

Valley Telecommunications Cooperative Association, Inc.
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BYLAWS
As Revised
October 1, 2008

It shall be the aim of VALLEY TELECOMMUNICATIONSCOOPERATIVE ASSOCIATION, INC., to provide dependable area-wide service on the cooperative plan and at the lowest cost consistent with sound economy and good management.

ARTICLE I MEMBERSHIP

SECTION 1. Requirements for Membership.

Any person, firm, association, corporation or body politic may become a member of Valley Telecommunications Cooperative Association, Inc., (hereinafter called the "Cooperative") by:

- (a) Making a written application for membership and communication service;
- (b) Agreeing to purchase from the Cooperative communication service in accordance with established tariffs as hereinafter specified;
- (c) Agreeing 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 Directors (hereinafter called the "Board");
- (d) No member may hold more than one membership interest in the Cooperative, and no membership shall be transferable except by conversion as hereinafter provided.

SECTION 2. Membership Record.

Membership in the cooperative shall be evidenced by enrolling the name of the person, firm, association, corporation or body politic making application in compliance with SECTION 1 above on the Membership Record maintained in the office of the Cooperative, as it appears on the Application for Service.

SECTION 3. Joint Membership.

One or more persons may apply for a joint membership and, subject to their compliance with the requirements of SECTION 1 of this Article, may be accepted for such membership. The effect 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 of either separately, or both jointly, shall constitute one joint vote, and if a person is a joint member with more than one other person who may be absent from the meeting, the member who is present at the meeting is entitled to one vote only, whether the member holds an individual membership or one or more joint memberships;
- (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 director, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership.

A membership may be converted in the following manner:

- (a) To a joint membership upon written request signed by both or all joint members and so recorded in the Membership Record;
- (b) From a joint membership upon the death of a joint member, provided there is a sole survivor and such single membership is recorded in the Membership Records; except that two or more survivors may continue the joint membership upon written request signed by all and recorded in the Membership Record; however, the estate of the deceased shall not be released from any debt due the Cooperative.

SECTION 5. Membership and Service Connection Fee.

No membership fee shall be assessed to the applicant for communication service. Upon actual receipt of communication service from the Cooperative, such applicant shall become a member. A connection fee or charge for any additional amounts shall be paid by each member in accordance with the rules, regulations or tariffs as may be adopted by the Board of Directors. Discontinuance of such service shall terminate membership in the Cooperative.

SECTION 6. Purchase of Communication Service.

Each member shall, as soon as telephone or other communication service is available, take such service from the Cooperative to be used on the premises specified in the member's application for membership, and shall pay therefore at rates as established by the Board and pay such amounts owed by said member as and when the same shall become due and payable; provided, however, that the Board may limit the amount of communication service which the Cooperative shall be required to furnish to any one member.

SECTION 7. Termination of Membership.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the directors, expel any member who fails to comply with any of the provision of the Articles of Incorporation, Bylaws or any rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary that such failure makes said member liable for expulsion, and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members of any annual or special meeting. The membership of a member who has ceased to purchase communication service from the Cooperative shall be cancelled.

(b) 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 the member's estate from any debts due to the Cooperative.

(c) In case of withdrawal or termination of membership, the Cooperative shall evidence such withdrawal or termination by removing the member's name from the Membership Record kept and maintained in the office of the Cooperative.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property 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 assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all such members, unless otherwise provided by law.

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 MEETING OF MEMBERS

SECTION 1. Annual Meeting.

Beginning with the year 1967, the Annual Meeting of the members shall be held at any time during the month of October of each year on a date and at a place to be selected by the Board of Directors, for the purpose of electing directors, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative.

SECTION 2. Special Meetings.

Special Meetings of the members may be called by the President, Board, or members having one-fifth (1/5) of the votes entitled to be cast at such meeting. It shall 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 as shall be designated by the Board of Directors specified in the notice of the Special Meeting.

SECTION 3. Notice of Members' Meetings.

