

**BYLAWS OF
SIOUX VALLEY ENERGY CUSTOMER TRUST**

ARTICLE I

NAME OF ORGANIZATION

The name of the corporation shall be the Sioux Valley Energy Customer Trust, Inc., hereinafter referred to as the "TRUST".

ARTICLE II

PURPOSE OF ORGANIZATION

The purpose of the TRUST shall be the accumulation and disbursement of funds for charitable and educational purposes primarily in the area served by Sioux Valley Southwestern Electric Cooperative, Inc., including emergency energy assistance. Upon dissolution of the TRUST, any remaining funds shall be distributed as stated in the Articles of Incorporation.

ARTICLE III

FUNDING

The TRUST shall be funded by Operation Round-Up® voluntary contributions from customers of Sioux Valley Southwestern Electric Cooperative, Inc. and from any other source of funds available to the said TRUST.

ARTICLE IV

MEMBERS

Section 1. The members of TRUST shall be those persons, from time to time, serving on the Board of Directors of Sioux Valley Southwestern Electric Cooperative, Inc.

Section 2. The annual meeting of the members shall be held in the months of June, July or August on such date and at such time and place as the Board of Directors shall designate from time to time.

Section 3. Special meetings of the members may be called by the President or the Board of Directors or any two (2) Directors. A special meeting of the members may be held within or without the State of South Dakota.

Section 4. Members may take any action required by SDCL 47-22 to 47-28 without a meeting of the members if a consent in writing setting forth the action so taken shall be signed by all members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote.

Section 5. Notice to Members of Meeting. Written notice stating the place, day and hour of the meeting of members and in case of special meeting of members, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail by direction of the President or the Secretary or officers or persons calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his/her address as it appears on the records of the TRUST, with postage thereon prepaid.

Section 6. Quorum. Seven (7) members entitled to vote represented in person shall constitute a quorum at a meeting of the members. A majority of the votes entitled to be cast on a matter to be voted upon by the members or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of the matter unless a greater proportion is required by SDCL Chapters 47-22 to 47-28 inclusive.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Number of Directors, Election or Appointment, Term of Office. The TRUST shall be administered by a seven (7) person Board of Directors. The initial Board of Directors shall be composed of seven (7) persons designated by the Board of Directors of Sioux Valley Southwestern Electric Cooperative, Inc. Two (2) of the initial Directors of the TRUST shall be appointed to one (1) year terms and shall serve until their successors are elected at the 2001 Annual Membership Meeting of the TRUST. Two (2) of the initial Directors of the TRUST shall be appointed to two (2) year terms and shall serve until their successors are elected at the 2002 Annual Membership Meeting of the TRUST and three (3) of the initial Directors of the TRUST shall be appointed to three (3) year terms and shall serve until their successors are elected at the 2003 Annual Membership Meeting of the TRUST.

Thereafter, the term of office for each Board member shall be for a period of three (3) years.

Section 2. Qualifications of Board Membership. A Board member of the TRUST shall be at least eighteen (18) years of age; a permanent resident of the State of South Dakota or Minnesota, and, except for the at-large Director, be a member and bona fide resident within the service area of Sioux Valley Southwestern Electric Cooperative, Inc. The Director at-large need not be a member but must reside within the outer boundaries of the service area. If an existing Director becomes disqualified because he or she ceases to be a member or resident, they may continue serving on the Board until their term expires provided that they continue to live within the outer boundaries of the service area. No Director of Sioux Valley Southwestern Electric may be a Director on the Board of Directors of the TRUST.

Section 3. Selection of Board of Directors. The initial Board of Directors shall be designated by the Board of Directors of Sioux Valley Southwestern Electric Cooperative, Inc. One Director shall be selected from each of the following counties: Brookings, Lake, Moody, Minnehaha, Pipestone and Rock, along with one at-large Director. Thereafter, when vacancies are to be filled or when terms expire, persons shall be named to their respective vacancies on the Board of Directors of the TRUST by a vote of the members, i.e., the Directors of Sioux Valley Southwestern Electric Cooperative, Inc.

Section 4. Meeting of the Board of Directors.

A. **Regular Meeting:** The Board of Directors of the TRUST

shall meet at least annually at a place designated by the Board. The Board of Directors shall meet at such other regular times as the Board shall designate from time to time.

B. **Special Meetings:** Special meetings of the Board of Directors may be called by the President of the TRUST or by any three (3) Directors of the TRUST and it shall thereupon be the duty of the Secretary to cause a Notice of such meeting to be given as hereafter provided. The President or Directors calling such meeting shall fix the time and place.

Section 5. Notice of Director Meeting. Notice of any special meeting of the Board of Directors shall be given at least five (5) days previously thereto by written notice delivered personally and/or sent by mail or electronic mail to each Director at the address as shown by the records of the TRUST. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of waiver of such meeting, unless specifically required by law, the Articles of Incorporation or by these Bylaws.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, provided that if less than a majority of the Directors are present at said meeting a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. 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 of Directors, except where otherwise provided by law or by these Bylaws.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors shall be filled as provided in this Article V Section 3. A Director elected to fill a vacancy shall be elected for the unexpired term of his/her predecessor in office.

