

WESTERN TELECOMMUNICATIONS ALLIANCE BYLAWS

ARTICLE I: DESCRIPTION

Section 1.01. Name

The Corporation's name is Western Telecommunications Alliance

Section 1.02. Type of Corporation

(a) The Corporation is a Nonprofit Corporation organized under and pursuant to the Laws of the State of Montana. Of the types of Nonprofit Corporation permissible under the Montana Nonprofit Corporation Act, the Corporation is designated as a Mutual Benefit Corporation.

(b) The Corporation will operate as a business league that is not organized for profit and that permits no part of any net earnings that it may realize to inure to the benefit of any private member or individual. The Corporation will seek, obtain and maintain exemption from federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986. The Corporation will not participate or intervene in political campaigns nor carry on any other activities that are not permitted to be carried on: (a) by a corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986 (or the corresponding provision of any future Internal Revenue Code or statute); or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future Internal Revenue Code or statute).

ARTICLE II: OFFICES

Section 2.01. Principal Office

The Board of Directors ("Board") shall specify the location of the principal executive office of the Corporation. The initial location and any subsequent locations of this principal executive office shall be at any feasible place within the western United States. For the purposes of these Bylaws, the "western United States" consists of the twenty-four (24) states located in whole or in part west of the Mississippi River (including Alaska and Hawaii), and the United States territories and protectorates located in the Pacific Ocean.

Section 2.02. Subordinate Offices

The Board may establish additional branch or subordinate offices at any time and at any place or places it determines to be feasible.

ARTICLE III: MEMBERS

Section 3.01. Classification and Qualification of Members

The Corporation shall have the following four classes of members:

(a) Category I Members shall consist of those companies, associations, cooperatives, corporations and similar entities: (i) that are directly engaged or about to engage (in whole or part) in the independent local exchange telephone service business within the western United States; and (ii) that are or have been Rural Utilities Service (“RUS”) borrowers or that are eligible to qualify for any RUS loans. Each Category I Member shall have a single Voting Membership, and shall be entitled to one vote on any motion, proposition, issue or other item placed before the Corporation’s Members for vote at any Annual Meeting, Special Meeting, or written ballot in lieu of a meeting.

(b) Category II Members shall consist of those entities that are authorized to do business within the western United States and that are engaged in any of the following principal lines of business: (i) interexchange carrier service; (ii) local exchange telephone service as an adjunct to the principal business, but not eligible as a Category I Member; (iii) radio common carrier services, including cellular, radio paging and personal communications services; (iv) competitive access provider service; (v) cable television service; (vi) resale of telecommunications services; (vii) enhanced telecommunications service; or (viii) any other telecommunications company whose Category II membership application is approved by the Board. Category II Members as a whole shall be represented by one voting Board member. The Category II Board member shall be nominated by the Category II Members, and must be approved by a concurring vote of a majority of the Category I Members represented at the Annual Meeting at which Board members are elected for the same term. No Category II Member shall have a Voting Membership, nor be entitled to vote [except as specified in Section 3.02(a) below] on any motion, proposition, issue or other item placed before the Corporation’s Members for vote at any Annual Meeting, Special Meeting, or written ballot in lieu of a meeting.

(c) Category III Members shall consist of those individuals, proprietorships, partnerships, cooperatives or corporations: (i) that are engaged in the manufacture or sale of telecommunication apparatus or the publication of trade papers; (ii) that are professional individuals or firms of accountants, attorneys or engineers; or (iii) that have businesses allied with the businesses of Category I Members or Category II Members. Category III Members as a whole shall be represented by not more than two voting Board members. The Category III Board member or members shall be nominated by the Category III Members, and must be approved by a concurring vote of a majority of the Category I Members represented at the Annual Meeting at which Board members are elected for the same term. No Category III Member shall have a Voting Membership, nor be entitled to vote [except as specified in Section 3.02(a) below] on any motion, proposition, issue or other item placed before the Corporation’s Members for vote at any Annual Meeting, Special Meeting, or written ballot in lieu of a meeting.

(d) Honorary Members shall consist of individuals or entities that are recommended specifically by the Board and that are approved by a concurring vote of a majority of the Category I Members represented at the Annual Meeting at which the Board's recommendation is presented. Honorary Members shall have no representation on the Board and shall not be entitled to vote on any matter.

Section 3.02. Rights of Members

(a) Voting Rights. As detailed in Section 3.01, each Category I Member is entitled to one vote on each matter submitted to a vote of the Members. Category II, Category III and Honorary Members are not entitled to vote on any matter submitted to a vote of the Members, except to the extent that Sections 35-2-224 and 35-2-231 of the Montana Nonprofit Corporation Act require that Category II and/or Category III Members be permitted to vote as separate classes on proposed amendments to the Corporation's Articles of Incorporation or Bylaws that would (i) affect the rights, privileges or restrictions of that class as to voting, dissolution, redemption or transfer of memberships in a manner different from the manner in which the amendment would affect another class; (ii) change the rights, privileges or restrictions of that class as to voting, dissolution, redemption or transfer of memberships by changing the rights, privileges or restrictions of another class; (iii) increase or decrease the number of memberships authorized for that class; (iv) increase the number of memberships authorized for another class; (v) cause an exchange, reclassification, or termination of the memberships of that class; or (vi) authorize a new class of memberships.

(b) Other Membership Rights. Category I Members shall be entitled to exercise any and all of the rights and privileges provided in these Bylaws and by law to Category I Members or to members in general. Except where explicitly stated otherwise, all references to "Members" or "members" in these Bylaws refer only to Category I Members. Category II, Category III and Honorary Members are nominal memberships only, and are entitled to exercise only those rights and privileges expressly provided in these Bylaws to Category II, Category III or Honorary Members, respectively. Category II, Category III and Honorary memberships do not entitle the holders thereof to any of the rights of Category I Members. Except as specifically provided in these Bylaws, no reference in these Bylaws or elsewhere to "Members" or "members" shall be construed to grant Category II, Category III and/or Honorary Members any of the rights given to Category I Members, including without limitation the rights to vote, to receive notice, to call meetings, to obtain records, or to receive distributions of assets upon dissolution.

(c) No Distribution of Net Earnings. No part of the net earnings of the Corporation (if there are any) will inure to the benefit of, or be distributed to, any Director, officer, Category I Member, Category II Member, Category III Member or Honorary Member or any other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to

make payments and distributions in furtherance of the mutual benefit and tax-exempt purposes for which it was formed.

