

Institute for Supply Management — Cooperative Utilities, Inc.

BYLAWS

(Approved February 21, 2008)

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of this Association shall be the Institute for Supply Management — Cooperative Utilities, Inc., a not-for-profit corporation organized and existing by virtue of the laws of the State of Kentucky (hereinafter referred to as the "Association").

Section 2. Location. The principal office of the Association shall be located in Kentucky or in such other localities as may be determined by the Board of Directors.

ARTICLE II

PURPOSES

The Association is a not-for-profit corporation organized and operated not for pecuniary profit, but exclusively for educational purposes within the meaning of Section 501 (c) 6 of the Internal Revenue Code (hereinafter referred to as the "Code") and in this connection, the purposes for which the Association shall be organized and operated are as follows:

- (a) To foster and promote interchange of ideas and cooperation among its members.**
- (b) To promote the study, development and application of supply management, including improved procurement or purchasing methods and practices and all matters related to the foregoing (hereinafter referred to as "the supply management profession").**
- (c) To collect and disseminate by all lawful means information of interest and benefit to its members, including surveys and reports of current business trends and other information of interest to the supply management profession.**
- (d) To develop and encourage standards of personal and ethical conduct among persons engaged in the supply management profession.**

- (e) To develop, sponsor, promote and encourage a professional certification program for persons engaged in the supply management profession.
- (f) To encourage and cooperate in the institution and development of educational courses, seminars, programs and materials on the subject of supply management and all matters related thereto.
- (g) To strive by all lawful means to promote and enhance the supply management profession.
- (h) To be affiliated with the Institute for Supply Management, Inc. ("ISM") and other associations or organizations of persons engaged in the supply management profession throughout the United States and all foreign countries.
- (i) To cooperate, collaborate and exchange information by lawful means with professional, trade and other associations and organizations of persons engaged in the supply management profession and to advance public relations with governmental agencies and the public in general concerning the supply management profession.
- (j) To do any other act or thing incidental to or connected with the foregoing purposes or in advancement thereof and not for the pecuniary profit or financial gain of its members, directors or officers, except as otherwise permitted by the laws of the State of Kentucky.

In the accomplishment of these purposes, it shall be the policy of the Association to comply at all times with all existing and future laws, including the antitrust laws and in furtherance of this policy, no activity or program shall be sponsored or conducted by or within the Association which in any manner whatsoever shall represent or be deemed a violation of any existing or future law, including the antitrust laws, all in accordance with the ISM Statement of Antitrust Policy and Guide for Antitrust Compliance, as amended from time to time by the Board of Directors of ISM.

ARTICLE III

AFFILIATION WITH ISM

SECTION 1. General. The Association shall be affiliated with ISM in accordance with the procedures set forth in the ISM Bylaws and the association shall comply at all times with ISM policy as it may be adopted from time to time by the ISM Board of Directors and the provisions of this Article.

SECTION 2. Conditions of Affiliation. The Association shall be obligated as a condition of affiliation with ISM to comply with the following:

- (a) To be incorporated as a not-for-profit corporation in accordance with the laws of the State of Kentucky and to be validly existing and in good standing during the period of its affiliation with ISM.
- (b) To cause these Bylaws to conform at all times with the ISM Bylaws and ISM Policy, including without limitation, the provisions hereof with respect to the purposes of the Association and eligibility for membership.
- (c) To perform all necessary procedures concerning the review and approval of all applications for membership in the Association and ISM.
- (d) To resolve all questions concerning eligibility for membership in the Association and ISM in a fair and impartial manner in accordance with procedures established from time to time by the Association.
- (e) To collect all dues from members of the Association and to remit to ISM all dues required by Article IV of the ISM Bylaws.
- (f) To comply at all times with ISM Policy as it may be adopted from time to time by the ISM Board of Directors including without limitation, the ISM Statement of Antitrust Policy and Guide for Antitrust Compliance.
- (g) To obtain prior written approval of ISM with respect to any proposed amendments to these Bylaws.

