalid for that district.
- Election irregularities do not affect the validity of Board actions after the election.

Section 8. Removal of Director by Members

- Members may file charges for cause and request removal by submitting a written petition signed by at least 10% of Members.

- A special meeting is called no less than 40 days after filing, or the matter may be handled at the next annual meeting (no sooner than 40 days after filing).
- Notices must include the charges, names of the directors involved, and the Members filing the charges.
- Directors must be informed at least 20 days prior and have the right to be heard.
- Removal votes are taken separately for each director, and successors serve the unexpired term.

Section 9. Vacancies

Board vacancies (except those from Member removal) are filled by a majority vote of remaining directors for the unexpired term.

Section 10. Compensation; Expenses

- Directors may receive per diem for attendance at qualifying meetings at which Cooperative business is conducted and minutes are kept. Attendance at social events, conferences, or general Member meetings do not qualify by right, unless made a qualifying meeting by Cooperative Policy, “Compensation Resolution” or retroactive board approval.
- Each month, the Board may adopt a “Compensation Resolution” that:
 - Lists which meetings, committees, trainings, and activities (in addition to those identified in policy) qualify for per diem or fixed fee; and
 - Sets any limits (e.g., daily caps, maximum number of compensated events per month or year);
- The Cooperative shall reimburse Directors for reasonable travel and other necessary expenses incurred while performing authorized Cooperative business, consistent with the Annual Compensation Resolution and any applicable policies.
- The Board shall set the per diem rate annually by resolution.

Section 11. Personal Liability

Directors are not personally liable to the Cooperative, its Members, or stockholders for monetary damages for breach of fiduciary duty, to the fullest extent allowed by South Dakota law.

Section 12. Close Relative Defined

Close relatives include spouses, children, grandchildren, parent, grandparent, sibling, aunt, uncle, niece, nephew, and by blood or in-law, including half, step, or adopted relations.

ARTICLE VI - MEETINGS OF DIRECTORS

Section 1. Regular Meetings

- The Board also meets monthly at a time and place as set by resolution.
- No additional notice is required for these regular meetings beyond the resolution setting the schedule.

Section 2. Special Meetings

- The President or any three directors may call a special Board meeting.
- The Secretary must give notice of the meeting once it is called.
- The person(s) calling the meeting sets the time and place.

Section 3. Notice of Directors' Meetings

- Written notice of special meetings must be given to each Director at least five (5) days in advance unless unanimously waived.
- Notice may be delivered personally, by mail, or by electronic transmission (including email or text) to the Director's address or number of record.
- Delivery is effective when deposited in U.S. Mail with postage prepaid, when emailed to the address of record, or when texted to the number of record.

Section 4. Quorum

- The attendance of a majority of directors constitutes a quorum.
- If fewer than a majority are present, those present may adjourn the meeting, and the Secretary must notify absent directors of the new time and place.
- Actions approved by a majority of directors at a meeting with a quorum are valid acts of the Board.

ARTICLE VII - OFFICERS

Section 1. Number

- The Cooperative will have a President, Vice President, Secretary, Treasurer, and any other officers the Board decides are needed.
- One individual may hold both the Secretary and Treasurer roles.

Section 2. Election and Term of Office

- Officers of the Board are elected at the first Board meeting after the annual Member meeting.
- If the election isn't held at that meeting, it will be held as soon as possible.
- Officers serve until the next annual Board meeting after the next annual Member meeting, or until their successors are elected and qualified.
- The Board fills vacancies for the remainder of the term.

Section 3. Removal

- The Board may remove any officer, agent, or employee it has elected or appointed whenever it believes it is in the best interest of the Cooperative.
- When no longer serving as a director, an officer's term automatically ends.

Section 4. President

- The President is the principal officer of the Board.
- Presides at all Member and Board meetings unless otherwise directed.
- Signs, with the Secretary, contracts, notes, bonds, or other official documents, unless another officer is specifically authorized.
- Performs other duties assigned by the Board.

Section 5. Vice President

- Acts as President if the President is absent or unable to serve, with all powers and responsibilities of the President while acting.
- Performs other duties assigned by the Board.

