

**BYLAWS  
OF  
KEM ELECTRIC OPERATION ROUNDUP, INC.**  
As Amended September 30, 2014

ARTICLE 1.

NAME

The name of the corporation shall be the KEM Electric Operation Roundup, Inc., herein referred to as "OPERATION ROUNDUP".

ARTICLE 2.

FUNDING

OPERATION ROUNDUP shall be funded by contributions received from persons in the service area of KEM Electric Cooperative, Inc. together with funds received from other sources available to OPERATION ROUNDUP.

ARTICLE 3.

BOARD OF DIRECTORS

OPERATION ROUNDUP shall be administered initially by a seven (7) person Board of Directors. The initial Board of Directors shall be composed of seven (7) members of KEM Electric Cooperative, Inc. The Board shall have at least one (1) director from each district in the KEM Electric Cooperative, Inc., service area.

At the initial organizational meeting of the Board of Directors, the directors shall by law draw for terms of office as follows: two directors, one (1) year; two directors, two (2) years; and three directors, three (3) years. Following the expiration of the initial staggered terms, the terms of office for each director shall be for a period of three (3) years.

ARTICLE 4.

QUALIFICATIONS OF DIRECTORS

A director of OPERATION ROUNDUP shall be at least eighteen (18) years of age, a member of KEM Electric Cooperative, Inc. and of good moral character. It shall be necessary for directors of OPERATION ROUNDUP to be members of KEM Electric Cooperative, Inc. No person holding a seat on the Board of Directors of KEM Electric Cooperative, Inc., shall be a director of the OPERATION ROUNDUP Board.

ARTICLE 5.

SELECTION OF BOARD OF DIRECTORS

The initial Board of Directors shall be as designated in the Articles of Incorporation of OPERATION ROUNDUP. Thereafter, when vacancies are to be filled or when terms expire, persons shall be named to their respective vacancies on the said Board of Directors by the Member. The existing Board of Directors of OPERATION ROUNDUP may make recommendations to the Member for nominees for the OPERATION ROUNDUP Board.

ARTICLE 6.

MEMBER MEETING

The annual meeting of the membership of the corporation may be held at such place within or without the State of North Dakota as shall be set by the Member. The meeting may be held at the December meeting of the Board of Directors of the Member. This meeting shall be for the transaction of such business as may properly come before it.

ARTICLE 7.

COMPENSATION FOR DIRECTORS

No director shall receive compensation for serving on the Board of Directors of OPERATION ROUNDUP. Such directors may, however, be reimbursed for mileage and out of pocket expenses incurred while on the business of OPERATION ROUNDUP when such business is sanctioned by the Board of Directors of said OPERATION ROUNDUP.

ARTICLE 8.

MEETING OF THE BOARD OF DIRECTORS

A. Regular Meeting. The Board of Directors of OPERATION ROUNDUP shall meet not less than annually at a place designated by the Board. The Board of Directors may meet at such other times as they may deem at their discretion to be necessary. Attendance at such meeting may be held via telecommunications.

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

C. Notice of Directors Meeting. Written notice of the time and place of regular and special meetings of the Board of Directors shall be delivered to directors of the Board not less than five (5) days prior thereto, either personally, by mail, by facsimile, by e-mail or at the direction of the Secretary, and upon default in that duty by the Secretary, then by the Chairperson or the directors calling for such meeting. Any person appearing at any such meeting waives notice of said meeting.

ARTICLE 9.

QUORUM

A majority of the Board of Directors shall, unless otherwise designated in these Articles, constitute a quorum. In the event that less than a majority of the Board of Directors is present at any meeting, the majority of those Directors present may adjourn the meeting and designate a place and time for the next meeting, under which circumstances the Secretary shall notify the absent directors of the place and time of the next meeting. An act of the majority of the Board of Directors present at any meeting at which a quorum is present, and unless otherwise provided in these Bylaws, shall be the act of the Board of Directors of OPERATION ROUNDUP.

ARTICLE 10.

DIRECTOR STANDARDS

Any director of OPERATION ROUNDUP shall automatically cease to be a director if and in the event such director misses three (3) successive “regular” meetings as outlined in Section “A” of Article 7 of these Bylaws. Any director of OPERATION ROUNDUP may otherwise be removed as provided by North Dakota law.

Each director shall recognize his or her capacity as a person occupying a place of trust and should not create a position in which self interest conflicts with any duty the director owes to the corporation. No director shall be permitted to make a profit from any self-dealing transaction, whether individually or acting as an agent, without affirmatively fully disclosing the same and engaging in arms length fair dealing with the corporation.

Any director who actually or potentially is involved with a self-dealing matter, shall make full disclosure of the interest, shall not vote on the matter, and shall leave the board room during the discussion of the matter unless requested to stay in the board room during discussion. Such director shall not vote upon such matter and shall not be counted as a part of the quorum for the vote on the matter. The minutes of the meeting shall reflect that a disclosure was made and that the director having a conflict of interest did not participate in the discussion and abstained from voting.

## ARTICLE 11

### REMOVAL OF DIRECTOR OF BOARD

Any director of OPERATION ROUNDUP shall automatically cease to be a director if and in the event such director misses three (3) successive “regular” meetings as outlined in Section “A” of Article 7 of these Bylaws. Any director of OPERATION ROUNDUP may otherwise be removed as provided by North Dakota law.

## ARTICLE 12.

### OFFICERS OF THE CORPORATION

The officers of OPERATION ROUNDUP shall be a Chairperson, a Vice- Chairperson, a Secretary, and a Treasurer, and such other officers as may be determined by the Board from time to time.

## ARTICLE 13.

### ELECTION OF OFFICERS AND TERMS OF OFFICE

The officers shall be elected annually by the Board of Directors at a meeting of the Board of Directors held on an annual basis for the initial organizational meeting. Contested elections shall be decided by secret ballot.

