

RESTATED
ARTICLES OF INCORPORATION
OF
NORTH CENTRAL
ELECTRIC COOPERATIVE, INCORPORATED

We, the members of North Central Electric Cooperative, hereby adopt the following Restated Articles of Incorporation. The Restated Articles of Incorporation supersede all existing Articles of Incorporation and amendments thereto.

Article I. The name of the cooperative is: North Central Electric Cooperative, Incorporated.

Article II. The purpose or purposes for which the Cooperative is organized are to engage in rural electrification under Chapter 10-13 of the North Dakota Century Code and any other purpose authorized by federal or state law and all purposes authorized under Chapter 10-15 of the North Dakota Century Code.

Article III. The Cooperative shall be managed by a Board of Directors, as defined in the Bylaws.

Article IV. The address of the principal office of the Cooperative shall be 538 11th Street West, Bottineau, County of Bottineau, North Dakota.

Article V. The duration of the Cooperative is perpetual. The Cooperative is organized without capital stock. If the Cooperative is ever dissolved, the assets of the Cooperative, after all debts are paid, shall be distributed to the members in the manner set forth in the bylaws.

Article VI. A person or entity may become a member as defined in the Bylaws.

Article VII. Section 1. The Board of Directors shall have power to make and adopt such rules, policies, and regulations, not inconsistent with these Articles of Incorporation or the Bylaws of the Cooperative, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative. **Section 2.** The private property of the members of the Cooperative shall not be subject to the payment of, and no member shall be individually responsible for, corporate debts to any extent whatever.

Article VIII. The Cooperative may amend, alter, change, or repeal any provision contained in these Articles of Incorporation by the affirmative vote of a majority of the total number of members voting thereon at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

**NORTH CENTRAL
ELECTRIC COOPERATIVE, INC.**

PREAMBLE

The objectives of North Central Electric, Inc. (herein called the “Cooperative”) are to improve the economic status and living standards of all people in our service area by providing an abundant supply of low-cost energy consistent with sound business practices and good management.

BYLAWS

ARTICLE I

MEMBERSHIP

Section 1. Membership. Any adult person, and any partnership, incorporated or unincorporated association, corporation, or body politic shall become a member of North Central Electric Cooperative, Incorporated (hereinafter called “Cooperative”) upon purchasing electric service from this Cooperative. In purchasing electric service from this Cooperative, each member shall agree to comply with and be bound by the Article of Incorporation and the Bylaws of the Cooperative and any reasonable rules, policies, and regulations adopted by the Board of Directors. No member may hold more than one membership in this Cooperative, and no membership shall be transferable, except as provided in these Bylaws.

Section 2. Evidence of Membership. Membership in this Cooperative shall be evidenced by purchase of and payment for electric service from the Cooperative.

Section 3. Joint Membership. Unless a purchaser of electric service specifies in writing that it is to be a single membership, all present and future memberships in this Cooperative by a married person shall be deemed to be a joint membership by the married persons, in joint tenancy, with right of survivorship. A joint membership may be converted to an individual membership at any time upon written request by both joint members. The term “member” as used in these Bylaws shall be deemed to include married persons unless an individual membership is specifically requested in writing. Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the following actions by or in respect of 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 constitute a joint waiver of notice of the meeting;

- b) The vote, in person, or by mail or electronic means where authorized, of either separately or both jointly shall constitute one joint vote;
- c) A Waiver of Notice signed by either or both shall constitute one 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 board member, provided that the person to be elected or appointed meets the qualifications for such office.

Section 4. Changes in Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership has never been joint; provided, that the estate of the deceased shall not be released from any debts due to the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to purchase electric service from the Cooperative at the same place of service, in the same manner, and to the same effect as though such membership has never been joint; provided, that the other spouse shall not be released from any debts due to the Cooperative.

Section 5. Service Deposits and Deductions. The Board of Directors may require service connection deposits for each connection, extension, or other available service, pursuant to reasonable rules, regulations, and policies adopted by the board. Before any funds are paid by the Cooperative to a member, or former member, the amount of any debts owing from the member, or former member, to the cooperative shall be deducted therefrom.

Section 6. Purchase and Payment for Electric Service. Each member shall purchase from the Cooperative all electric energy purchased for use on the premises or any part thereof and shall pay therefore in accordance with the rules, regulations, and rates which from time to time are fixed and established by the Board of Directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with cooperative facilities shall be subject to appropriate policies or regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric service 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 by these Bylaws. Each member shall also pay all amounts owned by him to the Cooperative as and when they become due and payable. No member shall be entitled to receive any payment of capital credits that have been declared payable by the Board of Directors and the right to receive the payment shall not vest unless the member has paid all amounts due the Cooperative and/or all accounts due the Cooperative are paid in full.