SECTION 3. Suspension or Termination of Affiliation. The affiliation with ISM of the Association may be suspended by the ISM Board of Directors for violation of or failure to comply with the ISM Bylaws, including specifically, but without limitation, provisions respecting payment of dues, eligibility of members and observance of ISM policies as may be adopted by the ISM Board of Directors from time to time. Any charge of violation or failure to comply under this Section shall be first presented to ISM. If ISM shall determine that the charges are well founded, after the Association has been given reasonable notice of such charges and an opportunity to present a defense to the same, the charges shall be referred to the ISM Board of Directors for action together with the recommendations of ISM. If the Association is suspended or terminated it may be reinstated by the ISM Board of Directors at any time subsequent to such suspension or termination upon a proper showing of good cause to justify a reinstatement of affiliation with ISM.

ARTICLE IV MEMBERSHIP

SECTION 1. Regular Members. Regular Members of an Affiliated Association shall be limited to the following:

Any person interested in the supply management field shall be eligible to be a Regular Member of an Affiliated Association provided that such person (i) is not primarily engaged in sales activity; or (ii) does not solicit business on behalf of such person or his or her employer during meetings of any ISM activity, including without limitation, meetings of Affiliated Associations (including chapters), ISM Committees and ISM Groups and Forums (as defined in Policy). For the purposes of this section, "primarily" shall mean a majority of a person's time. However, no person shall be ineligible by reason of incidentally disposing of scrap, surplus stock or equipment of the concern by which he or she is employed. The eligibility of an editor, secretary or business manager employed by an Affiliated Association shall not be affected by reason of sales activity directly related to any magazine, bulletin or other publication or exhibit, product, show or similar activity sponsored by such association.

SECTION 2. Dual Membership. Dual membership may be afforded to individuals who meet the same criteria as Regular Members and hold regular membership in ISM through another affiliated association. Dual Members may vote and hold office in the Association.

SECTION 3. Dues-free Members. Dues-free members include:

- (a) Academic Members. A person with a full-time appointment as a teacher, research specialist, department head, director or dean of a college, university, other academic institution whose academic responsibility includes supply management or other related fields or subjects. Academic members are Regular voting members.**
- (b) Student Members. An undergraduate or graduate student enrolled full-time in an accredited community college or four-year college or university may receive all the benefits of membership in ISM and this Association and be exempted from payments of all dues and fees. Student members are Regular non-voting members.**
- (c) Lifetime Members. A person who has been a Regular Member for a period of ten (10) years or more, has retired from all regular employment and has been approved for this category by a majority vote of the Regular Members of the Affiliated Association of which he/she has been a Member. Lifetime members are Regular voting members.**

- (d) *Special Membership Extension.* Membership will be extended an additional 12 months without requiring payment of ISM dues for persons who have been a member of ISM and are unemployed for six months, excluding first-time membership applicants, provided that the affiliate also waives the affiliate dues. Dues free membership will be extended to those members serving in full-time active military duty for the length of their service, provided that the affiliate also waives the affiliate dues. Members under this class are Regular voting members.
- (e) *Honorary Members.* A person not qualified for regular membership but who has rendered distinguished or unusual services to the supply management profession and who has been elected to the class of membership by vote of the Board of Directors of the Association and by a vote of the regular members of the Association. Election to honorary membership shall be for such a period as the Association may designate, but the Board of Directors of the Association shall have the authority and duty to revoke the honorary membership of any individual whenever they shall determine that continuation of the honorary membership would be inconsistent with the policies and objectives of ISM or the Association. Honorary members are non-voting members.

SECTION 4. Non-voting Membership. The Association shall have the following non-voting membership classes which shall not represent regular membership in ISM nor entitle any member of such class to hold office in the Association, nor to serve as Chair of the Association's Committees:

- (a) **Associate Members.** A person who satisfies the eligibility standards of Article IV, Section 1.
- (b) **Honorary Members** as described in Section 3(e) of this article.
- (c) **Student Members** are Regular non-voting members as described in Section 3 (b) of this article.

SECTION 5. Admission of Members. Admission of all applicants for membership in the Association shall be subject to review and approval of the ISM-CU Marketing/Membership Chairperson. Membership is vested in the individual and is not transferable.