(d) Rights Upon Dissolution. Upon the liquidation or dissolution of the Corporation, the Board shall pay or make provision for the payment of all of the liabilities of the Corporation. The Board shall then dispose of all of the remaining assets of the Corporation exclusively for the mutual benefit and tax-exempt purposes of the Corporation, including the contribution of some or all of such assets to one or more organizations: (i) that are organized and operated exclusively as business leagues, trade associations or mutual benefit corporations; and (ii) that qualify at the time as a tax-exempt organization or organizations under Section 501(c)(6) of the Internal Revenue Code of 1986 (or the corresponding provision of any future Internal Revenue Code or statute).

Section 3.03. Terms of Membership, Admission and Renewal

All Category I, Category II and Category III memberships in the Corporation shall extend for one calendar year only, from January 1 through December 31, regardless of the effective date of admission to membership or renewal of membership. Each membership shall automatically expire and all rights of membership shall terminate at the close of business on December 31, unless the membership is renewed prior to that time. Any entity qualified for Category I, Category II or Category III membership under Section 3.01 of these Bylaws shall be admitted to membership only upon the approval of the Board and upon receipt by the Corporation of payment of the first annual dues as specified in Section 3.04 in these Bylaws. A membership shall be renewed only if the member continues to be qualified for its category of membership as provided in Section 3.01 of these Bylaws and if the Corporation receives payment of its annual dues for the subject year.

Section 3.04. Dues

The annual dues payable to the Corporation by members shall be in such amounts as shall be determined by resolution of the Board. Dues shall be payable for the first year at the time of admission to membership and annually thereafter at such time or times as may be fixed by the Board.

Section 3.05. Membership Records

(a) Membership Records. The Corporation shall keep in written form membership records containing the name, address, and class of each Category I, Category II, Category III and Honorary Member. With respect to memberships that have terminated, the records shall specify the fact of termination and the date on which such membership ceased. All membership records shall be kept at the principal office of the Corporation, except that the Board may authorize older records that are no longer necessary for legal

purposes or otherwise useful to the Corporation to be destroyed or stored at another location.

(b) Access to Membership Records. The Corporation will prepare an alphabetical list of the names, addresses and numbers of votes of all of its members entitled to vote at each annual or special meeting of Members. This list may be inspected by any member, member's agent or member's attorney: (i) at the Corporation's principal office during regular business hours beginning two business days after notice is given of the meeting and ending at the close of business on the business day before the Corporation's Executive Vice President departs for the meeting; and (ii) at an appropriate and secure location in or near the facility at which the meeting is held at all reasonable times during meeting sessions and breaks between meeting sessions when a Corporate employee or representative can be present. Upon advance written notice of at least five (5) business days, any member, member's agent or member's attorney may inspect and/or copy the list for the purpose of communicating with other members concerning the matters to be addressed or voted upon during the meeting. Upon advance written notice of at least five (5) business days, any member, member's agent or member's attorney may inspect and/or copy other membership records for lawful and appropriate purposes related to the member's interest as a member. Without the express prior written consent of the Board, no member, member's agent or member's attorney may copy or use any of the Corporation's membership records or lists for any commercial purpose, including sale or lease to any entity or the solicitation of money or property from members (unless for a purpose expressly authorized by Montana law). Any prohibited use of membership records or lists may result in the Board's expulsion of the member pursuant to Section 3.08(a)(5) of these Bylaws.

(c) Alternative Access to Membership Records. In lieu of inspection or copying, the Corporation may deliver to the member making the request to inspect or copy membership records or lists a written offer of an alternative method of achieving the purpose identified in the member's request without providing access to or a copy of the requested membership records or list. An alternative method which reasonably and in a timely manner accomplishes the proper purpose set forth in the request shall be deemed reasonable unless the Corporation fails within a reasonable time to do those things which it offered to do. Any rejection of the offer by the requesting member shall be in writing and shall indicate the reasons the alternative proposed by the Corporation does not meet the proper purpose of the member's request.

Section 3.06. Nonliability of Members

No Category I, Category II, Category III or Honorary Member of the Corporation shall, solely because of such membership, be personally liable for the acts, debts, liabilities or obligations of the Corporation.

Section 3.07. Transferability of Membership

The Board may provide by resolution for the transfer of memberships within any class or classes, with or without restriction or limitation, including transfer on the death, dissolution, merger or reorganization of a member.

Section 3.08. Termination of Membership

(a) Events of Termination. The membership and all rights of membership of any member shall terminate on the occurrence of any of the following events:

- (1) The voluntary resignation of the member;
- (2) The expiration of the term of membership, unless such membership is renewed pursuant to Section 3.03 of these Bylaws;
- (3) The member ceases to meet the applicable category membership requirements set forth in Section 3.01;
- (4) The death or dissolution of the member;
- (5) The failure or refusal of the member to pay its dues in timely fashion in accordance with Section 3.04 of these Bylaws; or
- (6) The expulsion of the member by a vote of seventy-five percent (75%) or more of the existing Directors on the Board for inappropriate or unlawful conduct that injures or threatens to injure the activities or reputation of the Corporation. Before it can expel a member, the Board must give the member at least fifteen (15) days' prior notice in writing of the proposed expulsion and the reasons for it, and afford the member at least ten (10) days to submit a written response to the Board (which response date must be received at least five (5) days prior to the Board's vote regarding the expulsion).

(b) Effect of Termination. All rights of a member in the Corporation and in its property shall cease on the termination of such member's membership. Termination shall not relieve the member from any obligations it may have to the Corporation as a result of obligations incurred or commitments made prior to its resignation, including but not limited to obligations for charges incurred, services or benefits actually received, dues or fees, or arising from contracts or otherwise. The Corporation shall retain the right to enforce any such obligation or obtain damages for their breach.

ARTICLE IV: MEETINGS OF MEMBERS

Section 4.01. Place

Meetings of members shall be held at the principal office of the Corporation or at such locations as may be designated from time to time by resolution of the Board.

Section 4.02. Annual Meeting

The members shall meet annually at a regular meeting at such time and place as shall be designated by the Board, for the purpose of transacting such proper business as may come before the meeting, including the election of Directors.

Section 4.03. Special Meetings

Special Meetings of members may be called by: (i) the Board; (ii) the President of the Corporation; or (iii) a written demand signed by at least fifteen percent (15%) of the Category I Members of the Corporation that is delivered to an officer of the Corporation and that states the purpose or purposes for which the Special Meeting is to be held. Special Meetings may be held at the principal office of the Corporation or at a location designated by resolution of the Board.

