

SECTION 2. Mortgage or Encumbrance

In accordance with these Bylaws and applicable law, the Board of the Cooperative, without authorization by the Members may authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated. This action applies as well to the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof or to any other financing sources within the United States.

SECTION 3. Merger or Consolidation with a Cooperative

The Cooperative may merge or consolidate with any one or more cooperatives by complying with the provisions of Montana law (MCA 35-18-401 or 35-18-402) which includes the following:

- A. The proposal for merger or consolidation and the proposed articles of merger or articles of consolidation shall be approved by the Board of Trustees of the Cooperative.
- B. The proposal for merger or consolidation and the proposed articles of merger or articles of consolidation shall be submitted to a vote of the Members of the Cooperative at an Annual or Special Meeting of the Members. The notice for such meeting shall set forth the full particulars of the proposed merger or consolidation including proposed articles of merger or articles of consolidation.
- C. The proposal for merger or consolidation and the proposed articles of merger or articles of consolidation shall be approved by two-thirds (2/3) of the Members voting at such meeting or by mail.

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words “Corporate Seal of The State of Montana.”

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. Fiduciary Responsibility

The following persons are Fiduciaries of Beartooth Electric Cooperative: 1) Board Trustees, 2) committee members, and 3) employees who, in addition to fiduciary responsibility defined in these Bylaws, have responsibilities under Montana laws, Cooperative policies, job descriptions, and/or employment contracts.

Every Fiduciary is subject to the provisions of these Bylaws and shall discharge his/her duties solely in good faith and solely in the best interests of the Cooperative and its Members for the exclusive purpose of providing electric energy service. Fiduciaries may not profit from their position with the Cooperative, excluding wages, benefits, and remunerations paid by the Cooperative pursuant to Board approval.

In addition to complying with applicable Board policies, Montana law, and employment contracts, every Fiduciary shall exercise all skill, care, prudence, and due diligence at his/her disposal when acting on behalf of the Cooperative. All actions of a Fiduciary shall be that of a prudent person, familiar with such matters and acting in a similar capacity under the circumstances then prevailing under these Bylaws.

Failure to comply with the duties and responsibilities of a Fiduciary shall be grounds for removal from his/her position.