SECTION 6. Denial of Membership. An affiliated association has the right to deny Regular membership, as authorized in the ISM Bylaws, Article II, Section 1. The ISM Affiliate Support Department will consider an appeal by the applicant. Except for rare and extraordinary circumstances, the decision of the Affiliate Support Department concerning denial of Regular membership will be final and binding and will be considered by the ISM Board of Directors.

SECTION 7. Expulsion of Members. The Association shall have the right to expel a member of any classification from membership in the Association for nonpayment of dues or for violation of the provisions of these Bylaws, the ISM Bylaws, the ISM Policies, the ISM Policy Manual for Special Interest Groups and Forums, the ISM Standards of Conduct or such other statements of policy as may be adopted by the Association or the ISM Board of Directors from time to time.

Expulsion for any reason other than nonpayment of dues shall occur only after the member has been advised of the proposed expulsion and the reasons therefore and has been given an opportunity to submit proof in support of continued membership in the Association. A member expelled from membership in the Association shall be given written notice of such expulsion and shall be advised in writing that he or she may appeal the action taken by the Association to ISM by filing a notice of intent to appeal to ISM.

Upon receipt of a timely filed notice of appeal, ISM shall consider the appeal and shall allow the expelled member the opportunity to submit proof in support of continued membership in the Association. The decision of ISM concerning expulsion of a non-voting member shall be final and binding.

SECTION 8. Reinstatement. A former member of the Association, whether a resigned or expelled member desiring reinstatement of membership, may be reinstated as a member of the Association upon showing proof of eligibility and paying all current year's dues [and an administration fee or similar charge which may be imposed by the Association from time to time].

The procedure for an appeal of an adverse determination to reinstate a former member shall be the same as provided in Section 6 of this Article, provided, however, an appeal to reinstate membership may not be taken in the same calendar year in which an appeal has been decided by ISM concerning the expulsion of the same member seeking reinstatement.

SECTION 9. Resignation. Any member of the Association may resign by filing a written resignation with the Association, but such resignation shall not release the member so resigning of the obligation to pay any dues or other charges theretofore accrued but unpaid.

SECTION 10. Transfer of Membership. Membership in the Association shall be vested in the individual member of the Association, however, regular membership may be transferred pursuant to the ISM Policy Manual.

ARTICLE V

GROUPS AND FORUMS

SECTION 1. Purposes and Organization. Members of the Association having common interests as supply management professionals in a particular industry or

commercial activity or common interests in a certain classification of commodities or materials, may organize a Group/Forum to promote the interchange of ideas and discussion of mutual problems. The Board of Directors of the Association may provide reasonable procedures and requirements for the formation, recognition, encouragement and operation of Groups/Forums which shall be organized and operated within the Association as a Committee of the Association.

SECTION 2. Regular Members and Associates. The regular membership of any Group/Forum within the Association shall consist only of persons who are regular or direct members of the Association. Any Group/Forum may have associate members who are not regular members of the Association, provided such associate members meet the eligibility standards set forth in Section 1 of Article IV. Membership in the Association as a non-voting member shall be required for election as an associate member of a Group/Forum and associate members of a Group/Forum shall not vote or hold office in the Group/Forum.

ARTICLE VI

DUES AND ADMINISTRATIVE CHARGES

SECTION 1. Amount. The amount of annual dues for regular members and each class of non-voting members of the Association shall be determined from time to time by the Board of Directors of the Association and a vote of the members of the Association. Annual dues for regular members of the Association shall include an amount equal to the annual dues in effect from time to time for membership in ISM. The Association may deduct from payments to ISM amounts equivalent to dues for regular members whose qualifications for membership are set forth in Section 3 (d) of Article IV on condition that the ISM Board of Directors has waived all ISM dues with respect to such members.

Section 2. Employer Discount. - Deleted

SECTION 3. Payment. Dues for regular and non-voting members in the Association shall be assessed on a calendar year basis and shall be payable in advance of or on January 1 of each year. Members elected to membership in the Association at any time during a calendar year shall be required to pay a proportionate amount of the annual dues in effect at the time of their election to membership which amount shall be payable commencing on the first of the month following the month in which they are elected to membership in the Association.