Section 4.04. Notice of Meetings

(a) Notices for All Meetings. Written notice of every annual and special meeting of members shall be delivered to each Category I Member and any other member that on the record date for notice of the meeting is entitled to vote at the meeting. Delivery may be: (i) by first-class United States mail, postage prepaid; (ii) by hand; (iii) by overnight delivery service; or (iv) by e-mail, and will be completed not less than ten (10) days nor more than sixty (60) days before the date of the meeting. The notice shall be addressed to the member at the address of such member appearing on the books of the Corporation or at the address given by the member to the Corporation for the purpose of notice. Where no such address appears or is given, notice shall be given at the principal office of the Corporation.

(b) Additional Requirements for Notices of Special Meetings. Upon the calling of a Special Meeting by members pursuant to the provisions of Section 4.03(iii) of these Bylaws, notice of the meeting must be given by the Corporation within thirty (30) days after the written demand was delivered to the officer of the Corporation, or the members demanding the Special Meeting may give the notice.

(c) Notices for Adjourned Meetings. If an Annual Meeting or Special Meeting of members is adjourned to another time or place, and if the adjournment is for more than forty-five (45) days or if after the adjournment a new record date is fixed for resumption of the adjourned meeting, a notice of the resumed meeting shall be given to each member of record entitled to vote at the meeting.

Section 4.05. Contents of Notice

(a) General. All notices of meetings shall state the place, date, and time of the meeting.

(b) Annual Meetings. Notices of Annual Meetings shall also state those matters which the Board, at the time the notice is given, intends to present for action by the members, provided, however, that any proper matter may be presented at the meeting for action.

(c) Special Meetings. Notices of Special Meetings shall state the general nature of the business to be transacted, and no other business may be transacted at such Special Meeting.

(d) Director Elections. Notices for any meeting at which Directors are to be elected shall also include the names of all those who are nominees at the time the notice is given to the members.

(e) Member Requests. Notices for Annual Meetings and Special Meetings shall give notice of a matter a member intends to raise at the meeting: (i) if a member entitled to call a Special Meeting pursuant to Section 4.03 of these Bylaws requests in writing that a description of the matter be included in the notice; and (ii) if such written request is received by the President or Secretary of the Corporation at least ten (10) days prior to the transmittal of the notice.

Section 4.06. Quorum

A quorum at any meeting of members shall consist of twenty-five percent (25%) of the voting power, represented in person or by proxy. For purposes of this Bylaw, “voting power,” means the number of votes entitled to be cast on the matter for which the quorum is determined to be present or not present.

Section 4.07. Loss of Quorum

The members present at a duly called or held meeting at which a quorum was determined to be present for the matters under consideration may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if the actions taken after loss of the quorum (other than adjournment) are approved by at least a majority of members required to constitute a quorum.

Section 4.08. Adjournment for Lack of Quorum

In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the votes represented, but no other business may be transacted except as provided in Section 4.07 of these Bylaws.

Section 4.09. Voting of Members

(a) Entitlement. Members shall have the voting rights provided in Section 3.02(a) of these Bylaws.

(b) Authorization to Cast Vote of Voting Member. The vote of a Member may be cast by any individual authorized by the Member to vote on its behalf. If the authorized person is an officer or manager of the Member, authorization may be given in any manner deemed sufficient by the Member. If the authorized person is voting as a proxy, the Member must sign an appropriate appointment form and cause such form to be delivered to the Secretary of the Corporation. Any vote purported to be cast in the name of a Member shall be presumed to be voted in accordance with the provisions hereof unless the contrary is shown, in which event the vote of such Member shall not be counted until the Board has determined who is entitled to cast such vote.

Section 4.10. Action Without Meeting by Written Ballot

(a) Subject to the provisions of Section 35-2-533 of the Montana Nonprofit Corporation Act, any action that may be taken at an annual or special meeting of members may be taken without a meeting, provided there is a satisfaction of the following requirements:

(1) The Corporation shall deliver a written ballot to every member entitled to vote on the matter;

(2) The written ballot must set forth each proposed action and provide an opportunity for the member to vote "for" or "against" each such proposed action;

(3) The number of votes cast by written ballot must equal or exceed the quorum required to be present at a meeting authorizing the action;

(4) Approval by written ballot is valid if the number of "for" votes equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot;

(5) All solicitations for votes by written ballot must: (i) indicate the number of responses necessary to meet the quorum requirements; (ii) state the percentage of "for" votes necessary to approve each matter other than the election of directors; and (iii) specify the time by which a ballot must be received by the Corporation in order to be counted; and

(6) A written ballot may not be revoked by a Member.

(b) Election of Directors by Written Ballot. In any election of Directors, any form of written ballot in which the Directors to be voted on are named therein as candidates and which is marked by a member "withheld" or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld, shall not be counted as a vote either for or against the election of a Director, but shall be considered solely for the purpose of meeting quorum requirements.

Section 4.11. Conduct of Meetings

(a) The President of the Corporation or, in his or her absence, the Vice President of the Corporation, or in his or her absence, any other person chosen by a majority of the Category I Members present in person or by proxy, shall preside over meetings of the members.

(b) Secretary of Meetings. The Secretary of the Corporation, or in his or her absence the Executive Vice President of the Corporation, shall act as the Secretary of all meetings of members; provided that in their absence, the President of the Corporation shall appoint another person to act as Secretary of the meeting.

(c) Rules of Order. The Robert's Rules of Order, as amended from time to time, shall govern the meetings of members insofar as such rules are not inconsistent with or in conflict with these Bylaws, the Articles of Incorporation of this Corporation, or the Montana Nonprofit Corporation Act.

Section 4.12. Inspectors of Election

In advance of any meeting of members, the Board may appoint either one (1) or three (3) persons, other than candidates for office, as Inspectors of Elections to act at the meeting and any adjournment thereof. If Inspectors of Election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the President of the Corporation may, and at the request of any Category I Member must, appoint additional Inspectors of Election at the meeting. If Inspectors are appointed at a meeting at the request of one or more Category I Members, the majority of Category I members represented in person or by proxy shall determine whether the total number of Inspectors are to be one (1) or three (3).

ARTICLE V: BOARD OF DIRECTORS

Section 5.01. Authority of Board of Directors

Except as expressly provided in the Montana Nonprofit Corporation Act, the Articles of Incorporation or these Bylaws, all corporate powers of the Corporation shall be exercised by or under the direction of the Board, and the activities and affairs of this Corporation shall be managed under the direction of the Board.