Section 9. Removal. Directors of the TRUST shall be removed from office for malfeasance, misconduct, or neglect of duty by a majority of the members of Directors and upon the happening of such event; the members may fill the vacancy as heretofore provided in Section 3 of Article V. A Director shall be deemed to have removed himself/herself from office if he/she has an unexcused absence from three (3) consecutive meetings. If a Director resigns, the members will fill the unexpired term of such Director in accordance with Section 3 of Article V.

Section 10. Action Without a Meeting. Any action required to be taken at a meeting of the Directors, or any other action, which may be taken at a meeting of the Directors, may be taken without a meeting if consent in writing setting forth the action so taken be signed by all Directors entitled to vote with respect to the subject matter thereof. Consent shall have the same force and effect as a unanimous vote.

ARTICLE VI

COMPENSATION FOR DIRECTORS

No Director shall receive compensation for serving on the Board of Directors of the TRUST. Such Board members may, however, be paid a reasonable per diem not exceeding \$100.00 per meeting for attendance at Board and other business meetings and may be reimbursed for mileage and out of pocket expenses incurred while on the business of the TRUST when such business is sanctioned and approved by the Board of Directors of said TRUST.

ARTICLE VII

OFFICERS

The officers of the TRUST shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as may be determined by the Board from time to time.

ARTICLE VIII

ELECTION OF OFFICERS AND TERMS OF OFFICE

The officers shall be elected annually by secret ballot by the Board of Directors at a meeting of the Directors held on an

annual basis after the Annual Meeting or as soon thereafter as is reasonably possible.

The terms of office shall be for one (1) year. However, nothing shall prevent an officer from being elected to consecutive terms of office with a maximum of three (3) consecutive terms.

ARTICLE IX

EX OFFICIO MEMBERS OF BOARD OF DIRECTORS

The General Manager of Sioux Valley Southwestern Electric Cooperative, Inc., or his/her designee, shall be an ex officio non-voting member of the Board of Directors of the TRUST. The TRUST may, from time to time, have such other ex officio non-voting members as the Board of Directors may, in its discretion determine as necessary or prudent.

ARTICLE X

POLICIES, RULES AND REGULATIONS

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

ARTICLE XI

DUTIES OF OFFICERS

A. **President:** The President shall be the principal executive officer of the TRUST and, unless otherwise determined by

the Board of Directors, shall preside at all meetings of the Board of Directors and in general perform all duties incidental to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

B. **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 of Directors.

C. **Secretary:** The Secretary shall be responsible for the keeping of the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose; be responsible for seeing that all notices are duly given in accordance with these Bylaws or as required by law; be custodian of the corporate records of the TRUST; have general charge of the books of the TRUST; be responsible for the keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the TRUST containing all amendments thereto; and, in general, perform all duties as from time to time may be assigned to the Secretary by the Board of Directors.

D. **Treasurer:** The Treasurer shall have charge and custody of and be responsible for all funds and securities of the TRUST; be responsible for the receipt of and the issuance of receipts for

monies due and payable to the TRUST from any source whatsoever, and for the deposit of all such monies in the name of the TRUST in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and in general perform all the duties incidental to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board of Directors.

ARTICLE XII

CHECK SIGNING

Any and all checks issued by the TRUST, for any purpose, shall be signed by two officers or one officer and such other person(s) as may be designated by the Board of Directors of the TRUST as having check signing authority.

ARTICLE XIII

DISBURSEMENT OF FUNDS

Except as otherwise provided by these Bylaws, the Board of Directors of the TRUST shall have the full and sole responsibility for the disbursement of all monies of the TRUST in accordance with these Bylaws and the policies and guidelines as adopted by the Board of Directors.

Prior to the consideration, by the Board of Directors of the TRUST, of any disbursement, each member of the Board of Directors of the TRUST shall disclose and explain any personal and/or business interest, connection, kinship, or other association he or she has with the person, family, group, corporation or other

entity under consideration for funding by the TRUST.

Such director shall, if requested by the President or any three members of the Board of Directors of the TRUST, excuse himself or herself from the meeting and not participate in the discussion of or voting on the disbursement.

If no request is made that the interested Director excuse himself or herself from the meeting, then and in that event, said Director may participate in the discussion of the disbursement but shall not vote on the disbursement.

ARTICLE XIV

COMMITTEES

Section 1. Executive Board. The Executive Board shall consist of the officers of the TRUST, and except as hereinafter provided, shall have and exercise the authority of the Board of Directors in the management of the TRUST; but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Directors of any responsibility imposed upon them by law. Any action of the Executive Board must be reported to the Board of Directors at the next Regular Meeting and may be over-ridden or vetoed by said Board at such meeting.