SECTION 4. Nonpayment of Dues. A member of the Association whose dues are sixty (60) days in arrears may be expelled from membership in the Association and ISM upon notice by the Association to such member, such expulsion to be effective upon the date of such notice. A member expelled from membership for nonpayment of dues may be reinstated upon full payment of all delinquent dues (plus payment of an administrative fee or similar other charge which may be required from time to time by the Association).

SECTION 5. Schedule of Dues. The Association shall cause to be mailed to each member of the Association on or before January 1 of each year a schedule of annual dues payable for each category of membership for the coming membership period. Membership dues are payable in advance. (The mailing of the schedule of dues described in this Section shall not preclude the Association from causing a change in the amount of any dues set forth on such calendar year provided such change is made effective on or after the date such change in dues is approved by the Association in accordance with these Bylaws).

ARTICLE VII

BOARD OF DIRECTORS

SECTION 1. Authority and Responsibility. The governing body of the Association shall be the Board of Directors. The Board of Directors shall have general charge, management and control of the affairs, funds and properties of the Association and, subject to the provisions of these Bylaws and any contrary statement of policy enacted by vote of the members of the Association, shall have authority to take such action in matters of policy and procedure as, in its judgment, will best promote the interests and welfare of the Association, including authority to promulgate, amend or rescind in whole or in part all statements of Association policy as they may exist from time to time.

SECTION 2. Membership. The Board of Directors shall consist of the President, First Vice President, Second Vice President, Secretary, Treasurer, the Immediate Past President, two (2) directors, and the Chairperson of the Education, Communication, and Marketing/Membership Committees. All members of the Board of Directors must be regular members of ISM – Cooperative Utilities, Inc. and ISM.

SECTION 3. Election. The Directors shall be elected by the regular members of the Association at their annual meeting in accordance with Article IX hereof.

SECTION 4. Term of Office. Directors shall be elected for a term of one (1) year. Directors are eligible for re-election. There is a maximum of two (2) terms for the office of President, 1st Vice-President and 2nd Vice-President.

SECTION 5. Vacancies. Mid-term vacancies occurring in any office shall be filled for the unexpired term through appointment by the President, with the approval of the Board of Directors, until the vacancy can be filled at the next election.

In the event of a vacancy in the office of President resulting from death, resignation, disqualification or permanent inability to serve, the Board of Directors shall promptly elect a successor from its own number for the remainder of the term.

SECTION 6. Meetings. There will be at least one (1) regular meeting per calendar year. Special meetings as well as regular meetings will be announced at least one week prior to the meeting. Notification will be either in writing or by phone if necessary. Special meetings may be called upon the written request of three (3) regular members.

SECTION 7. Authority to Act Without a Meeting. No action will be taken without a meeting.

SECTION 8. Board Action by Conference Call. Any one or more members of the Board of Directors or of any committee thereof, may participate in a meeting of the Board of Directors or committee by means of a conference telephone or similar equipment which enable all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

SECTION 9. Quorum and Voting. A simple majority of the Board of Directors is required for a quorum and for any official vote.

SECTION 10. Executive Committee. The Board of Directors may, if it so desires, elect from among its members an Executive Committee of three (3) or more members; such Executive Committee shall act under the direction of and all its acts shall be subject to review by, the Board of Directors.

ARTICLE VIII

OFFICERS

SECTION 1. Officers. The officers of the Association shall be the President, First Vice President, Second Vice President, Secretary, Treasurer and Immediate Past President.

SECTION 2. Election. The officers shall be elected by the regular members of the Association in attendance at their annual meeting held in accordance with Article IX hereof.

SECTION 3. Duties of President. The President shall be Chief Executive Officer and Chairman of the Board of Directors and shall exercise general supervision over the executive affairs of the Association. He or she shall preside at all meetings of the Association membership and of the Board of Directors and shall be a member, ex-officio, of all Association committees. The President shall have, in addition, the duties made incumbent upon the office by any other provision of these Bylaws and which may be assigned by the Board of Directors.