Section 5.02. Number of Directors

(a) Initial Board of Directors. The initial Board will have a minimum of nine (9) Directors and a maximum of thirty-seven (37) Directors. It will be comprised of the individuals serving as the directors of the Rocky Mountain Telecommunications Association (RMTA) and the Western Rural Telephone Association (WRTA) on April 30, 2003. In order to facilitate the transition to the ultimate Board and the implementation of staggered terms for Directors, each initial Director will serve until the Annual Meeting of members at which the Director representing his or her state, territory or category is elected. As indicated by the schedule in Section 5.02(c) below, an initial Director may serve a term of one (1), two (2) or three (3) years.

(b) Ultimate Board of Directors. As of the 2006 Annual Meeting of members and thereafter, the Board shall have a minimum of nine (9) Directors and a maximum of twenty-eight (28) Directors. These Directors shall consist of: (i) one (1) Director from each state to represent the Category I Members in each of the twenty-four (24) states within the western United States; (ii) one (1) Director to represent the Category I members in the Pacific Rim Islands; (iii) one (1) Director to represent the Category II Members; and (iv) one (1) or two (2) Directors to represent the Category III Members.

(c) Transition Period and Staggered Terms.

(i) At the 2004 Annual Meeting of Members, Directors will be elected to represent Arizona, Hawaii, Louisiana, Missouri, North Dakota, Nebraska, Oregon, Washington, Category II Members and Category III Members. The terms of all initial Directors representing these states and the associate members of RMTA and WRTA will end at the 2004 Annual Meeting. Directors representing Arizona, Hawaii, Louisiana, Missouri, North Dakota, Nebraska, Oregon, Washington, Category II Members and Category III Members will thereafter be elected at the 2007 Annual Meeting, at the 2010 Annual Meeting and at the Annual Meeting every three years thereafter.

(ii) At the 2005 Annual Meeting of Members, Directors will be elected to represent Alaska, Arkansas, Colorado, Iowa, Minnesota, Oklahoma, the Pacific Rim Islands, Texas and Wyoming. The terms of all initial Directors representing these states and territories will end at the 2005 Annual Meeting. Directors representing Alaska, Arkansas, Colorado, Iowa, Minnesota, Oklahoma, the Pacific Rim Islands, Texas and Wyoming will thereafter be elected at the 2008 Annual Meeting, at the 2011 Annual Meeting and at the Annual Meeting every three years thereafter.

(iii) At the 2006 Annual Meeting of Members, Directors will be elected to represent California, Idaho, Kansas, Montana, New Mexico, Nevada, South Dakota and Utah. The terms of all initial Directors representing these states will end at the 2006 Annual Meeting. Directors representing California, Idaho, Kansas, Montana, New Mexico, Nevada, South Dakota and Utah will thereafter be elected at the 2009 Annual Meeting, at the 2012 Annual Meeting and at the Annual Meeting every three years thereafter.

Section 5.03. Qualifications of Directors

Each Director shall, at the time of election and at all times during his or her term, be an officer or authorized representative of a Category I, Category II or Category III Member. At any time, not more than one Director may be an officer or authorized representative of the same Member or of the same group of Members under common control.

Section 5.04. Term of Office of Directors

The normal term of office for each elected Director shall be three (3) years. However, the term of office of a person who ceases to be qualified to be a Director under Section 5.03 of these Bylaws shall automatically and immediately terminate. In addition, the operation of Section 5.02(c) of these Bylaws will cause the term of office of certain initial Directors to be less than three (3) years.

Section 5.05. Limitation on Consecutive Director Terms

Directors shall be eligible for reelection for not more than three (3) consecutive full three (3)-year terms, except that a Board membership may be extended for the President in order to fulfill a two (2)-year term as President. A Director who has served three (3) consecutive full terms shall be eligible again for election as a Director only after the expiration of nine (9) months from the last date of his or her service as a Director.

Section 5.06. Nomination of Directors

(a) Directors Representing Category I Members. The President shall appoint a Nominating Committee having at least three (3) members, at least ninety (90) days prior to each Annual Meeting of Members. The Nominating Committee shall nominate individuals that meet the qualifications in Section 5.03 of these Bylaws to fill the expiring terms of Directors and other vacancies on the Board, and shall present all nominations no later than the opening of the Annual Meeting. In the alternative, any person qualified to be a Director under Section 5.03 of these Bylaws may also be nominated by petition if such petition: (i) is signed by at least fifteen (15) Category I members; and (ii) is submitted to the principal office of the Corporation at least fifteen (15) days prior to the Annual Meeting at which the election is to be held or the date set for the return of any written ballot.

(b) Director Representing Category II Members. The Director representing the Category II Members shall be nominated by a majority vote of the Category II Members represented at the Annual Meeting at which Board members are elected for the same term.

(c) Director(s) Representing Category III Members. The Director or Directors representing the Category III Members shall be nominated by a majority vote of the Category III Members represented at the Annual Meeting at which Board members are elected for the same term.

(d) Inclusion of Nominee Names in Meeting Notice. Notices for any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the members.

Section 5.07. Election of Directors

(a) Directors Representing Category I Members. The Directors shall be elected either at each Annual Meeting as prescribed by Section 4.02 of these Bylaws or by written ballot as authorized by Section 4.10 of these Bylaws. The candidates receiving the highest number of votes up to the number of Category I Directors to be elected will be elected.

(b) Director Representing Category II Members. The Director nominated by a majority vote of the Category II Members must be approved by a concurring vote of a majority of the Category I Members represented at the Annual Meeting at which Board members are elected for the same term.

(c) Director(s) Representing Category III Members. The Director or Directors nominated by the Category III Members must be approved by a concurring vote of a majority of the Category I Members represented at the Annual Meeting at which Board members are elected for the same term.

Section 5.08. Compensation of Directors

The Directors shall serve without compensation.

Section 5.09. Meetings

(a) Place of Meetings. All meetings of the Board shall be held at the principal office of the Corporation as fixed pursuant to Section 2.01 of these Bylaws, or at such other place or places designated by the Board.

(b) Regular Meetings. Regular Meetings of the Board shall be held at each Annual Meeting of the members of the Corporation at the time and place fixed by the Board. The Board may also schedule Regular Meetings at mid-year meetings and other meetings of the members of the Corporation by fixing the times and places of such Regular Meetings.