Written 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 to each member, not less than ten (10) days nor more than thirty (30) 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 person calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the member's address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to

receive notice of an Annual or Special Meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum.

A quorum at any member meeting shall be ten percent (10%) of the first one hundred (100) members, plus five percent (5%) of the additional members, present in person; provided a quorum shall never be more than fifty (50) members nor less than five (5) members, or a majority of all members, whichever is smaller. Members represented by signed vote may be counted in computing a quorum only as to those questions as to which the signed vote is taken.

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.

- (a) A person, partnership, unincorporated association, another cooperative, corporation, body politic, or a joint member as limited in ARTICLE I, may become a member of this Cooperative but shall be entitled to only one vote.
- (b) Voting by proxy shall not be allowed.
- (c) Voting by mail shall not be permitted.
- (d) 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. An individual may represent more than one such member, and may also vote as an individual if he or she is a member.

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, except as otherwise determined by the members at such meetings.

- (a) Report on the number of members present in person in order to determine the existence of a quorum.
- (b) 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.
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of reports of officers, directors, and committees.
- (e) Election of Directors.
- (f) Unfinished Business.
- (g) New Business.
- (h) Adjournment.

ARTICLE IV DIRECTORS

SECTION 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of not less than five (5) nor more than thirteen (13) directors, 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.

There are hereby established nine (9) director districts, and one (1) director from each district shall be elected at the Annual Meeting as provided in these Bylaws. The director districts are as follows:

- (a) District 1 – the Herreid Exchange.
- (b) District 2 – the Pollock Exchange.
- (c) District 3 – the Mound City Exchange.
- (d) District 4 – the Glenham Exchange.
- (e) District 5 – the Hosmer Exchange.
- (f) District 6 – the Long Lake Exchange.
- (g) District 7 – the Leola Exchange.
- (h) District 8 – the Eureka Exchange.
- (i) District 9 – the Ipswich Exchange.

SECTION 2. Eligibility of Former Employee for Board Membership and Former Board Member for Employment.

No employee or former employee shall be eligible for election to the Board of Directors until five years has passed since the termination of his or her employment. No Director or former director shall be eligible for employment by the Cooperative until five years has passed since the expiration of his or her service as a director.

SECTION 3. Election and Tenure of Office.

At each Annual Meeting, the directors shall be elected by ballot by the members present at the Annual Meeting, as provided in these Bylaws, to serve for a period of three (3) years, or until their successors have been elected and shall have qualified; or to fill an unexpired term made vacant for any reason. Directors shall be elected by a majority of the members present at the meeting. If the top vote-getters receive an equal number of votes on the original ballot, those nominees shall be re-submitted to be voted upon by the members present until a winner is determined. If an election shall not be held on the day designated for the Annual Meeting or at any adjournment thereof, the Board of Directors shall cause an election to be held at a Special Meeting of the members within a reasonable time thereafter.

SECTION 4. Qualifications.

A person shall be eligible to become or remain a director for the Cooperative who:

(a) Is a member, is presently residing in the area served or to be served by the cooperative, and is at least 18 years of age or older; and

(b) Is not employed by or financially interested in the Association or in a competing enterprise or a business engaged in selling communication service or supplies, or constructing or maintaining communication facilities.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board shall remove such director 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.

SECTION 5. Removal of Directors by Membership.

Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent (10%) of the members, or two hundred (200) members, whichever is the lesser, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten (10) 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 charge; and the person or persons bringing the charges against the director shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members. A director may be removed upon a majority vote of the members present.

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, provided that the new director shall be a resident of the same district from which the removed director was elected.

SECTION 6. Vacancies.

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring on the Board shall be filled by the affirmative vote of a majority of the remaining directors until the next Annual Meeting, when the members shall elect a director for the unexpired portion of the term, if any. Such vacancy shall be filled by a member from the same district as that of the director who created the vacancy.

SECTION 7. Compensation.