SECTION 4. Duties of Vice-Presidents. The Vice Presidents shall perform such duties as may be assigned from time to time by the President and the Board of Directors of the Association. In the event of the temporary inability of the

President to perform the duties of his or her office resulting from illness, absence or any other cause, the First Vice President shall perform all the duties of the office of President until such time as the incumbent is able to resume the duties of the office.

SECTION 5. Duties of Secretary. The Secretary shall be responsible for the preparation of all minutes of meetings of the Board of Directors and members of the Association; the maintenance and safekeeping of all corporate and membership records of the Association; and the serving or publication of all notices required by law or these Bylaws concerning any meeting or any other matter applicable to the Association; and shall perform such other duties as may be assigned from time to time by the President and Board of Directors of the Association or which may be required by law.

SECTION 6. Duties of Treasurer. The Treasurer shall have the custody of all Association funds and securities; shall maintain a full and accurate account of all receipts and disbursements in books belonging to the Association; shall deposit all Association funds in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors of the Association; shall disburse the funds of the Association by check countersigned by either the President or Vice President in accordance with instructions furnished by the Board of Directors of the Association; shall render to the Board of Directors and members of the Association upon request, but at least annually, an account of all his or her transactions and of the financial condition of the Association; and shall perform such other duties as may be assigned from time to time by the President and the Board of Directors of the Association or which may be required by law.

ARTICLE IX

MEETINGS OF THE ASSOCIATION MEMBERS

SECTION 1. ANNUAL MEETING. The annual meeting of the Association membership shall be held in conjunction with the National Rural Electrification Cooperative Association's supply management conference (TechAdvantage) each year at such place and on such date as may be determined by the Board of Directors of the Association. Written notice thereof shall be given to all members at least thirty (30) days prior thereto.

SECTION 2. Special Meetings. Special meetings of the Association membership may be called by the Board of Directors or the members of the Association in accordance with the provisions set forth in the Non-Profit Corporation Act of the State of Kentucky.

SECTION 3. Quorum. At all annual or special meetings of the Association membership a quorum shall be the presence at such meeting of at least ten percent (10%) of the total regular membership of the Association.

SECTION 4. Voting. On all questions or issues presented for a vote at the annual meeting or any special meeting of the Association membership, each regular member whose dues are paid shall be entitled to cast one vote. Except as otherwise required by these Bylaws, all questions or issues presented to a vote of the Association membership shall be authorized by a simple majority of the votes cast at an annual or special meeting of the Association membership entitled to vote thereon (provided that the affirmative votes cast in favor of any such action shall be at least equal to the quorum required by Section 3 of this Article).

SECTION 5. Action by Association Membership Without a Meeting. Except for the election of the Board, whenever any question or issue is presented to a vote of the members, such vote may be taken without a meeting by written consents (either by written or electronic transmission) setting forth the action so taken and signed by a majority of members casting a vote, provided the number of consents is equal to or greater than the quorum requirement under Section 3 of this Article for a meeting of the members. Action by Members without a meeting as permitted by this Section 5 may be authorized by the Board provided written notice thereof and a statement fully explaining the proposed action is mailed to all Members and Affiliated Associations not less than 30 (30) days and no more than sixty (60) days prior to the return date requested for such action.

SECTION 6. Order of Business. At any meeting of the Association membership, the order of business shall be as stated on the agenda for the meeting furnished with the notice of such meeting required by this Article.

SECTION 7. Parliamentary Rules. At all meetings of the Association, including the Board of Directors, Robert's Rules of Order will prevail when not in conflict with these Bylaws.

ARTICLE X

COMMITTEES

SECTION 1. Standing Committees. The following standing committees shall be established within the Association: (NOTE: these specific committees are optional.)

(a) Marketing/Membership Committee

(b) Education Committee

(c) Communication Committee

(d) Nominating Committee

The following additional standing committees may be established:

- (a) Global Resources Committee**
- (b) Auditing Committee**
- (c) Diversity Committee**
- (d) Program Committee**
- (e) Special Events Committee**

The Board of Directors of the Association shall authorize from time to time additional committee(s) as Standing Committee(s) whenever in the sole judgment such action is deemed necessary.