(c) Special Meetings. Special Meetings of the Board may be called by: (i) the President; (ii) the Vice-President; or (iii) twenty-five percent (25%) of the Directors then in office. Special Meetings shall be held on five (5) days' notice by first class mail, postage prepaid, or on twenty-four (24) hours' notice delivered personally or electronically. Notice of a Special Meeting need not be given to any Director: (i) who signs a waiver of notice; (ii) who signs a written consent to the holding of the meeting; (iii) who approves the minutes of the meeting, either before, during or after the meeting; or (iv) who attends the meeting without protesting, prior thereto or at its commencement, the lack of such notice. All such waivers, consents and approvals shall be filed with the corporate records or made part of the minutes of the meetings.

(d) Quorum. A majority of the authorized number of Directors constitutes a quorum of the Board for the transaction of business, except as hereinafter provided.

(e) Transactions of Board. Except as otherwise provided in the Articles, in these Bylaws, or by the Montana Nonprofit Corporation Act, every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, provided, however, that any meeting at which a quorum

was initially present may continue to transact business notwithstanding the withdrawal of Directors if any action taken is approved by at least a majority of the required quorum for such meeting.

(f) **Conduct of Meetings.** The President, or in his or her absence, the Vice President, or in his or her absence, any Director selected by the Directors present shall preside at meetings of the Board. The Secretary of the Corporation or, in his or her absence the Executive Vice President or any person appointed by the presiding officer, shall act as Secretary of the Board.

(g) **Remote Participation in Meetings.** Directors may participate in Regular Meetings or Special Meetings of the Board through use of conference telephones or similar communications equipment, as long as all members participating in the meeting may simultaneously hear each other during the meeting. A director participating in a meeting by this means is considered to be present in person at the meeting.

(h) **Adjournment.** A majority of the Directors present, whether or not a quorum exists, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time or place must be given prior to resumption of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 5.10. Action Without Meeting

Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board individually or collectively consent in writing to such action. The required written consent or consents shall: (a) describe the action taken; (b) be signed by each Director; and (c) be included in the minutes filed with the corporate records reflecting the action taken. Action by written consent has the effect of a meeting vote, and is effective when the last Director signs the written consent (unless the written consent specifies a different effective date).

Section 5.11. Removal of Director

(a) **Removal of Director by Members.** At a Special Meeting of Members called pursuant to the provisions of Sections 4.03, 4.04 and 4.05 of these Bylaws, a Director may be removed from the Board, with or without cause, by a vote of at least fifty-five percent (55%) of the members entitled to vote at the Special Meeting. The meeting notice must state expressly that the purpose or one of the purposes of the meeting is the removal of the Director.

(b) **Removal of Director for Failure to Attend Board Meetings.** A Director may be removed from the Board due to his or her failure to attend five (5) consecutive Regular and/or Special Meetings of the Board. Removal shall occur if a majority of the then-

existing Directors votes to remove the Director at a Special Meeting of the Board that is called expressly for the purpose of removing the Director. For the purposes of this section, Special Meetings of the Board that are called on twenty-four (24) hours' notice delivered personally or electronically do not count toward the "five (5) consecutive Regular and/or Special Meetings of the Board" that may result in removal of a non-attending Director.

Section 5.12. Resignation of Directors

A Director may resign at any time by delivering written notice to the President or the Secretary. A resignation is effective when the written notice is delivered, unless the notice specifies a later effective date. If a resignation is made effective at a later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

Section 5.13. Vacancies on the Board

(a) Causes. Vacancies on the Board of Directors shall exist on the death, resignation or removal of any Director; and whenever any Director ceases to be qualified pursuant to Section 5.03 of these Bylaws.

(b) Filling Vacancies by Directors. Except for a vacancy created by the removal of a Director pursuant to Section 5.11(a) of these Bylaws, vacancies on the Board shall be filled by a majority of the Directors then in office.

(c) Filling Vacancies by Members. Where a Director is removed at a Special Meeting of Members pursuant to Section 5.11(a) of these Bylaws, the vacancy shall be filled by a vote of the majority of the Members represented at the Special Meeting.

Section 5.14. Committees of the Board

(a) Creation of Committees. The Board, by resolution approved by a majority of the total number of Directors then in office, may create one or more Committees of the Board, each consisting of two or more Directors, to serve at the pleasure of the Board. The President shall nominate the members of such Committees and the Board shall approve them by majority vote of the Directors then in office.

(b) Powers of Committees. To the extent provided in the Board resolution, a Committee shall have all the authority of the Board, except that no Committee may:

(i) authorize distributions;

(ii) approve or recommend to members dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the Corporation's assets;

(iii) elect, appoint or remove Directors or fill vacancies on the Board or on any of its Committees;

(iv) create any other Committees of the Board or appoint the members of any Committees of the Board;

(v) fix compensation of the Directors for serving on the Board or on any Committee;

(vi) adopt, amend or repeal any Articles or Bylaws;

(vii) amend or repeal any Board resolution that by its express terms is not so amendable or repealable;

(viii) expend corporate funds to support a nominee for Director after more people have been nominated for Director than can be elected;

(ix) with respect to any assets held in charitable trust, approve any contract or transaction between the Corporation and one or more of its Directors or between the Corporation and an entity in which one or more of its Directors have a material financial interest;

(x) expend unbudgeted funds; or

(xi) take any final action on any matter that, under the Montana Nonprofit Corporation Act, requires approval of the majority of the Board or approval by the Members of the Corporation.

(c) Meetings and Action of Committees. Meetings and actions of Committees of the Board shall be conducted in accordance with the provisions of Section 5.08 of these Bylaws; except that the time for regular meetings of such committees and calling of special meetings of such committees may be determined either by Board resolution, or if there is none, by the Committee. Minutes of each meeting of a Committee and related correspondence, notices, and documentation shall be kept and filed with the corporate records. The Board may adopt rules for the governance of any Committee that are consistent with these Bylaws or, in the absence of rules adopted by the Board, the Committee may adopt such rules.

(d) Compensation. Committee members shall serve without compensation.

Section 5.15. Executive Committee

(a) Members of the Executive Committee. The Executive Committee shall constitute a Committee of the Board and at all times be made up of at least five (5) but no more than ten (10) Board members who shall serve at the pleasure of the Board and who shall include:

(i) The immediate Past President if and as long as he or she is still serving as a Director;

(ii) The President;

(iii) The Vice-President;

(iv) The Secretary;

(v) The Treasurer;

(vi) Such additional persons as shall be nominated by the President and approved by the Board by majority vote of the Directors then in office.

(b) Powers of the Executive Committee. The Executive Committee shall have all the authority of the Board, except with respect to the matters excluded pursuant to Section 5.14 (b) of these Bylaws.

