

**THE MINNESOTA VALLEY ELECTRIC COOPERATIVE
2017 BALLOT, SUMMARY AND COMPLETE TEXT OF PROPOSED
RESTATED ARTICLES OF INCORPORATION AND RESTATED BYLAWS**

The following information explains the process for voting on the proposed Restated Articles of Incorporation and Restated Bylaws of The Minnesota Valley Electric Cooperative.

These Restated Articles of Incorporation and Restated Bylaws, along with the ballot for election of directors, may be voted upon by mailing the ballot or by voting personally at the Minnesota Valley Electric Cooperative Annual Meeting on Tuesday, April 4, 2017.

Please use the return envelope provided for your ballot.

Whether using the mail ballot envelope provided or submitting the ballot in person at the Annual Meeting, please follow the instructions below carefully:

1. You may vote in favor or against the Restated Articles of Incorporation and Restated Bylaws by marking your choice on the ballot attached to the inside front cover.
2. Place the envelope in the self-addressed envelope with your return identification already on it.
3. Mail ballots must be received by Tuesday, April 4, 2017.
4. The President will announce the deadline for casting ballots at the Annual Meeting.

The Board of Directors of this Cooperative has approved the following resolution proposing the Restated Articles of Incorporation and Restated Bylaws:

WHEREAS, the Cooperative's Articles of Incorporation and Bylaws require amendment to comply with changes that have occurred in the law, to modernize archaic language, to simplify language where possible, to provide for efficiencies of operation of the Cooperative, and to strengthen director qualifications; and

WHEREAS, restatements of the articles and bylaws will be in the best interest of the Cooperative;

NOW, THEREFORE, be it resolved, that the Board of Directors recommends to the members of the Cooperative for consideration at the next annual meeting of the members with voting in person or by mail that the Articles of Incorporation and Bylaws be amended and restated in their entirety as follows: see below.

The foregoing resolution is hereby adopted.

SUMMARY STATEMENT

OF REVISIONS IN THE RESTATED ARTICLES OF INCORPORATION

AND BYLAWS OF THE MINNESOTA VALLEY ELECTRIC COOPERATIVE

General Comment: The intent of the Restated Articles and Restated Bylaws is to comply with changes that have occurred in the law, to modernize archaic language (including elimination of gender specific references), to simplify language where possible, to provide for changes that will facilitate a more efficient operation of the Cooperative, and to strengthen director qualifications. The specific changes outlined below will address the substantive changes in the Articles and Bylaws. In addition, electronic notice is added as a permissible means of communication with members and directors.

Restated Articles of Incorporation

Article I.

Section 1. The word “The” is deleted from the Cooperative’s legal name.

Section 3. The Cooperative’s registered office address is added.

Article VI.

Section 1. Directors will be elected by ballot if there is a contested election. If a director is running unopposed, then the director may be elected by a voice vote at the annual meeting as provided in the Restated Bylaws.

RESTATED BYLAWS

Article I. Members.

Section 1. Qualifications and Obligations. Legal entities such as corporations, limited liability companies and other legal entities are eligible to be members. A person may receive service from the Cooperative but may reject membership by notifying the Cooperative within 60 days in which case the member would not be eligible to vote or to serve on the board of directors.

Section 8. Easements and Access. A member may be required to grant an easement over the member’s land so that the Cooperative may serve it or others. In addition, the Cooperative may trim trees and shrubs on a member’s land to keep the right of way clear for the Cooperative’s lines.

Section 9. Dispute Resolution. If the Cooperative and a member have a dispute and cannot settle it by agreement, then they agree to resolve the dispute by arbitration. Arbitration will not apply to a member’s obligation to pay for its electric service.

Section 10. Interruption of Cooperative Service; Liability Limits. The Cooperative does not guarantee that its service will be continuous and without an occasional outage. In addition, any member’s claim would be limited to direct damages not special damages such as lost profits.

Section 11. Telephone Contact from the Cooperative. The Coop may use an automatic telephone dialing system or pre-recorded voice phone system to call its members and provide information (such as planned outages for maintenance work).

Section 12. Provision of Cooperative Service. Paragraphs A through M of this section were, in the past, typically included in the written agreement with the member. Since this Cooperative no longer requires a signed membership agreement, these standard provisions will now be included in the bylaws.

Section 13. Joint Membership. Natural persons who are married (a legally recognized relationship) may become joint members. The lettered paragraphs provide that an act by one of the joint members is an act of both joint members.

Article II. Meetings of Members.

Section 2. Notice of Annual Meeting and Section 4. Notice of Special Meeting. Publication of notice in the Cooperative's newsletter can be used as legal notice to the members.

Section 5 Quorum. Votes cast by members by mail will count towards the necessary quorum for that issue.

Section 7. Voting. At a members' meeting, members may vote on any matter authorized by law, the articles of incorporation, or the bylaws. The authority to decide other matters is given to the board of directors. The Board may fix a "record date" not more than 60 days before any members' meeting, and members on that date will receive a ballot and notice of the meeting.

A president or other highest ranking officer of a corporation, limited liability company, or other legal entity may cast a vote on behalf of a membership held by the legal entity.

Section 8. Voting by Mail or Electronically. The Board is given the option to allow members to vote electronically as long as the Cooperative can authenticate that it is the Cooperative member who is casting the vote.

Section 9. Order of Business. A suggested order of business is set forth, but the Board of Directors shall provide the agenda for any member's meeting. Those meetings will generally be governed by Robert's Rules of Order.

Section 10. Postponement of a Meeting of the Members. In the event of a snowstorm or other inclement weather, the president of the Cooperative or other officer may postpone the meeting and may notify the members of the new meeting date by TV, radio, or newspaper.

Article III.

Section 2. Director Qualifications. This section includes a list of requirements to be eligible for and to remain a director.

Section 4. Voting by Districts and Tenure of Directors. Members and legal entities may vote in the district in which they receive electric service from the Cooperative. If there is an uncontested director election, ballots will not be sent out by mail, but rather the director will be elected by voice vote at the member meeting.

Contested Elections. Contested director elections will continue as they have in the past, including a mail ballot, but an electronic ballot may be authorized by the board of directors.

Section 6. Compensation. Directors are not employees of the Cooperative but will be paid reasonable compensation, reimbursement, and benefits as they determine by board resolution.

Section 8. Accounting System and Reports. An audit performed by a CPA is required and a summary of the audit must be made available to the members.

Article IV. Meetings of Directors.

Section 6. Meeting Attendance by Remote Communication. Directors may attend a board meeting by conference call.

Section 7. Board Action by Written Consent. If directors are in unanimous agreement, they may take action in writing without a formal meeting.

Article V. Officers.

Section 9. Chief Executive Officer. The title of General Manager is changed to Chief Executive Officer as that is the title generally in use in business today.

Article VII. Membership Record.

Section 1. Membership Record. The official record of membership is the Cooperative's membership record, not membership (or stock) certificates issued to the members.

Article VIII. Distribution of Earnings.

Section 3. Patronage in Connection with Furnishing Other Services. If the Cooperative has revenue from other business activities other than providing electric service, that revenue can be allocated to the members or accounted for as permanent, non-allocated capital reserve.

Article XII. Security Interest in Patronage Capital. The Cooperative may file a UCC financing statement with state to perfect its claim against capital credits for payment of an unpaid account, even if the account is older than six years.

Article XIII. Seal. Use of the corporate seal by the Cooperative is not legally required.

Article XIV. Electronic Records and Signatures. The Cooperative will accept electronic signatures on contracts and documents.