SECTION 2. Special Committees. The President, with the approval of the Board of Directors of the Association, shall appoint such other special committees, subcommittees or task forces as may be deemed necessary and which are not in conflict with other provisions of these Bylaws. The duties of any such special committee shall be prescribed by the Board of Directors upon their appointment.

SECTION 3. Nominating Committee. A committee of at least three (3) members shall be appointed by the Board of Directors at least thirty (30) days prior to the annual meeting each year. Not more than one (1) member of this committee shall be a member of the Board of Directors. This committee shall present a proposed slate of candidates to the membership at the annual meeting for all Board of Director positions. The committee shall also be responsible for conducting the election procedures.

The names of consenting nominees for the various offices shall be announced at the regular meeting preceding the Annual Meeting by the Chairman of the Nominating committee. He or she shall file a list of the nominees, certified by the Committee, with the Secretary immediately after such announcement. Any member may present to the Secretary not later than thirty (30) days prior to the Annual Meeting, the names of any candidates whom they wish to nominate and the respective offices for which they are nominated. The Secretary shall announce such nomination(s) prior to the election. Nominations will also be accepted from the floor during the annual meeting.

ARTICLE XI

FINANCES

SECTION 1. Fiscal Year. The fiscal year of the Association shall begin on April 1 of each year and terminate on March 31 the following year.

SECTION 2. Appropriations. Appropriation of funds from the Association will be made only by the Board of Directors. It shall not contract indebtedness in excess of available funds in the treasury not otherwise required or previously appropriated.

SECTION 2. Appropriations. Funds appropriated in the annual ISM – Cooperative Utilities, Inc., budget shall be allocated to each funded activity. "Funded activities" are defined as those elements of the annual ISM – Cooperative Utilities, Inc., budget for which there are anticipated expenses during the fiscal year such as membership dues to ISM, meetings, workshops, office expenses, officers' and directors' expenses and committee expenses. During the appropriation year, it shall be necessary for each funded activity to receive Board of Director's approval if it should become necessary to exceed its allocated amount in the annual budget.

ARTICLE XII

DISSOLUTION

SECTION 1. Dissolution. The Association may be dissolved upon adoption of a plan of dissolution and distribution of assets adopted by the Board of Directors and approved by the regular members of the Association in accordance with the Non-Profit Corporation Act of the State of Kentucky, as amended from time to time.

SECTION 2. Dedication of Funds. The Association shall use its funds only to accomplish the objectives and purposes specified in these Bylaws and no part of said funds shall inure or be distributed, to the members of the Association. On dissolution of the Association, any funds remaining shall be distributed to one or more regularly organized and qualified organizations engaged in the promotion or education of the supply management profession to be selected by the Board of Directors and regular members of the Association.

ARTICLE XIII

CHAPTERS

SECTION 1. Location. The Association may establish chapters for members who are located in geographical areas distant from the designated meeting place for regular meetings.

SECTION 2. Approval. The Board of Directors determines the need, the organizational structure and approves the operating procedures for chapters within the guidelines of these Bylaws.

ARTICLE XIV

INDEMNIFICATION

SECTION 1. Litigation. This Association shall indemnify any director or officer, made or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an action by or in the right of any other Corporation of any type or kind, domestic or foreign or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of this Association served in any capacity at the request of this Association, by reason of the fact that he or she, his or her testator or intestate, was a director or officer of this Association or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding or any appeal therein; provided, however, that no indemnification shall be made to or on behalf of any director or officer if a judgment or adjudication adverse to the director or officer establishes that his or her act was committed in bad faith or the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained in fact a financial profit or other advantage in which he or she is not legally entitled.

SECTION 2. Authorization. Any indemnification made pursuant to Section 1 of Article XIV hereof, shall be made by this Association; if authorized in one of the following ways:

- (a) By the Board acting by a quorum consisting of directors who are not parties to such action or proceeding upon a finding that the director or officer has not violated the standard of conduct as set forth in Section 1 of Article XIV hereof;

or

- (b) If a quorum under subparagraph (a) above is not obtainable or even if obtainable, a quorum of disinterested directors so directs:
 - (1) by the Board upon the opinion in writing of independent legal counsel that indemnification is proper under the circumstances because the standard of conduct set forth in Section 1 of Article XIV has not been violated by such director or officer or
 - (2) by the members upon a finding that the director or officer has not violated the standard of conduct set forth in Section 1 of Article XIV.