Section 7. Termination of Membership.

- a) Membership in the Cooperative shall automatically terminate when the member ceases to purchase and maintain electric service from the Cooperative.
- b) The death of an individual human member shall automatically terminate his membership, except that upon the death of a spouse of a joint membership, the membership shall continue to be held solely by the survivor. The cessation of the legal existence of any other type of member shall automatically terminate such membership; provided that upon dissolution for any reason of a partnership, such membership shall continue to be held solely by the remaining partner or partners as were parties to the original membership and continue directly to occupy or use the premises served by this Cooperative.
- c) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe.
- d) The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board of 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 (and regardless of whether or not such member continues to purchase electric service from the Cooperative), but only if such failure shall have continued for at least ten (10) days after such notice is given. Any expelled member may again become member only by reinstatement by a vote of the Board or by vote of the members at any annual or special meeting.
- e) Upon the termination in any manner of a membership, the member shall be entitled to refund of any refundable service connection deposits still held by the Cooperative, less any amounts due the Cooperative; but neither he or his estate shall be released from any debts then remaining 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, (b) all capital furnished through patronage shall have been retired as provided in these Bylaws, and (c) all membership fees (if any) shall have been repaid, the remaining property and assets of this Cooperative shall be distributed among members and former members within the twenty (20) years preceding such dissolution in the proportion which the aggregate patronage of each bears to the total patronage of all such members within the twenty (20) years preceding such dissolution, unless otherwise provided by law.

Section 2. Nonliability for Debts. The private property of the member of this Cooperative is exempt from execution or other liability for the debts of the Cooperative. 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 such a date in the month of June and at such a place within the project area of the Cooperative as shall be determined by the Board of Directors, which shall be designated in the notice of the meeting, for the purpose of electing directors and transacting any business that may come before the meeting. If the election of the directors shall not be held within the time provided in these Bylaws for the annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting within the designated time shall not work for forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings. Special meetings of the members may be called by the President, by the Board of Directors, or by the written petition by the members having one-tenth (1/10) of the votes entitled to be cast at such meeting. It shall be the duty of the secretary to cause notice of any special meeting to be given as provided by these Bylaws. Special meetings of the members may be held at any place within the project area of the Cooperative specified in the notice of the special meetings.

Section 3. Notice of Members Meetings. Written notice, stating the place, day, and hour and in case of a special member meeting the purposes for which the meeting is called, shall be given not less than ten (10) nor more than thirty (30) days before the meeting, to each member by mail, by or at the direction of the Secretary, or upon failure of the Secretary to act, at the direction of the persons calling the meeting. Notice shall be deemed to be given 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. If notice has been duly mailed to the member, or to either married person in a joint membership, the failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum. Seventy-five (75) members shall constitute a quorum. Members present in person and represented by vote by mail or electronic means, if voting by mail or electric means is authorized by the Board of Directors, shall be counted towards the quorum requirement. If less than a quorum is represented, a majority of those represented may adjourn the meeting from time to time without further notice.

Section 5. Voting.

- a) Each member shall be entitled to one (1) vote and not more upon each matter being submitted to a vote at a meeting of the members.
- b) All questions shall be decided by vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws.
- c) Where married persons hold a joint membership, they shall be jointly entitled to one (1) vote and not more upon each matter submitted to a vote at the meeting of the members. The vote of either separately, or both jointly, shall constitute one (1) joint vote.
- d) Signed votes may be used only when specifically authorized by resolution of the Board of Directors. When so authorized, signed votes shall be valid and entitled to the same force and effect as a vote in person if the matter has been previously notified in writing of the exact motion or resolution upon which the vote is taken.
- e) At all meetings of members voting by proxy shall not be allowed.
- f) In the absence of written notice that some person has been designated to represent a member who is other than a natural person, such member may be represented by any of its principal officers. If a member who is other than a natural person is not represented by any of its principal officers, such member may designate a natural person to represent it by giving the Cooperative a written notice at or before the member meeting, which shows that the named representative has been authorized by the managing board of such member to represent it at the meeting of this Cooperative. An individual may represent no more than one such member, and may also vote as an individual if he is a member.