(c) Meetings of the Executive Committee. The Executive Committee may meet in person or by telephone in the same manner provided for the Board of Directors. The Executive Committee may meet upon the call of the President and upon a call of any two members of the Executive Committee. Notice of Executive Committee meetings shall be provided by telephone or e-mail at least twenty-four (24) hours in advance if the meeting is to be held by telephone, or five (5) business days in advance if the meeting is to be held in person.

(d) Minutes of the Executive Committee. Minutes of all meetings of the Executive Committee shall be promptly sent to all members of the Board and also placed with, and become part of, the minutes of the Board.

(e) Conduct of Executive Committee. In all other respects, the notices, conduct and actions of the Executive Committee shall be governed by the same Bylaws govern the same matters with respect to the Board.

Section 5.16. Advisory Committees

The Board, by resolution approved by a majority of the total number of Directors then in office, may create one or more Advisory Committees, each consisting of at least two or more Directors and possibly including one or more persons who are not Directors, to serve at the pleasure of the Board. The President shall nominate the members of such Advisory Committees and the Board shall approve them by majority vote of the Directors then in office. Advisory Committees shall not comprise Committees of the Board and shall not be delegated management of the Corporation's activities or permitted to exercise the authority of the Board.

Section 5.17. Special Committees

The Board, by resolution approved by a majority of the total number of Directors then in office, may create one or more Special Committees. The President shall nominate the members of such Special Committees and the Board shall approve them by majority vote of the Directors then in office. Unless reappointed by the Board at the Annual Meeting of the members, a Special Committee shall be considered as then discharged. Upon the appointment of a Special Committee, the Board shall appropriate a specific sum from the funds of the Corporation for the expenses of the Special Committee's activities. No Special Committee of this corporation shall be authorized to expend funds of the Corporation unless such funds are appropriated.

Section 5.18. Standards of Director Behavior; Limitation of Director Liability

(a) Discharge of Duties. A Director shall discharge his or her duties as a Director, including his or her duties as a member of a Committee: (i) in good faith; (ii) with the care that an ordinarily prudent person would exercise under similar circumstances; and (iii) in a manner that the Director reasonably believes to be in the best interests of the Corporation and its members.

(b) Right of Director to Rely upon Information and Reports. In discharging his or her duties as a Director, a Director may rely upon information, opinions, reports, or statements (including financial statements and other financial data) that are prepared or presented by: (i) one or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent regarding the matters presented; (ii) attorneys, public accountants, or other persons with regard to matters the Director reasonably believes are within the person's professional or expert competence; or (iii) a Committee of the Board of which the Director is not a member, as to matters within the Committee's jurisdiction, if the Director reasonably believes the Committee merits confidence.

(c) Limitation of Director Liability. A Director is not liable to the Corporation, to any Member of the Corporation, or to any other person for any action taken or not taken in his or her role as a Director, if the Director acted in compliance with this Section 5.18 of the Bylaws.

(d) Director Liability for Unlawful Distributions. Unless the Director complies with the standards of conduct described in Sections 5.17(a) and (b) of these Bylaws, a Director who votes for or assents to a distribution made in violation of the Montana Nonprofit Corporation Act is personally liable to the Corporation for the amount of the distribution that exceeds what could have been distributed without violating the Act. A Director held liable for an unlawful distribution is entitled to contribution: (i) from every other Director who voted for or assented to the distribution and who did not comply with the standards of conduct described in Sections 5.17(a) and (b) of these Bylaws; and (I) from each person who received the unlawful distribution whether or not such person knew that the distribution was unlawful.

Section 5.19. Transactions Involving Potential Director Conflicts of Interest

(a) Conflict of Interest Transaction. A "conflict of interest transaction" is a transaction of the Corporation in which a Director has a direct or indirect interest.

(b) Authorization of Conflict of Interest Transactions. A "conflict of interest transaction" is not voidable and may not form the basis for imposing liability upon the Director having the direct or indirect interest:

(i) if the transaction was fair at the time it was entered into by the Corporation; or

(ii) if the material facts of the transaction and the Director's interest were disclosed or known to the Board, and the Board authorized, approved or ratified the transaction via an affirmative vote of a majority of the Directors on the Board who did not have a direct or indirect interest in the transaction. In the alternative, the material facts of the transaction and the Director's interest may be disclosed to the Category I Members, and the Category I Members may authorize, approve or ratify the transaction via an affirmative vote of a majority of the Category I Members that do not have a direct or indirect interest in the transaction.

(c) Prohibition of Loans and Loan Guarantees. Notwithstanding the authorization procedures in Section 5.19(b), the Corporation may not lend money to or guarantee the obligation of any Director or Officer of the Corporation.

ARTICLE VI: OFFICERS

Section 6.01. Officers and Qualifications

The Board shall elect the following officers of the Corporation: a President, a Vice President, an Executive Vice President, a Secretary, a Treasurer, and the immediate Past-President. The Board may also elect an Assistant Secretary and/or an Assistant Treasurer if these offices are deemed necessary or useful to facilitate the execution of certain documents, instruments or reports on behalf of the Corporation. The officers (excluding the Executive Vice President, who may be an employee of the Corporation) must be members of the Board

Section 6.02. Appointment, Removal and Resignation of Officers

(a) Appointment. The President and Vice President shall each be elected for a two-year term. The Executive Vice President may be employed pursuant to a contract of employment that will set forth the rights, obligations and terms of his or her employment, including those relating to removal or resignation. The remaining officers shall be chosen by, and serve at the pleasure of, the Board.

(b) Removal. The Board may remove any officer at any time, with or without cause.

(c) Resignation. Any officer may resign at any time by delivering a written notice of resignation to the President, Secretary or Executive Vice President of the Corporation.

Section 6.03. Duties of Officers

(a) President. The President shall be the chief executive officer of the Corporation, and shall have general charge of the affairs of the Corporation. The President shall preside at all meetings of Members, the Board and the Executive Committee; and shall perform such other duties as the Board may assign.

(b) Vice President. The Vice President shall perform all the duties of the President in the absence of the President. The Vice President shall perform such other duties as the President or Board may assign.

(c) Executive Vice President. The Executive Vice President shall have the responsibility for operating the Corporation's principal office and for carrying out the day-to-day activities and operations of the Corporation. The Executive Vice President shall be bonded, and may have the rights, obligations and terms of his or her employment set forth in a contract of employment. The Executive Vice President shall perform such

other duties as the President or Board may assign, to the extent that they do not directly conflict with the provisions of such employment contract.

(d) Secretary. The Secretary shall keep or supervise the keeping of minutes for meetings of the Members and the Board, send or supervise the sending of notices to Members and the Board, and receive documents required to be delivered to the Secretary. The Secretary shall perform such other duties as the President or Board may assign.