SECTION 3. Expenses Incurred. The Association shall pay expenses incurred in defending a civil or criminal action or proceeding in advance of final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amounts as and to the extent, the person receiving such advancement or allowance is ultimately found, not to be entitled to

indemnification or, where indemnification is granted, to the extent the expenses so advanced by this Association exceed the indemnification to which he or she is entitled. If any action with respect to indemnification of directors and officers is taken, then this Association shall, not later than the next Annual Meeting, unless such meeting is held within three (3) months from the date of such action and, in any event within fifteen (15) months from the date of such action, mail to its members of record at the time entitled to vote for the election of directors a statement specifying the action taken.

SECTION 4. Personal Liability. The directors of this incorporated Association shall not be personally liable to the Association or its members for damages for any breach of duty in his or her capacity as such: provided, however, that this provision shall not limit or eliminate the liability of any director if a judgment or other final adjudication adverse to him or her establishes that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled or that his or her acts violated Section 719 of the Not-For-Profit Corporation Law (NOTE: or appropriate section of applicable law in your state) or for any act or omission which occurred prior to the adoption of this provision.

ARTICLE XV

AMENDMENTS

These Bylaws may be amended only by a vote of two-thirds (2/3) of the regular members present and voting as set forth in Section 4 of Article IX, such amendment(s) having been proposed in writing.

End of Document

Approved by the membership of ISM-CU on February 21, 2008.

Board of Directors

CHAIR

Lisa Martin, C.P.M.
Senior Vice President, Worldwide
Procurement
Pfizer Inc

S. Tyrone (Ty) Alexander
Executive Vice President
Human Resources and
Administrative Services
Highmark Inc.

John D. Blascovich, C.P.M.
Vice President
A.T. Kearney, Inc.

Ian J. Crawford
Vice President,
Global Procurement Sourcing
IBM

Christina De Luca
Chief Procurement Officer
Refining and Marketing
BP p.l.c.

Aaron D. Dent
Managing Partner
Insight – DRB, LLC

Dr. Robert B. Duncan
Professor and Edythe L. Broad Dean
Professor of Management at
Broad College of Business
Michigan State University

Holly LaCroix Johnson
Senior Vice President and Secretary
Institute for Supply Management™

Tony Milikin
Chief Procurement Officer and
Senior Vice President – Supply Chain
MeadWestvaco Corporation

R. David Nelson, C.P.M., A.P.P.
Chief Supply Chain/Strategy Officer
HTC Global Services, Inc.

Paul Novak, C.P.M., A.P.P.
Chief Executive Officer
Institute for Supply Management™

Dr. Michael Orris
Chief Procurement Officer
Rolls-Royce plc

Grace Puma
Vice President, Indirect Materials
and Services Global Supply
Chain Procurement
Kraft Foods

Shelley Stewart, Jr.
Senior Vice President,
Operational Excellence and
Chief Procurement Officer
Tyco International (US) Inc.

Deborah Webber, C.P.M.
Senior Vice President and Treasurer
Institute for Supply Management™

January 31, 2008

Jim Huncovsky, C.P.M.
President – ISM—Cooperative Utilities
1717 East Interstate Avenue
Bismarck, North Dakota

Re: ISM—Cooperative Utilities Bylaws

Dear Jim:

As you know, each affiliate is its own incorporated organization and as such constructs its own bylaws and operating policies. As an affiliate of ISM, two specific items are required to be in compliance with ISM bylaws:

1. A statement that the organization is incorporated as a nonprofit or not-for-profit corporation and
2. A definition of Regular Membership that reads exactly as the definition in the ISM Bylaws.

Congratulations! The above criteria have been met and do meet with ISM's approval.

If you have any questions, please contact me at 800/888-6276, extension 3041; by fax at 480/752-7890 or by e-mail at lthomas@ism.ws.

Sincerely,



Linda Thomas
Senior Associate
ISM Affiliate Support

Member of



IFPSM

Leading Supply Management

www.ism.ws