Section 6. Secretary

- Keeps minutes of all Member and Board meetings.
- Ensure that all notices are properly given.
- Safeguards corporate records and the Cooperative seal and affixes the seal to authorized documents.
- Maintains a register of Members' names and addresses.
- Keeps a current copy of the Articles of Incorporation, Articles of Conversion, and Bylaws, and provides copies to Members upon request.
- Performs other duties assigned by the Board.

Section 7. Treasurer

- Manages all funds and securities of the Cooperative.
- Receives and issues receipts for all money due, and deposits funds in approved banks, investments, or financial instruments.
- Performs other duties assigned by the Board.

Section 8. Delegation of Secretary and Treasurer Duties

- The Board may delegate some or all duties of the Secretary or Treasurer to other officers, agents, or employees.
- When duties are delegated, the officer is relieved from those responsibilities.

Section 9. General Manager / Chief Executive Officer (CEO)

- The Board may appoint a General Manager, who may also be called the CEO.
- The General Manager/CEO may be, but is not required to be, a Member of the Cooperative.
- The General Manager/CEO performs duties and exercises authority as directed by the Board.

Section 10. Bonds of Officers

- The Treasurer, and any officer or agent responsible for funds or property, must be bonded as determined by the Board.
- The Board may require bonding for other officers, agents, or employees as it deems necessary.

Section 11. Compensation

- The Board sets the powers, duties, and compensation of officers, agents, and employees, subject to the rules regarding director and close-relative compensation.

Section 12. Reports

- Officers must provide annual reports at the Member meeting summarizing the Cooperative's business and condition for the previous fiscal year.

ARTICLE VIII - INDEMNIFICATION

Section 1. Indemnification of Officers, Directors, Employees, and Agents; Insurance Standard of Conduct

- To the fullest extent permitted by South Dakota law, the Cooperative may indemnify a Director, officer, employee, or agent who is a party to a proceeding by reason of such role against liability and reasonable expenses if the individual:
 - acted in good faith;
 - reasonably believed that, in an official capacity, the conduct was in the Cooperative's best interests, and in all other cases, at least not opposed to the Cooperative's best interests; and
 - in a criminal proceeding, had no reasonable cause to believe the conduct was unlawful.

Mandatory Indemnification

- The Cooperative shall indemnify an individual who was wholly successful, on the merits or otherwise, in the defense of any such proceeding, for reasonable expenses incurred.

Limitations

- The Cooperative may not indemnify (unless ordered by a court): (1) in a proceeding by or in the right of the Cooperative, except for reasonable expenses if the standard of conduct is met; or (2) with respect to conduct for which the individual was adjudged liable on the basis of receipt of an improper personal benefit.

Advancement

- The Board may authorize advancement of expenses subject to an undertaking to repay if ultimately determined ineligible. Required determinations shall be made by disinterested Directors, a committee thereof, independent counsel, or Members, as permitted by law.

Insurance

- The Cooperative may purchase and maintain insurance on behalf of any such individual, including service for another organization at the Cooperative's request, whether the Cooperative could indemnify under this Article.

ARTICLE IX - NONPROFIT OPERATION

Section 1. No Interest or Dividends

- The Cooperative operates as a nonprofit for the benefit of its Members.
- Members do not earn interest or dividends on capital they contribute.

Section 2. Patronage Capital from Electric Services

- When the Cooperative provides electric service, any excess revenue (after expenses, reserves, and plans) is treated as capital contributed by Members through their patronage.
- Before distributing margins back to Members, the Board may decide to set aside some of the extra revenue to help cover future expenses or unexpected losses. This can include special plans like margin stabilization, revenue deferral or reserve plans, which are designed to keep rates more stable over time.
- This capital is credited to each Member's account, like a legal obligation to the Member.

- Capital credits are earned as part of being an owner in the cooperative and are paid back when the Board determines the cooperative's finances allow. If a Member passes away or closes their account and they are no longer part of an active membership, policy may allow for an early payout at a discounted amount upon Board approval. In those cases, the discounted portion may remain with the cooperative as permanent equity, helping strengthen our financial position and benefit all Members.
- Capital is transferable only by written instruction from the member.
- The Cooperative has first lien on Members' capital to cover any amounts owed by that Member.
- In the event the Cooperative needs stronger security on a capital account, it may file a financing statement under the UCC Article 9 to secure the patronage capital against possible outstanding amounts owed to the Cooperative.