(e) Treasurer. The Treasurer shall oversee the finances of the Corporation, and report the status of such finances at the Annual Meeting of the membership, at Regular Meetings of the Board and Executive Committee, and at any Special Meeting of the Members or the Board called, in whole or part, to discuss financial matters. The Treasurer shall be bonded, and shall perform such other duties as the President or Board may assign.

(f) Past President. The immediate Past President shall perform such duties as the President or Board may assign.

(g) Assistant Secretary. The Assistant Secretary, if any, shall perform such duties as the President, Secretary or Board may assign.

(h) Assistant Treasurer. The Assistant Treasurer, if any, shall perform such duties as the President, Treasurer or Board may assign.

Section 6.04. Execution of Documents Involving Financial Liability

(a) Contracts. No Officer may sign any contract or other instrument on behalf of the Corporation without the express written consent of the Executive Committee, if such contract or other instrument: (a) obligates or potentially obligates the Corporation to pay more than five thousand dollars (\$5,000) for property or services; or (b) renders the Corporation liable or potentially liable for damages in excess of five thousand dollars (\$5,000) if the Corporation proves unable to meet its obligations under the contract or other instrument.

(b) Loans. No Officer may sign any loan agreement or other financing instrument on behalf of the Corporation without the express written consent of the Board.

(c) Personal Liability of Officer. If an Officer signs an instrument for which express written Executive Committee or Board consent is required pursuant to Sections 6.04(a) or (b) of these Bylaws without obtaining the required consent, the Corporation may sue the Officer personally for any payments, damages, amounts and/or charges that the Corporation is required to make with respect to such instrument.

Section 6.05. Standards of Officer Behavior; Limitation of Officer Liability

(a) Discharge of Duties. An Officer shall discharge his or her duties as a Officer: (i) in good faith; (ii) with the care that an ordinarily prudent person would exercise under similar circumstances; and (iii) in a manner that the Officer reasonably believes to be in the best interests of the Corporation and its members.

(b) Right of Officer to Rely upon Information and Reports. In discharging his or her duties as an Officer, an Officer may rely upon information, opinions, reports, or statements (including financial statements and other financial data) that are prepared or presented by: (i) one or more officers, directors or employees of the Corporation whom the Officer reasonably believes to be reliable and competent regarding the matters presented; or (ii) attorneys, public accountants, or other persons with regard to matters the Officer reasonably believes are within the person's professional or expert competence..

(c) Limitation of Officer Liability. Except as provided in Section 6.04(c) of these Bylaws, an Officer is not liable to the Corporation, to any Member of the Corporation, or to any other person for any action taken or not taken in his or her role as a Officer, if the Officer acted in compliance with this Section 6.05 of the Bylaws.

ARTICLE VII: CORPORATE RECORDS, REPORTS AND SEAL

Section 7.01. Corporate Records

The Corporation shall keep the following records in written form or in an electronic or other form capable of conversion into written form within a reasonable time:

- (a) minutes of all meetings of the Members and the Board;
- (b) records of all actions taken by the Members or Directors without a meeting;
- (c) records of all actions taken by Committees of the Board;
- (d) appropriate accounting records; and
- (e) a record of the Corporation's Members that permits preparation of a list of the names and addresses of all members by class or category, showing the number of votes each member is entitled to cast at a particular future meeting.
- (f) the minutes and records in Sections 7.01(a), (b) and (c) are permanent records that are to be maintained for the life of the Corporation.

Section 7.02. Corporate Records Maintained at Principal Office

The Corporation shall keep the following records at its Principal Office or at a location from which the records may be recovered within two (2) business days:

- (a) its Articles or Restated Articles of Incorporation, and all amendments to the Articles currently in effect;
- (b) its Bylaws or Restated Bylaws, and all amendments to the Bylaws currently in effect;
- (c) resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations and obligations of members, or any class or category of members;
- (d) the minutes of all meetings of members, and the records of all actions approved by members for the past three (3) years;
- (e) the financial statements available to members for the past three (3) years;
- (f) a list of the names and business addresses of the Corporation's current officers and directors; and
- (g) its most recent Annual Report filed with the Montana Secretary of State.

Section 7.03. Financial Statements

Upon receipt of a written request from a Category I Member, the Corporation shall mail to the member a copy of the most recent financial statements showing its assets, liabilities, and results of operations.

Section 7.04. Indemnification Report

If the Corporation indemnifies or advances expenses to a Director pursuant to the indemnification provisions of Article VIII of these Bylaws, the Corporation shall report the indemnification or advance in writing to the members with or before the notice of the next Annual Meeting or Special Meeting of members.

Section 7.05. Inspection of Records by Members and Their Agents

(a) Corporate Records Maintained at Principal Office. A member, or the member's agent or attorney, is entitled to inspect and copy, during regular business hours at the Corporation's principal office, any of the records listed in Section 7.02 of these Bylaws, if the member causes a written notice or written demand for inspection and copying of such records to be delivered to the Corporation's principal office at least five (5) business days before the date the member wishes to inspect and copy.

(b) Membership Records and Lists. A member, or the member's agent or attorney, is entitled to inspect and copy the Corporation's membership records and lists in accordance with the procedures and limitations set forth in Section 3.05 of these Bylaws.

(c) Other Records. A member, or the member's agent or attorney, may inspect and copy: (i) accounting records; (ii) excerpts from minutes of meetings of the Members and the Board; (iii) excerpts from records of actions taken by the Members or Directors without a meeting; and (iv) excerpts from records of actions taken by Committees of the Board, if the member meets the requirements in the following sentence and if the member causes a written notice of the records desired to be inspected and copied to be delivered to the Corporation's principal office at least five (5) business days before the date the member wishes to inspect and copy. In order for the member, or the member's agent or attorney, to inspect and copy any of the records listed in the first sentence of this Section 7.05(c) of the Bylaws: (i) the member's request must be made in good faith and for a proper purpose; (ii) the member must describe with reasonable particularity the purpose and the records the member desires to inspect; and (iii) the records must be directly connected with the member's stated purpose for inspection.

(d) Charges for Copying. The Corporation may impose a reasonable charge for any documents that it copies and provides to a member. This charge will cover the costs of the Corporation's labor and materials.

Section 7.06. Corporate Seal

The Board shall adopt a corporate seal. The Board shall require the Secretary or Executive Vice President of the Corporation to maintain custody of the seal and to affix it in all appropriate cases to corporate documents. Failure to affix the seal shall not, however, affect the validity of any instrument.