The terms of office shall be for one (1) year, however, nothing shall prevent an officer from being re-elected to consecutive terms of office.

ARTICLE 14.

NON-VOTING DIRECTORS

The General Manager of KEM Electric Cooperative, Inc. shall be a non-voting director of the Board of Directors of OPERATION ROUNDUP. OPERATION ROUNDUP may from time to time have other such non-voting directors as the Board of Directors may in its discretion determine as necessary or prudent.

ARTICLE 15.

POLICIES, RULES AND REGULATIONS

The Board of Directors of OPERATION ROUNDUP shall have the 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, administration and regulation of the business and affairs of OPERATION ROUNDUP.

ARTICLE 16.

DUTIES OF OFFICERS

A. Chairperson. The Chairperson shall be the principal executive officer of OPERATION ROUNDUP 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 Chairperson and such other duties as may be prescribed by the Board of Directors from time to time.

B. Vice-Chairperson. In the absence of the Chairperson, or in the event of his inability or refusal to act, the Vice-Chairperson shall perform the duties of the Chairperson, and when so acting, shall have all the power of and be subject to all the restrictions upon the Chairperson. The Vice-Chairperson shall also perform such other duties as from time to time may be assigned to him 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 record of OPERATION ROUNDUP; have general charge of the books of OPERATION ROUNDUP; be responsible for the keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of OPERATION ROUNDUP containing all amendments thereof; and, in general, perform all duties incidental to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

D. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of OPERATION ROUNDUP; be responsible for the receipt of and the issuance of receipts for monies due and payable to OPERATION ROUNDUP from any source whatsoever, and for the deposit of all such monies in the name of OPERATION ROUNDUP in such bank or banks as shall be selected in accordance with the provision 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 him by the Board of Directors. The Treasurer may appoint one or more Deputy Treasurers to assist in performance of the duties of Treasurer.

## ARTICLE 17.

### CHECK SIGNING

Any and all checks issued by OPERATION ROUNDUP, for any purpose, shall be signed by two (2) officers; or one (1) officer and one (1) such other person as may be designated by the Board of Directors as having check signing authority.

## ARTICLE 18.

### DISBURSEMENT OF FUNDS

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

Prior to the consideration by the Board of Directors of OPERATION ROUNDUP of any disbursement, directors of OPERATION ROUNDUP 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 OPERATION ROUNDUP.

Such director shall, if requested by the Chairperson or any three (3) directors of the Board of Directors of OPERATION ROUNDUP, 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 19.

ACCUMULATION OF FUNDS

The Member shall transfer funds collected by it for the benefit of OPERATION ROUNDUP on a regular basis, but in no event less than quarterly. OPERATION ROUNDUP may also solicit and accept contributions from other sources as deemed appropriate by its Board of Directors.

ARTICLE 20.

INVESTMENT OF FUNDS

The Board of Directors of OPERATION ROUNDUP 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 of OPERATION ROUNDUP.

ARTICLE 21.

AMENDMENT OF BYLAWS

These Bylaws may be altered, amended, or repealed by the Member. The Board of Directors of OPERATION ROUNDUP may make advisory recommendations to the Member.

ARTICLE 22.

ACCOUNTING SYSTEM & REPORTS

The Board of Directors of OPERATION ROUNDUP shall cause to be established and maintained a complete accounting system such that is in keeping with sound financial management and further more the Board of Directors of OPERATION ROUNDUP shall make reports to the Member, on the operation and expenditures of OPERATION ROUNDUP as may be necessary and prudent, but in no case less than annually.

ARTICLE 23.

BORROWING FUNDS

OPERATION ROUNDUP shall NOT have the authority to borrow monies from any bank, savings and loan or other institution for any purpose.

ARTICLE 24.

EMERGENCY EXPENDITURE

The Board of Directors of OPERATION ROUNDUP by a vote of at least five (5) of its directors may from time to time make expenditures on an emergency basis, in accordance with these Bylaws, and policies adopted by the Board of Directors of OPERATION ROUNDUP; and in accordance with the purpose of this OPERATION ROUNDUP, in an amount not exceeding ONE THOUSAND AND NO/100THS (\$1,000.00) DOLLARS, to any person, family, group or organization.

ARTICLE 25.

AMOUNT OF EXPENDITURES

UNLESS otherwise provided by these Bylaws and in keeping with the purpose of this OPERATION ROUNDUP the Board of Directors of OPERATION ROUNDUP may make annual expenditures of OPERATION ROUNDUP 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 (\$2,500.00) DOLLARS annually to any individual, family unit, group, organization, charity or like organization.

ARTICLE 26.

RETENTION OF FUNDS

The Board of Directors of Operation Roundup will retain an amount in reserves of not less than TWO HUNDRED FIFTY AND NO/100THS DOLLARS (\$250.00). The funds previously set aside in reserves as of January 1, 2005, exceeding the TWO HUNDRED FIFTY AND NO/100THS DOLLARS (\$250.00), can be used for charitable contributions beginning in the calendar year of 2005.

ARTICLE 27.

PROXY VOTING

There shall not exist proxy voting at any meeting of the Board of Directors of OPERATION ROUNDUP.

ARTICLE 28.

AUDIT

The Board of Directors of OPERATION ROUNDUP shall on an annual basis cause the books and records of OPERATION ROUNDUP to be audited as directed by the Board of Directors and a report in keeping with sound accounting principles be issued to the Board of Directors of OPERATION ROUNDUP and the Member.

ARTICLE 29.

FISCAL YEAR

The Fiscal Year of OPERATION ROUNDUP shall commence on the 1<sup>st</sup> day of January of each calendar year and end on the 31<sup>st</sup> day of December of each calendar year.