Section 6. Voting by Mail or Electronic Means. Voting by mail or electronic means may be authorized by the Board of Directors. If the Board of Directors authorize voting by mail or electronic means, the notice and the mail-in ballot or instructions to vote by electronic means must be mailed at least ten (10) days in advance of the balloting and must contain a copy or summary of such proposed action, including any motion, resolution, amendment, or other written statement, and identify any candidate upon which a member is asked to vote. The failure of any member to receive the notice and mail-in ballot or instructions to vote by electronic means shall not invalidate any action which may be taken as a result of the balloting. The notice must contain instructions to the member on how to complete and return the completed mail-in ballot or how to vote by electronic means and the time by which the Cooperative must receive the completed ballot (whether by mail or electronic means) for it to be counted. Completed ballots that are timely received shall be counted in determining whether a quorum exists.

Section 7. Order of Business. The presiding officer may adopt any order of business which provides an opportunity for full consideration of all matters to come before the meeting, subject to any proper action by the members assembled to change the order of business. Unless such a different order of business is adopted by the president, or the members assembled, 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 as follows:

1. Report as to members present in order to determine the existence of a quorum;
2. Reading of the unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
3. Presentation and consideration of, and acting upon, reports of officers, directors, and committees;
4. Election of directors;
5. Unfinished business;
6. New business; and
7. Adjournments.

ARTICLE IV

DIRECTORS

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine (9) directors which shall exercise all of the powers of the Cooperative, except such as are by law, by the Articles of Incorporation of the Cooperative, or by these Bylaws specifically conferred upon or reserved to the members.

Section 2. Qualification and Districts. There shall be elected from each of the following nine (9) districts, one (1) but not more the one (1) director. Such districts being as follows, to-wit:

DISTRICT 1

ROLETTE COUNTY:

Hutchinson Township

Holmes Township

Hillside Township

Engbretson Township

Couture Township

DISTRICT 2

ROLETTE COUNTY:

Willow Lake Township

ROLETTE COUNTY CONT'D:

Gilbert Township

BOTTINEAU COUNTY:

Cordelia Township

Homen Township

Roland Township

Whitteron Township

DISTRICT 3

BOTTINEAU COUTNY:

Dalen Township

Haram Township

Scandia Township

Scotia Township

Eidsvold Township

Peabody Township

Pickering Township

DISTRICT 4

BOTTINEAU COUNTY:

Richburg Township

Wayne Township

Antler Township

Sherman Township

Bentinck Township

Serguis Township
Renville Township
Kane Township
Brander Township
Hastings Township

DISTRICT 5

BOTTINEAU COUNTY:

Wheaton Township
Hoffman Township
Cut Bank Township

RENVILLE COUNTY:

Eden Valley Township
Colquhoun Township
Prosperity Township
Stafford Township
Grover Township
Hamerly Township
Hurly Township
Brandon Township
Hamlet Township
McKinney Township

DISTRICT 6

RENVILLE COUNTY

Grassland Township
Clay Township
Lockwood Township

Callahahn Township

Muskego Township

Prescott Township

BOTTINEAU COUNTY:

Blaine Township

Mount Rose Township

Lewis Township

Chatfield Township

Elms Township

Lansford Township

DISTRICT 7

BOTTINEAU COUNTY:

Newburg Township

Tacoma Township

Whitby Township

Starbuck Township

Stone Creek Township

Elysian Township

McHENRY COUNTY:

Meadow Township

Deep River Township

Pratt Township

Grilley Township

Little Deep Township

Layton Township

Bantry Township
Gilmore Township
Wagar Township
Poplar Grove Township
Mouse River Township

DISTRICT 8

McHENRY COUNTY:

Willow Creek Township
Normal Township

ROLETTE COUNTY:

Currie Township

BOTTINEAU COUNTY:

Oak Valley Township
Oak Creek Township
Lordsburg Township
Amity Township
Willow Vale Township

Cecil Township

Wellington Township

Ostby Township

PIERCE COUNTY:

Barton Township

Dewey Township

DISTRICT 9

ROLETTE COUNTY:

Shell Valley Township

Russell Township
Kohlmeier Township
Wolf Creek Township
Leonard Township
Union Township
Rice Township
Island Lake Township
Finnegan Township
South Valley Township
PIERCE COUNTY:
East Barton Township
Junita Township
Walsh Township

Each director shall be a member of the Cooperative. To be eligible to serve as a director, the member shall not have been an employee of the Cooperative within three years from the time of nomination, shall not be a close relative of an existing Cooperative employee, shall have been a member for a minimum of one year prior to being nominated, shall be a member in good standing at the time of being nominated, and shall receive electricity from the Cooperative at the members primary residence which must be located in the District represented throughout the term of office. The term “close relative” means any individual who is, either by blood or by adoption, including half, step, foster, a spouse, child, grandchild, parent, or grandparent, or sibling, or principally resides in the same residence. The term "primary residence" shall mean primary residential abode.