Section 2. Other Committees. Other committees may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. The President

of the TRUST shall appoint the members of each such committee, subject to Board approval. Any member thereof may be removed by the Board whenever, in their judgment, the best interests of the TRUST shall be served by such removal.

Section 3. Term of Office. Each member of a committee shall continue as such until his/her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member cease to qualify as a member thereof.

Section 4. Chairperson. Each committee shall select a person to serve as chairperson of the Committee, who shall also be responsible for all committee reports to the Board.

Section 5. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 6. Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7. Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE XV

ACCUMULATION OF FUNDS

The TRUST shall receive from Sioux Valley Southwestern Electric Cooperative, Inc. Operation Round-Up® funds collected by the Sioux Valley Southwestern Electric Cooperative, Inc. for the benefit of the TRUST on a regular basis, but at least quarterly. Any other contributions and funds may be recovered by the TRUST on a regular basis, but at least annually. The TRUST may also solicit and accept contributions from other sources as deemed appropriate by its Board of Directors.

ARTICLE XVI

INVESTMENT OF FUNDS

The Board of Directors of the TRUST shall be responsible for the funds entrusted to it and shall make such investment of said funds in a manner which is reasonable and prudent and in keeping with these Bylaws and the policies and guidelines of the TRUST.

ARTICLE XVII

AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority of the members present at any regular meeting or at any special meeting, provided that at least a ten (10) day written notice is given of intention to alter, amend, repeal, or to adopt new Bylaws at such meeting.

ARTICLE XVIII

BOOKS AND RECORDS

The Trust shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Directors, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep same at the registered or principal office of the TRUST. All books and records of the TRUST may be inspected by any member or by any Director, or his/her agent or attorney, for any proper purpose at any reasonable time. Furthermore, the Board of Directors of the TRUST shall make reports to the Board of Directors of Sioux Valley Southwestern Electric Cooperative, Inc. on the operation and expenditures of the TRUST as may be necessary and prudent, but at least annually.

ARTICLE XIX

LIMITATION ON ACTIVITIES

No substantial part of the activities of the TRUST shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the TRUST shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Bylaws, the TRUST shall not carry on any other activities not permitted to be carried on by (1) a TRUST exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code, and/or (2) a TRUST, contribution to which are deductible under Section 170(c)(2) of said Code and the regulation thereunder as the same now exist or as they may be hereafter amended from time

to time.

ARTICLE XX

BORROWING FUNDS

The TRUST shall not have the authority to borrow monies from any bank, savings and loan or other institutions for any purpose.

ARTICLE XXI

EMERGENCY EXPENDITURE

The Executive Committee of the TRUST by a vote of at least three (3) of its members may from time to time make expenditures on an emergency basis, in accordance with these Bylaws; and any policies and guidelines adopted by the Board of Directors of the TRUST; and in accordance with the purpose of this TRUST, in an amount not exceeding One Thousand and No/100ths Dollars (\$1,000.00), to any person, family, group or organization.

Such emergency expenditure shall be fully disclosed by the Executive Committee at the next regularly called meeting of the Board of Directors of the TRUST.

ARTICLE XXII

AMOUNT OF EXPENDITURES

Unless otherwise provided by these Bylaws and in keeping with the purpose of this TRUST, the Board of Directors of the TRUST may make annual expenditures of TRUST funds by majority vote of Directors present at a meeting and constituting a quorum according to the following rules:

A. Not more than Two Thousand Five Hundred and No/100ths Dollars (\$2,500.00) annually to any individuals or family unit.

B. Not more than Ten Thousand and No/100ths Dollars (\$10,000.00) annually to any group, organization, charity, emergency energy assistance fund, or like organization.

ARTICLE XIII

EXPENDITURES EXCEEDING

TEN THOUSAND AND NO/100THS (\$10,000.00) DOLLARS

Notwithstanding any other provision of these Bylaws the Board of Directors of the TRUST may, by a two-thirds vote of the entire Board of Directors of the TRUST, make expenditures in any amount to any person(s), family unit, group, organization, charity, emergency energy assistance fund, or like organization which such Directors determine is in keeping with the purpose and spirit of the TRUST and these Bylaws.

ARTICLE XIV

RETENTION OF FUNDS

The Board of Directors of the TRUST may in its discretion retain a reasonable reserve fund but shall otherwise generally allocate and expend any and all monies within one (1) year of receipt.

ARTICLE XXV

PROXY VOTING

There shall not exist proxy voting at any meeting of the Board of Directors of the TRUST or the members.

ARTICLE XXVI

AUDIT

The Board of Directors of the TRUST shall cause the books and records of the TRUST to be audited on an annual basis by a certified public accountant and a report in keeping with sound accounting principles shall be issued to the Board of Directors of the TRUST and the Board of Directors of Sioux Valley Southwestern Electric Cooperative, Inc.

ARTICLE XXVII

FISCAL YEAR

The fiscal year of the TRUST shall begin on the first day of January and end on the last day of December in each year.