Directors shall not receive any salary for their services as directors except that, by resolution of the Board of Directors, an attendance fee and actual expense, if any, shall be allowed for attending each meeting of the Board of Directors, committee meetings or any other meetings authorized by the Board. No director shall receive compensation or any other benefits for serving the Cooperative, except as determined by resolution of the Board of Directors, not to exceed compensation or other benefits that are available generally to officers and employees. No director or close relative of a director shall receive compensation for serving the Cooperative in any other capacity unless the payment and amount of compensation shall be specifically authorized by a vote of the members, or shall have been certified by the Board as an emergency measure. The following shall constitute a close relative of a director: spouse, brother, sister, child or stepchild, parent or step-parent, son-in-law, daughter-in-law, mother-in-law, or father-in-law. All employees shall divulge any relationship to a director before the time of their employment.

SECTION 8. Nominations.

(a) Directors shall be nominated by petition signed by not less than fifteen members who reside in the Director District. Only one member of a joint member may sign a nominating petition.

(b) The nominating petition shall state the name and address of the person running for director, and the number of the district in which he or she is running; each member signing said petition shall also date his or her signature and place his or her address on the petition.

(c) The petition shall be filed in the office of the Corporation in Herreid, South Dakota, not less than thirty days prior to the Annual Meeting. Any petition received which has been mailed by first class mail, postage prepaid and postmarked thirty days prior to the Annual Meeting shall be deemed to have been filed in sufficient time.

(d) Not less than sixty days before the Annual Meeting, the Secretary of the Corporation shall be caused to be mailed to each member of a Director District entitled to vote thereon a notice that there is or will be a vacancy in the Director District, that any person who qualifies under the Bylaws may run for that directorship, and that prior to running, a petition must be signed by fifteen members of the district, and filed no later than thirty days before the Annual Meeting. The notice shall contain the date, place, and time of said Annual Meeting, and shall also state that a petition in proper form may be requested from the Cooperative headquarters and will be mailed to all member making said request.

(e) If only one person files a petition in proper form within the proper time, that person shall be elected at the Annual Meeting. There shall be no nominations from the floor.

ARTICLE V MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings.

Regular meetings of the Board shall be held at such time and place as the Board may provide by resolution, but no less often than quarterly.

SECTION 2. Special Meetings.

Special Meetings of the Board may be called by the President or by any three (3) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the directors calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings.

Written notice of the time and place and if a special meeting the purpose of any meeting of the Board shall be delivered to each director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or by the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to each Director at the Director's address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum.

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

SECTION 5. Other Committees.

The Board of Directors may, at its discretion, appoint such other committees as may be necessary.

ARTICLE VI OFFICERS

SECTION 1. Number.

The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer; and any other officers designated by the Board of Directors. The offices of Secretary and 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 at the next regular meeting of the Board held 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 following the next succeeding Annual Meeting of the members, or until his successor shall have been elected and shall have qualified. Except as otherwise provided in these Bylaws, the vacancy in any office may be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Directors.

Any officer or agent elected or appointed by the Board may be removed by the Board 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 percent (10%) of the members, or two hundred (200) members, whichever is the lesser, 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 (10) days prior to the Board 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 to the charges; and the person or persons bringing the charges against the officer or agent shall have the same opportunity. In the event the Board does not remove such officer, the question of the officer's 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 of the Board, shall preside at all meetings of the members and the Board;
- (b) Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by the Bylaws to some other officer or agents 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 from time to time.

SECTION 5. Vice-President.

In the absence of the President or in the event of the President's inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to the Vice-President by the Board.

SECTION 6. Secretary.

The Secretary shall:

- (a) Keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative, and affix the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws and the provisions of the Articles of Incorporation;
- (d) Keep a register of the names and post office addresses of all members;
- (e) Have general charge of the books of the Cooperative;
- (f) Keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member); and at the expense of the Cooperative, forward a copy of the Bylaws and of all amendments thereto to each member; and
- (g) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board.