When a membership is held jointly by married persons, either one, but not both, may be elected a director, provided, however, that only one shall be eligible to become or remain a director and the person appointed or elected shall meet the above qualifications for a director.

No member shall be eligible to become or remain a director who is in any way employed or financially interested in a competing enterprise or in a business selling electric energy or supplies to the Cooperative.

Nothing in this section shall, or shall 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 in which one or more of the directors have an undisclosed interest adverse to that of the Cooperative.

Section 3. Nomination and Election of Directors.

- a) Nominations. A nominee must be a member and resident in the district in which he is nominated to represent.

Nominations for director shall be made by written petition signed by twenty (20) or more members in the district from which a director is to be elected. Such petitions shall be filed in the office of the Cooperative not less than thirty (30) days before the annual meeting.

The secretary shall mail, with the notice of the annual meeting, the list of nominees made for said directors by districts.

If voting by mail or electronic means is authorized by the Board of Directors, nominations from the floor shall not be allowed. If voting by mail or electronic means is not authorized, nominations from the floor at the annual meeting of the members of the Cooperative shall be allowed.

Notwithstanding anything in the subsection contained, failure to comply with any of the provisions of the subsection shall not affect in any manner whatsoever the validity of any official action thereafter taken by the Board of Directors.

- b) Election and Tenure. At the annual meeting, the nominees of each district, however nominated, shall be voted on by all members of the Cooperative at such annual meeting. In other words, the directors shall be elected by the members at large and each member shall have one (1) vote for each directorship being filled. The term of each director shall be for three (3) years. At each annual meeting, one (1) director shall be elected from each of those three (3) districts whose directors' terms have expired, for a term of three (3) years or until their successors shall have been elected and qualified. The nominee from each district receiving the highest number of votes of all nominees from that district shall be elected.

Section 4. Vacancies. Except as to a vacancy filled by the members after removal of a director by the members, a vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors until the next annual meeting when a director shall be elected for the unexpired portion of the term of the vacant directorship.

Section 5. Removal of Directors. Any member may bring charges against a director by filing them in writing with the secretary, together with a petition signed by at least ten percent (10%) of all of the members or fifty percent (50%) or more of the directors, requesting the removal of the director by reason thereof. The director against whom such charges have been brought shall be notified in writing of the charges at least twenty (20) days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person, or by counsel, and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have an equal opportunity to present evidence, in person or by counsel. The question of the removal of such director shall be considered and voted on at the next regular or special meeting of the members. The members may, at any meeting at which a director or directors shall be removed, elect a successor or successors thereof without compliance with the provisions of these Bylaws with respect to nomination of directors, by petition.

Section 6. Compensation. Directors shall not receive any salary for their service as directors, but by resolution of the board of Directors, a reasonable fixed sum per diem and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors and for attendance at state, area, regional, national, and other meetings on behalf of the Cooperative where attendance is specifically authorized by prior action of the Board of Directors. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any "close relative" of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members, or the service by such director or close relative shall have been certified by action of the other members of the Board of Directors as an emergency measure. In the event of any potential disability to serve, the director or employee who first established a relationship with this Cooperative shall be allowed to maintain that status. The term "close relative" means any individual who is, either by blood or by adoption, including half, step, foster, a spouse, child, grandchild, parent, or grandparent, or sibling, or principally resides in the same residence.

Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this bylaw, immediately after, and at the same place as, the annual meeting of members. A regular meeting of the Board of Directors shall also be held monthly at such time and place as the Board of Directors may provide by resolution.

Such regular monthly meetings may be held without notice other than 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, by any three (3) directors, or by any person authorized to do so by prior action of the Board of Directors. The person or persons calling the meeting shall fix the time and place within the State of North Dakota for the holding of the meeting and shall cause notice of such meeting to be given as hereinafter provided.

Section 3. Notices. Written notice of the time and place of any special meeting of the Board of Directors shall be given not less than five (5) days prior thereto, either personally or by mail to each director. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except when a director attends the meeting and objects there as to the transaction of business because the meeting was not lawfully convened. A signed waiver is equivalent to personal notice to the person so signing.