Section 3. Unclaimed Patronage Capital

- If a Member fails to claim a capital credit payment within three years, it becomes an irrevocable gift to the Cooperative, after six months' notice, subject to state law of the service location.
- Notice is sent by mail or published on the Cooperative's website if the address is unknown.
- Members agree that the Bylaws form a binding contract between them and the Cooperative.

Section 4. Patronage Refunds for Other Services

- Excess revenue may, at the discretion of the Board, be allocated annually to Cooperative patrons or retained as permanent, non-allocated capital.
- Any amounts allocated to the cooperative from other organizations for goods or services other than electric energy may, at the discretion of the Board, be allocated annually to Cooperative patrons or retained as permanent, non-allocated capital.
- The Board decides the method and timing for retiring these amounts.

Section 5. Subscription Fees

- The Board can charge Members a fee for official Cooperative publications to cover production and distribution costs.

Section 6. Capital Credit Setoff

- Before retiring any capital, the Cooperative may deduct any amounts the Member owes, plus legally applicable interest.
- The cooperative may use a board-approved policy to settle a former member's outstanding debt by performing an early, discounted payout of their earned capital credits. If the discounted credits exceed the debt, the member receives the excess; if less, the remaining debt is still owed by the former member.

ARTICLE X - DISPOSITION OF PROPERTY

Section 1. Disposition of Substantially All Assets

- Except as provided in Section 2, the Cooperative shall not sell, lease, exchange, or otherwise dispose of all or substantially all of its property and assets unless authorized by the affirmative vote of not less than a two-thirds majority of all Members at a meeting called for that purpose, with notice stating the proposed transaction.

Section 2. Board Authority

- Encumbrances and Integrated Operations. The Board may, without Member approval, mortgage, pledge, or otherwise encumber any or all Cooperative property or revenues to secure indebtedness to the United States, an agency thereof, or any other lender, and may enter ordinary course arrangements with other cooperatives to maintain integrated electric utility operations.
- With approval by a majority of all Members at a meeting called for that purpose, the Board may sell, lease, or otherwise dispose of a substantial portion of property to another cooperative, municipality, or public body as permitted by law.

ARTICLE XI – SEAL

- The Cooperative has a corporate seal.
- The seal is circular.
- It must include:
 - The name of the Cooperative, and
 - The words “Corporate Seal” and South Dakota.

ARTICLE XII - FINANCIAL TRANSACTIONS

Section 1. Contracts

- The Board of Directors may authorize officers, agents, or employees to sign contracts or other documents on behalf of the Cooperative.
- This authorization may be general (i.e. any contract) or specific (i.e. limited to certain contracts).

SECTION 2. Checks, Drafts, and Other Payments

- Facsimile, electronic, or reproduced signatures may be used for capital credit checks and other payments if authorized by Board resolution and safeguarded by appropriate internal controls.

Section 3. Deposits

- All funds (except petty cash) must be deposited in banks, financial institutions, or securities selected by the Board.

ARTICLE XIII - FISCAL YEAR

The Cooperative’s fiscal year starts January 1 and ends December 31 of the same year.

ARTICLE XIV - MISCELLANEOUS

Section 1: Membership in Other Organizations

- The Cooperative can’t join or buy stock in another organization without a two-thirds board vote.
- Exception: It may invest in nonprofit organizations that promote rural electrification or, with approval from the Rural Utilities Service (RUS), corporations that acquire electric facilities.

Section 2: Waiver of Notice

- Members or directors can waive a meeting notice in writing before or after a meeting.
- Simply attending a meeting counts as a waiver, unless attending specifically to object to improper notice.

Section 3: Policies, Rules, and Regulations

- The board may adopt policies, rules, and regulations for managing the Cooperative within the law and bylaws.
- All meetings follow Robert's Rules of Order unless other procedures are specified.

Section 4: Accounting System and Reports

- The board must maintain a complete accounting system, following RUS rules if applicable.
- After each fiscal year, a CPA audit must be done, and the results will be presented at the next annual meeting.

Section 5: Area Coverage

- The board should ensure that all unserved people in the Cooperative's area who want service and meet reasonable requirements are provided with electricity.

ARTICLE XV – AMENDMENTS

- The Members of the Cooperative may change, update, or repeal the bylaws.
- Any regular or special meeting may be used for this purpose.
- Notice of the meeting must include a copy of the proposed changes, so Members are informed in advance.