SECTION 7. Treasurer.

The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative.
- (b) Be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board.

SECTION 8. Manager.

The Board 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 may from time to time vest in said manager.

SECTION 9. Compensation.

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

SECTION 10. 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 of Communication Services.

In the furnishing of communication 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 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, both directly and indirectly, from the Cooperative's operating income in the furnishing of communication services in excess of operating costs and expenses properly chargeable against the furnishings of communication service. 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. This capital shall be distributed as follows:

(a) An amount not less than one percent (1%) nor more than five percent (5%) thereof shall be set aside as an educational fund to be used in teaching or promoting cooperative organization or principles in a manner prescribed by the Board. Such funds shall, for all purposes except the computation in net proceeds, be deemed an expense of operation of the Cooperative.

(b) All of the remainder of 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 method of allocating such credits shall conform to generally accepted practices of telephone cooperatives. The specific methodology used will consider the sources of such receipts, with consideration given to the measurement of both direct and indirect receipts. The total of the patrons' capital credits shall be apportioned among the several patrons on the basis of their respective patronage of this Cooperative, and may be apportioned on the basis of their respective patronage of, and the net proceeds resulting from, the operations of the various pools or departments of this Cooperative, and from the various kinds, qualities, grades, quantities and values of products or services or equipment, provided that there shall be no distinction or discrimination between patrons who are members and patrons who are not members. 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. The individual capital accounts shall be maintained in a manner so that the capital furnished relative to the furnishing of telecommunications information services can be distinguished from the allocation of capital derived from non-operating and other income. 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 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 a part of the capital credited to the accounts of patrons as herein provided.

All other amounts received by the Cooperative as non-operating income, which shall include but not be limited to interest income, dividends, capital gains and other miscellaneous income, in excess of costs and expenses, may, at the discretion of the Board of Directors and insofar as permitted by law:

(a) Be reserved as unallocated retained earnings, and shall not be allocated to the Cooperative's patrons on a patronage basis

as a part of the capital credited to the accounts of patrons, as herein provided.

(b) Be used for business purposes as determined by the Board of Directors of this Cooperative.

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. Any such retirements of capital shall be at the discretion and direction of the Board of Directors as to timing, method and type of retirement, and may include the retirement of capital furnished from non-operating and other income on a cycle basis different from the retirement of capital furnished relative to telecommunications and information services. Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor, and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise. Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, 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 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 or otherwise dispose of all its property unless such sale or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than three-fourths (3/4) of all the members of the Cooperative, and unless the notice of such proposed sale or other disposition shall have been contained in the notice of the meeting, provided, however, that notwithstanding anytime herein contained, the Board, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, 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 shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or other lending institution; provided further, that the Board may, upon the authorization of a majority of those members of the Cooperative present 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 this 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, South Dakota."

ARTICLE X FINANCIAL TRANSACTION

SECTION 1. Contracts.

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

SECTION 2. Checks, Drafts, etc.

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

SECTION 3. Deposits.

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

SECTION 4. Fiscal Year.

The fiscal year of the Cooperative shall begin on the first day of July of each year and shall end on the thirtieth day of June.

ARTICLE XI MISCELLANEOUS

SECTION 1. Membership in Other Organizations.

The Cooperative may become a member of or purchase stock in any other cooperative association, corporation or other association, complying with the laws of the State of South Dakota upon the affirmative vote of a majority of the Board.

SECTION 2. Waiver of Notice.

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

SECTION 3. Rules and Regulations.

The Board 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 shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations or any regulatory body, and the Rural Utilities Services. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such reports shall be submitted to the members at the next following Annual Meeting.

ARTICLE XII AMENDMENTS**SECTION 1. By Members.**

These Bylaws may be altered, amended or repealed by a majority vote of the members voting and attending any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

SECTION 2. By Directors.

The Board of Directors may amend ARTICLE I and ARTICLE VII, provided that the alterations, amendments or repeal be reported at the next regular member meeting.