



81st ANNUAL MEETING

*POWERING COMMUNITIES
&
EMPOWERING MEMBERS*

lyrec.com **LYREC**

A Touchstone Energy® Cooperative



Only the print below in red has been added. Anything in blue with a strike through it has been deleted.

As Amended and Adopted by Vote of Members ~~June 7, 1977, June 2, 1988, June 1, 1990, June 4, 1991, June 2, 1992, June 9, 1993, June 1, 1994, June 3, 1998, June 5, 2002, June 4, 2008, June 4, 2014, 2017~~

ARTICLE I MEMBERSHIP

~~SECTION 2. (Deleted at Annual Meeting of the Members June 1, 1994)~~

SECTION 3. 2. Joint Membership.

SECTION 4. 3. Conversion of Membership.

b. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The estate of the deceased **member** shall not be released from any debts **which is owed to** ~~due~~ the Cooperative.

SECTION 5. 4. Membership Fee.

~~The membership fee shall be ten dollars, upon the payment of which a member shall be eligible for one service connection. An additional fee may be charged for each additional service connection.~~ **Any new or renewing applicant will pay LYREC the sum of \$10.00 as a membership fee.**

~~SECTION 6. 5. Purchase of Electric Energy.~~

Each member shall, as soon as electric energy ~~shall be~~ **is** available, obtain from the Cooperative all electric energy purchased on the premises specified in ~~his~~ **the** application for membership, and shall pay ~~therefore at~~ rates which shall from time to time be fixed by the board of trustees; provided, however, that the board of trustees may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board of trustees from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Each member shall also pay interest, penalties and collection fees and costs as follows:

~~a. Member will forfeit any or all discounts when full balance due is not paid by the 10th of the month.~~

~~b. a. Member agrees to pay \$1 or interest at the rate of 1 1/2 percent per month, compounded monthly (annual simple interest equivalent 19.6 percent), whichever is greater, on any account which is past due.~~ **delinquent for more than 30 days.**

~~c. Member will pay a fee set by policy if a trip to member's premises becomes necessary to collect past due accounts.~~

~~d. b. Member agrees to pay any and all expenses, including but not limited to attorney's fees and costs of collection incurred by Lower Yellowstone Rural Electric Association for action or collection of member's past due delinquent accounts.~~

~~e. c. If member's electric service is disconnected for non-payment, a new application and membership fee will be required before service is restored.~~

~~SECTION 7. 6. Termination of Membership.~~

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of trustees may prescribe. The board of trustees of the Cooperative, may, by the affirmative vote of not less than two thirds of all the trustees, expel any member who ~~shall have~~ **has** refused or failed to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the board of trustees, but only if such member ~~shall have been~~ **is** given **a 10 days'** written notice by the Cooperative that such refusal or failure makes **the member subject him liable** to expulsion and such refusal or failure ~~shall have continued for at least ten days~~ after such notice was given. Any expelled member may be reinstated by majority vote of the board of trustees or by **majority** vote of the members at any annual or special meeting.

Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall ~~thereupon~~ terminate. Termination of membership in any manner shall not release a member or his/her estate from any debt **which is owed to** ~~debts due~~ the Cooperative.

~~SECTION 8. 7. Furnishing of Other Services.~~

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members.

Upon dissolution, after a) all debts and liabilities of the Cooperative ~~shall~~ have been paid; and b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years ~~next~~ preceding the date of the filing of the certificate of dissolution, ~~or, of the Cooperative shall have not been in existence for such period, during the period of its existence.~~

ARTICLE III MEETING OF MEMBERS

SECTION 3. Notice of Members Meeting.

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, a district meeting or an annual meeting at which business other than that listed in Section 8 of this article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either ~~personally or~~ by mail **or delivered at the direction of the Secretary,**

SECTION 5. Voting.

Each member or ~~entity corporate~~ member (i.e., corporation, partnership, association, district or municipality) shall be entitled to only one vote. ~~Entity Corporate~~ members shall designate, in writing, an officer, shareholder, or director of the corporation as its voting proxy. ~~Voting may be conducted by any means authorized by state law and as approved by the Trustees.~~

An individual member may vote in person, or by proxy. An individual member shall appoint a member as a proxy in writing on an appointment form and file it with Member or Customer Service before or at the time of the annual meeting. However, no individual member may be designated as proxy for more than three (3) other individual members. No individual member proxy shall be valid after one (1) year from the date it was made.

SECTION 2. Qualifications and Tenure.