Section 4. Participation in Meetings. Directors may participate in any meeting of the Board or any committee created by the Board by means of conference telephone or other telecommunications equipment by means of which all Directors participating in such meeting are able to hear each other and communicate simultaneously with each other during the meeting, and participation in a meeting pursuant to this section shall constitute the presence of such Director at such meeting for all purposes. This bylaw is not intended to be a substitute for Directors' attendance at meetings and shall only be used in emergency situations or special board meetings.

Section 5. Quorum. A majority of the directors in office 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 any adjourned meeting. The act of a majority of the directors present at the meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Manner of Acting. Any action which may be taken at a meeting of the directors may be taken without a meeting if a writing setting forth and approving the action taken shall be signed by all of the directors entitled to vote upon such action. In such cases, such consent shall have the same force and effect as if a meeting had been held.

Section 7. Rules and regulations. The Board of Directors shall have power to make and adopt such rules, regulations, and policies, not inconsistent with law, the Articles of Incorporation of the Cooperative, or these Bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the

Cooperative. Among such powers, the Board of Directors shall have power to establish reasonable classifications of business done with patrons, according to the type or nature thereof, for the purpose of regulating rates and charges for electric service and allocating capital credits to patrons.

ARTICLE VI

OFFICERS

Section 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary-Treasurer, and Assistant Secretary-Treasurer, and such other officers as may be determined by the Board of Directors from time to time. Each principal officer must be a director of the Cooperative.

Section 2. Election and Term of Office. The officers shall be elected annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held at the next meeting of the Board of Directors thereafter. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified subject to the provisions of these Bylaws with respect to the removal of directors and officers.

Section 3. Removal. Any officer or employee elected or appointed by the Board of Directors may be removed by action of a majority of the Board of Directors at any time and whenever in the judgment of the Board of Directors the best interests of the Cooperative will be served thereby.

Section 4. Vacancies. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President:

- a) Shall be the principal executive officer of the Cooperative and, unless otherwise determined by the members or by the Board of Directors, shall preside at all meetings of the members and of the Board of Directors;
- b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments executed on behalf of the Cooperative, except in cases in 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, shall 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 6. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the power of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Secretary-Treasurer. The Secretary-Treasurer or in his absence, inability, or refusal to act, the Assistant Secretary-Treasurer, shall:

- a) Cause minutes of the meetings of the members of the Board of Directors, and of any executive committee to be kept;
- b) See that all notices are duly given in accordance with these Bylaws, or as required by law;
- c) Supervise custody of the records and funds of the Cooperative;
- d) Cause a register of the names and post office addresses of all members to be kept;
- e) In general, perform all duties incident to the office of Secretary and of Treasurer, and such other duties as from time to time may be assigned by the Board of Directors.

Section 8. General Manager. The Board of Directors shall appoint a General Manager who shall manage the affairs of the Cooperative, under the supervision of, and in accordance with, the policies of the Board of Directors.

Section 9. Bonds of Officers. The Board of Directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property to 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. Reports. One or more of the officers of the Cooperative shall submit at each annual meeting of the members a report generally showing the business of the Cooperative for the previous fiscal year and generally showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

COOPERATIVE NON-PROFIT OPERATION

Section 1. Cooperative Operation. 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 Service. In the furnishing of electric service, 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 is obligated to account on a patronage basis to all of its patrons, for all amounts received and receivable from the furnishing of electrical service in excess of operating costs, expenses, and educational fund expenses properly chargeable against the furnishing of electrical service, which operating costs and expenses may, at the discretion of the Board of Directors, include all or any part of operating deficits of prior years.

All such amounts in excess of operating costs, expenses, and education fund deductions, 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 this 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 for capital.

All other amounts received by the Cooperative from its operations in excess of cost and expenses shall, insofar as permitted by law be, (a) used to offset any losses incurred during the current or any fiscal year; and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amounts so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

For the purpose of teaching and promoting cooperative organization and principles, five percent (5%) of the net margin in excess of operating costs and expenses properly chargeable against furnishing of electric service may be set aside each year in a special fund. The disbursement of any said funds shall be by order of the Board of Directors in accordance with the said purpose.