ARTICLE VIII: INDEMNIFICATION AND INSURANCE

Section 8.01. Indemnification of Directors, Officers, Employees and Agents

(a) Indemnification Provided. Except as limited or prohibited in Sections 8.01(b), (c) and (d) of the Bylaws, the Corporation will indemnify any individual who is made or is threatened to be made a party to any legal proceeding solely because the individual is or was a director, officer, employee or agent of the Corporation, against any liability incurred with respect to the proceeding [including the obligation to pay a judgment, settlement, penalty or fine, as well as reasonable expenses (including attorneys' fees) that were actually incurred by the individual to defend himself or herself] **if** the individual:

(i) conducted himself or herself in good faith with respect to the matters relevant to the legal proceeding;

(ii) reasonably believed that his or her conduct was in the best interests of the Corporation (in the case of conduct in the individual's official capacity with the

Corporation), or that his or her conduct was at least not opposed to the Corporation's best interests (in all other cases); and

(iii) had no reasonable cause to believe that his or her conduct was unlawful (in the case of a criminal proceeding).

(b) Indemnification Not Provided. The Corporation will not indemnify a director, officer, employee or agent unless specifically ordered to do so by a court if:

(i) the individual did not satisfy the standards of conduct set forth in Section 8.01(a) of the Bylaws;

(ii) the individual was adjudged liable to the Corporation in connection with a proceeding brought by or in the right of the Corporation; or

(iii) the individual was adjudged liable on the basis of his or her receipt of an improper personal benefit in connection with a proceeding that charged receipt of an improper personal benefit by a director, officer, employee or agent.

(c) Indemnification Limited. With respect to a proceeding brought by or in the right of the Corporation, indemnification is limited to the reasonable expenses (including attorneys' fees) that were actually incurred by the individual to defend himself or herself, and does not include reimbursement for any obligation to pay a judgment, settlement, penalty or fine.

(d) Indemnification Must Be Authorized. Before the Corporation may indemnify any director, officer, employee or agent, the Board must take the following actions by majority vote of a quorum that does not include any directors that are party to the legal proceeding for which indemnification is sought:

(i) determine that indemnification is permissible because the individual has met the standards of conduct in Section 8.01(a) of these Bylaws;

(ii) determine that the expenses for which indemnification is sought are reasonable; and

(iii) authorize the indemnification.

In the alternative, the required determinations and authorization can be made by a majority vote of the Members (with any Member represented by an individual seeking indemnification being prohibited from voting) at a Special Meeting of the members called for the purpose of authorizing or denying the proposed indemnification.

(e) Advance For Expenses. The Board, by majority vote of a quorum that does not include any directors that are party to the legal proceeding for which indemnification is sought, may in its discretion agree to pay for or reimburse the reasonable expenses incurred by a director, officer, employee or agent who is party to a proceeding in advance of the final disposition of the proceeding **if**:

(i) the Board determines that the facts then known to it would not preclude indemnification under Section 8.01(a) of the Bylaws;

(ii) the individual requesting the advance furnishes the Corporation a written affirmation of his or her good faith belief that he or she has met the standard of conduct set forth in Section 8.01(a) of the Bylaws; and

(iii) the individual requesting the advance furnishes the Corporation a written undertaking, executed personally, to repay the advance in full if it is ultimately determined that he or she did not meet the standard of conduct required for indemnification.

Section 8.02. Insurance.

The Corporation shall purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee or agent of the Corporation, against liability asserted against or incurred by the individual in that capacity or arising from his or her status as a director, officer, employee or agent, whether or not the Corporation would have the power to indemnify the individual against the same liability under Section 8.01 of these Bylaws or Sections 35-2-446 through 35-2-452 of the Montana Nonprofit Corporation Act.

ARTICLE IX: ADOPTION, AMENDMENT OR REPEAL OF BYLAWS

Section 9.01. Adoption and of Amendment to Bylaws

(a) Adoption by Members. All Bylaws must be adopted, amended or repealed by the Members of the Corporation. Bylaws may be adopted, amended or repealed at: (i) an Annual Meeting under Section 4.02 of these Bylaws; (ii) at a Special Meeting pursuant to Section 4.03 of these Bylaws; or (iii) by written ballot without a meeting pursuant to Section 4.10 of these Bylaws. Meeting notices required by Sections 4.04 and 4.05 of these Bylaws and written ballots required by Section 4.10 of these Bylaws must be accompanied by a copy or detailed summary of the proposed changes to the Bylaws. Except for the changes specified in Section 9.01(b) below, all proposed additions, amendments or repeals of Bylaws must be approved by two-thirds of the votes actually cast regarding the proposed Bylaw change by Category I Members, or a majority of the total votes entitled to be cast by Category I Members, whichever number is less.

(b) Changes Affecting Category II or III Members. Sections 35-2-224 and 35-2-231 of the Montana Nonprofit Corporation Act require that Category II and/or Category III Members be permitted to vote as separate classes on proposed amendments to the Corporation's Bylaws that would (i) affect the rights, privileges or restrictions of that class as to voting, dissolution, redemption or transfer of memberships in a manner different from the manner in which the amendment would affect another class; (ii) change the rights, privileges or restrictions of that class as to voting, dissolution, redemption or transfer of memberships by changing the rights, privileges or restrictions of another class; (iii) increase or decrease the number of memberships authorized for that class; (iv) increase the number of memberships authorized for another class; (v) cause an exchange, reclassification, or termination of the memberships of that class; or (vi) authorize a new class of memberships. Any proposed amendment to the Bylaws that

would affect Category II and/or Category III members in the foregoing manner must be approved by:

(i) two-thirds of the votes actually cast by Category I Members or a majority of the total votes entitled to be cast by Category I Members, whichever number is less; and

(ii) two-thirds of the votes actually cast by the affected Category II and/or Category III Members or a majority of the total votes entitled to be cast by the affected Category II and/or Category III Members, whichever number is less.

Section 9.02. Proposals for Amendment or Repeal of Bylaws.

Changes to the Bylaws may be proposed and submitted to the Members by a vote of the majority of the Directors present at the Board meeting at which they are considered. In the alternative, changes to the Bylaws may be proposed and submitted to the Members by written demand signed by authorized representatives of fifteen percent (15%) of the Category I Members then entitled to vote at an Annual Meeting or a Special Meeting of Members. Proposed changes to the Bylaws will be considered at the next Annual Meeting, unless a Special Meeting is called pursuant to Section 4.03 of these Bylaws to consider them at an earlier date.