For the years 1989 through 1992 the trustees shall be elected by ballot for the following terms of office from each district as follows:

~~1989 District Nos. 1 and 2 2 years~~

~~1989 District Nos. 3 and 4 3 years~~

~~1990 District Nos. 5, 6 and 7 3 years~~

~~1991 District Nos. 1 and 2 3 years~~

~~1992 District Nos. 3 and 4 3 years~~

Thereafter, ~~T~~Trustees shall be elected for terms of three (3) years as their respective terms expire.

ARTICLE VI OFFICERS

SECTION 3. Removal of Officers and Agents by the Trustees. Any officer or agent elected or appointed by the board of trustees may be removed by the board of trustees whenever in its judgement the best interests of the Cooperative will be served thereby. ~~In addition, any member of the Cooperative may bring charges against an officer by filing such charges in writing with the Secretary, together with a petition signed by ten per centum of the members, and request the removal of the particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges to be considered, shall have an opportunity at the meeting to be heard in person or by counsel, and to present evidence in respect of the charges; the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such officer shall be considered and voted upon at the next regular or special meeting of the members.~~

SECTION 6. Secretary.

~~e. (Deleted at Annual Meeting of the Members June 4, 2008)~~

~~f. e.~~ keeping on file at all times a complete copy of articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any members) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and

~~g. f.~~ in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board.

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 2. Checks, Drafts, Etc. Except as otherwise provided by law, or in these bylaws, all checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed, ~~and or countersigned~~ by such officer, officers, agent or agents of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of trustees.

~~SECTION 4. (Deleted at Annual Meeting of the Members June 4, 2008)~~

Section 5. 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the 1st day of January, 1956, and each succeeding January 1, thereafter.

Agenda

- | | | |
|-----------------------------------|-------------------------------------|------------------------|
| 1. Call to Order | 8. Introductions | 15. By-law Amendments |
| 2. Patriotic Melody | 9. Auditor's Report | 16. Old Business |
| 3. Invocation | 10. Manager's Report | 17. New Business |
| 4. Reading of Notice of Meeting | 11. President's Report | 18. Report of Election |
| 5. Proof of Mailing | 12. Reading of Nominating Committee | 19. Adjournment |
| 6. Determination of Quorum | 13. Introduction of Nominees | |
| 7. Minutes of Last Annual Meeting | 14. Balloting for Trustees | |

Board Candidates

District 5



Dennis Nelson is a farmer and rancher from Bainville, MT. He and his wife, Tami, have three children, Drae, a sixth grader, Drue, a senior at MSU-Billings, and Lindsey Buxbaum and her husband, Chantz. His first grandchild is due in July. Prior to his election to the LYREC board, Dennis served on previous boards and community organizations including the Bainville fire board, Bainville school board, and Bainville Dollars for Scholars.

Dennis is completing his first three years of service to the LYREC board. He attended numerous training workshops and board leadership courses, and he completed his credential cooperative director courses. He liked the experience he gained and meeting other directors at state and regional meetings. Dennis said, "I have thoroughly enjoyed serving as a director on the LYREC board. If re-elected, I will continue to serve our members and cooperative to the best of my abilities."

District 6



Greg Rauschendorfer was born in Sidney and grew up on a farm/ranch in northwestern Richland County. He attended the Armstrong school through the eighth grade. He graduated from Lambert High School and attended Montana State University. In 1980, he returned to manage the family operation, where he presently resides with his wife, Donna. Greg has four children and seven grandchildren. He has always been community-minded and has reached out to children by helping those who need support and a helping hand.

Greg's involvements include being a charter member of the Charley Creek JC's, past president of the Lower Missouri River Coordinated Resource Management Council and served on the Lambert school board. Greg has served on the Lower Yellowstone REA board of trustees since 1993 and currently serves as vice president.

"As electric consumers and members of this cooperative, we all add demand on the system. The way we individually use our electric energy determines our power bill. At the board level I, We, work hard to ensure fairness in the rate structure so that every rate class is responsible for their true cost of delivered energy," Greg said.



Lynette Ruffatto is a teacher from Brockton, MT. She and her husband, Tom, have 4 grown children and two grandchildren. A 1973 graduate of Montana State University - Billings, she has a bachelor of science degree in music education and elementary education, continuing her education at Montana State University - Bozeman, the University of Montana and Minot State University. While teaching at Frontier School in Wolf Point, she met and married her husband, Tom. After marriage, she taught in Spring Lake School until it closed and then began teaching in Lambert, beginning the music department. She began teaching music and Title 1 in Culbertson when her children began school and she remained there until she retired from teaching in Montana for one year. She completed her sixth year of teaching kindergarten in Poplar and has retired after 42 years of teaching.