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 patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts thereafter furnished as capital. Without limiting the generality of the Board of Directors' powers to determine the method, basis, priority, or

order of retirement of capital, 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 may (a) establish a method for 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 the capital to their accounts, and (d) provide for the power supply portion of capital credited to patrons for any fiscal year to not be retired, when other capital credited for the same fiscal year is 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 upon such conditions as the Board of Directors, acting under the policies of general application, shall determine.

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron who is 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 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 legal representatives of such patron’s estate shall agree, provided however that the financial condition of the Cooperative will not be impaired thereby.

ARTICLE VIII

DISPOSITION OF PROPERTY

Section 1. Disposition of Assets. The Cooperative shall not sell, transfer, or convey, within the period of any single calendar year, physical plant in excess of five percent (5%) in value of total assets of the Cooperative, based upon the most recent audit of the books of the Cooperative, unless consent therefor shall have been obtained by vote of not less than two-thirds (2/3) of the entire membership of the Cooperative cast at any regular or special meeting called for that purpose, after notice in writing to all the members of the Cooperative not less than twenty (20) nor more than thirty (30) days prior to the date of such meeting.

Nothing in this section shall prohibit the sale, transfer, conveyance, or exchange of assets to another electric cooperative corporation, an agency of the State of North Dakota, or agency of the Government of the United States in accordance with the following procedure: At any meeting, the members may authorize the sale, transfer, conveyance, or exchange of all or substantially all of the Cooperative’s physical plant to another electric

cooperative corporation, an agency of the State of North Dakota, or any agency of the Government of the United States if:

- a) Notice that such disposition will be considered at such meeting has been given to all persons entitled to vote thereon and
- b) Such disposition has been approved by a majority of those voting at the meeting.

Nothing in this section shall prohibit the sale transfer, conveyance, or exchange for physical plant of equal monetary value to any person or organization, public or private. Except as otherwise provided in this section, assets of the Cooperative may be disposed of by action of the Board of Directors. Physical plant of the Cooperative amounting to five percent (5%) or less in value of total assets of the Cooperative may be sold, transferred, or conveyed in a single calendar year to any transferee by action of the Board of Directors, and less substantially all of the Cooperative's physical plant may be sold, transferred, or conveyed to another electric cooperative corporation, an agency of the State of North Dakota, or agency of the Government of the United States by action of the Board of Directors. Assets of the Cooperative may be exchanged for physical plant of equal monetary value to any person or organization, public or private, by action of the Board of Directors.

Section 2. Issuance of Security for Indebtedness. The Board of Directors, without any further authorization by the members of the Cooperative, shall have full power and authority to secure payment of the Cooperative's debts by mortgaging any or all of the Cooperative's rights, privileges, authority and franchise, revenues, and other property, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors may determine.

Section 3. Limitations and Indebtedness. The indebtedness of North Central Electric Cooperative, Inc., shall at no time exceed the sum of Eighty Million Dollars (\$80,000,000).

ARTICLE IX

MISCELLANEOUS

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

Section 2. 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, North Dakota."

Section 3. 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 confirmed to specific instances.

Section 4. Execution of Checks, Drafts, or Other Evidence of Indebtedness. 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 officers, agents, or employees of the Cooperative, and in such manner, as shall from time to time be designated by resolution of the Board of Director.

Section 5. 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 6. Contract. 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.

Section 7. Dispute Resolution. All disputes, claims, or controversies (“disputes”) between a member and the Cooperative arising from or related in any way to the Cooperative’s provision of electricity or other services, its furnishing of any goods, or its conduct of operations, other than disputes relating to the payment for electrical energy provided by the Cooperative, that are not resolved by agreement of the parties shall, at the written request of any party, be resolved by binding arbitration by a single arbitrator. Arbitration shall take place in Bottineau County, North Dakota, or at such other place as agreed by the parties. The selection of the arbitrator and all arbitration rules and procedures shall be determined pursuant to the Uniform Arbitration Act in North Dakota Century Code Chapter 32-29.3, or any successor provisions, and pursuant to any additional written procedures to be established from time to time by the Cooperative’s Board of Directors. The determination of any dispute in arbitration shall be governed by the laws of the State of North Dakota. The cost of the arbitrator and the filing fees shall be shared equally by the parties.

All disputes between the parties must be arbitrated individually, and not through a Class Action.

Each member of the Cooperative, by virtue of their membership, agrees to arbitrate any and all claims or controversies according to these bylaws and the regulations and policies prescribed by the Board of Directors. This agreement to arbitrate disputes shall survive any withdrawal from or termination of a member's membership in the Cooperative.

ARTICLE X

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.