Lynette grew up in Judith Gap on a family farm and resides south of Brockton on the Ruffatto family farm.

"The many children I have taught has embedded in my heart the importance of education and the impact that continued education has on lifestyle. I notice the educational programs provided by REA such as the luck-of-the-draw scholarships, the Washington, D.C. Youth Tour, and the electric lineworkers apprenticeship that continues the delivery of electricity to our rural areas. Only through education, researching best practices and innovative alternate energy, and changing with our modern times, can electricity continue to serve all the needs of the community," Ruffatto says.

District 7



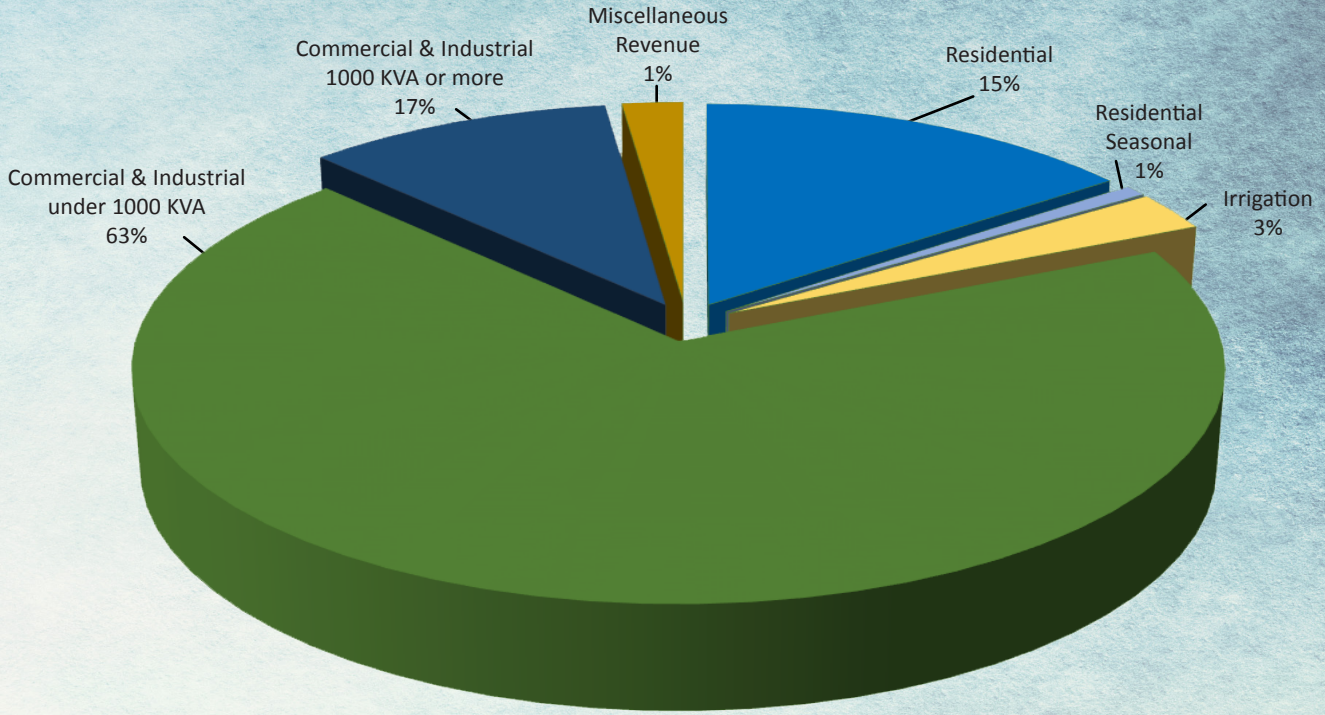
Allen Thiessen was born in Sidney and raised on a farm south of Lambert. He graduated from Lambert High School, attended Montana State for two years, and worked in Manhattan, MT for a year before returning to Lambert to start his own business. He and his wife, Sue, have two children, Anthony Thiessen and Angela Olson, and six grandchildren, all of which reside in Sidney.

Al's civic involvements include: past president of the Lambert Sewer and Water Association, former member of the Lambert volunteer fire department, founding board member of the Lion's Den (teen center), and former board member of the Foundation for Community Care.

Al is serving his 30th year as a Lower Yellowstone REA board member and is currently serving as president. He spent 10 years on the board and served six years as president of the Montana Electric Cooperatives' Association in Great Falls. He also served on the board of the Mid-West Electric Consumers Association in Denver for 11 years. For the past 16 years, Al has represented LYREA on the board of Upper Missouri Power Cooperative in Sidney. In 2012, he was elected to the board of Basin Electric Power Cooperative in Bismarck, representing the 11 cooperatives in Upper Missouri Power Cooperative. He also represents Basin Electric on the boards of the Dakota Gasification Company and the North Dakota Association of Rural Electric Cooperatives.

Al said "It is a real honor to represent the members of Lower Yellowstone on the board of directors. It has been challenging and rewarding to address the growth in our area and the changes in our industry. The board has worked diligently at planning and keeping Lower Yellowstone financially sound with the benefit being stable reasonable rates for all of our members."

2016 Revenue



EQUITIES AND LIABILITIES

Equities:

	2016	2015
Memberships	24,340	24,370
Patronage capital	32,030,987	27,688,247
Net margins	3,665,593	5,121,410
Non-operating margins	112,662	43,248
Other equities	2,866,608	2,844,136

Total Equities **\$38,700,190** **\$35,721,411**

TOTAL LONG-TERM DEBT: **\$17,069,077** **\$11,293,090**

CURRENT LIABILITIES:

Accounts payable	2,050,471	1,470,715
Consumer deposits	318,210	361,725
Other current liabilities	336,742	463,874

Total Current Liabilities **\$2,705,423** **\$2,296,314**

Deferred credits 1,986,350 5,730,067

TOTAL EQUITIES AND LIABILITIES **\$60,461,040** **\$55,040,882**

BALANCE SHEET

ASSETS:	2016	2015
Utility Plant:		
Electric plant in service	58,674,460	54,433,430
Construction work in progress	6,807,854	1,014,233
Total utility plant	65,482,314	55,447,663
Less provisions for depreciation	24,324,928	23,704,385
Net Utility Plant	\$41,157,386	\$31,743,278
OTHER PROPERTY, INVESTMENTS & SPECIAL FUNDS:		
Non-Utility property	7,600	7,600
Investments in associated utilities	6,070,275	5,468,822
Other Investments	583,688	735,956
Total other property and investments	\$6,661,563	\$6,212,378
CURRENT ASSETS:		
Cash-general funds	680,171	2,383,797
Temporary investments	7,018,535	8,963,147
Accounts receivable (Energy)	2,412,895	2,480,347
Accounts receivable (Other)	86,960	25,320
Material & supplies	2,369,951	2,867,671
Prepayments	73,579	364,944
Total current assets	\$12,642,091	\$17,085,226
Deferred debits	0	0
TOTAL ASSETS	\$60,461,040	\$55,040,882

2016 EXPENSES BY CATEGORY





OPERATION ROUND UP
Coming Soon!

TURN YOUR COINS INTO CHANGE

Operation Round Up® gives Lower Yellowstone Electric members the option to have their bill rounded up to the nearest dollar each month. The extra pennies donated add up to benefit the communities and organizations within the cooperatives service territory. Working together our small changes can make a big difference.

Lower Yellowstone Rural Electric Cooperative will be implementing a charitable giving program called Operation Round Up® (ORU) which will benefit organizations and communities across LYREC's service territory.

ORU is a program funded by LYREC members who have their monthly electric bill "rounded up" to the nearest dollar. For example, if a member's monthly bill comes to \$65.78, LYREC rounds up the bill to \$66.00. The extra \$0.22 goes directly to the Operation Round Up fund. The maximum a member account can donate through ORU is \$.99 per month or \$11.88 per year. The average amount rounded up in a year is \$6 per member account.

Applicants will be able to request an application from the cooperative to apply for ORU funds. A board of seven trustees, selected by the Board of Directors, will review Operation Round Up applications during the year and determine how the funds will be distributed.

When LYREC members contribute a few coins each month, large changes become possible.

Every member will automatically be signed up to contribute to the ORU program. However, if you would like to "opt out" of this program, you can simply call the cooperative at (406) 488-1602 or send an e-mail to lyrec@lyrec.com.

SEVEN COOPERATIVE PRINCIPLES




**VOLUNTARY
OPEN
MEMBERSHIP**




**DEMOCRATIC
MEMBER CONTROL**

**COOPERATION
AMONG COOPERATIVES**



AUTONOMY & INDEPENDENCE

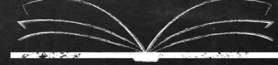
**MEMBER
ECONOMIC
PARTICIPATION**



**CONCERN
FOR THE
COMMUNITY**



**EDUCATION
TRAINING AND
INFORMATION**





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RURAL ELECTRIC COOPERATIVE**

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