

# **RESTATED BYLAWS OF MINNESOTA VALLEY ELECTRIC COOPERATIVE**

The Bylaws of Minnesota Valley Electric Cooperative are amended and restated as follows:

## **ARTICLE I - MEMBERS**

### **SECTION 1 QUALIFICATIONS AND OBLIGATIONS**

Any person (including any legal entity) having the capacity to enter into a legally binding contract shall become a member of the Cooperative by purchasing electric energy from the Cooperative, unless the person notifies the Cooperative in writing within 60 days that the person does not consent to membership. All members shall be bound by the Articles of Incorporation and Bylaws, as amended, and the rules and regulations as adopted by the Board of Directors. No person shall hold more than one membership. Evidence of membership shall be in the form of a membership record. All references in these Bylaws to a membership certificate shall also apply to a membership record as appropriate. For good cause determined by the Board of Directors, the Board may refuse a qualified person membership in the Cooperative.

### **SECTION 2 PURCHASE OF ELECTRIC ENERGY**

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative electric energy used on the premises specified by the member, and shall pay therefore monthly at rates which shall from time to time be fixed by the Board of Directors, provided, however, that the Board of Directors 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 per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by member to the Cooperative as and when the same shall become due and payable. The Cooperative shall purchase alternate energy from various sources as required by law.

### **SECTION 3 NON-LIABILITY FOR DEBTS OF THE COOPERATIVE**

The private property of the members shall be exempt from execution for the debts of the Cooperative, and no member shall be individually responsible for any debts or liabilities of the Cooperative.

### **SECTION 4 FORFEITURE AND SURRENDER OF SHARE CERTIFICATES**

The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member and cause the membership to be forfeited if such member shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these Bylaws or any rules or regulations adopted from time to time by the Board of Directors, in which case the Cooperative shall make such refunds as required by law. The membership so forfeited shall be retired and cancelled by the Board of Directors. Any member so expelled and whose membership has been forfeited may be reinstated as a member by a vote of the members at any Annual or Special Meeting of the members. The action of the members with respect to any such reinstatement shall be final.

### **SECTION 5 WITHDRAWAL OF MEMBERSHIP**

Any member may withdraw from membership upon payment in full of all liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

### **SECTION 6 TRANSFER OF MEMBERSHIP AND TERMINATION OF MEMBERSHIP**

Membership in the Cooperative shall be transferable only with the approval and consent of the Board of Directors except as hereinafter otherwise provided. The Cooperative shall have the first right and privilege of purchasing the membership offered for sale by any member. Any membership so acquired by the Board of Directors for the Cooperative may be held as a treasury certificate or may be retired and cancelled, as may be determined by the Board of Directors. Upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.

### **SECTION 7 REMOVAL OF DIRECTORS AND OFFICERS**

The members shall have the power to remove any director or officer for cause, except the chief executive officer who is an employee appointed by the board of directors or any other employee appointed as an officer by the board. Any member may bring charges against

any such officer or director by filing them in writing with the Secretary, together with a petition signed by ten per cent (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next Regular or Special Meeting of the members and any vacancy created by such removal will be filled by a special election pursuant to the same rules governing director nominations and elections under Article III. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him or her shall have the same opportunity.

## **SECTION 8 EASEMENTS AND ACCESS**

Each member shall furnish to the Cooperative reasonable access to and grants of easement on or over the lands owned (including any right or interest) by the member to be used for furnishing electric service to the member and for the construction, operation and maintenance of the electric distribution lines of the Cooperative. All such easements shall run with the land and shall be binding on and shall inure to the benefit of the Cooperative and the member's heirs, successors, and assigns. These easements shall be in accordance with such reasonable terms and conditions as the Cooperative shall require. The Cooperative may cut, trim, and control growth on the member's property by machinery, by chemicals, or otherwise of trees, shrubbery, and other vegetation to the extent necessary to keep the right-of-way clear for the Cooperative's lines or system, and the Cooperative may cut down from time to time all dead, weak, leaning or dangerous trees that are tall enough to strike the wires in falling.

## **SECTION 9 DISPUTE RESOLUTION**

All disputes, claims, or controversies ("disputes") between a member and the Cooperative arising from or related in any way to the Cooperative's provision of electricity or other services, its furnishing of any goods, or its conduct of operations, other than disputes relating to the payment for electrical energy provided by the Cooperative, that are not resolved by agreement of the parties shall, at the written request of any party, be resolved by binding arbitration by a single arbitrator. Arbitration shall take place in Scott County, Minnesota, or at such other place as agreed by the parties. The selection of the arbitrator and all arbitration rules and procedures shall be determined pursuant to the Uniform Arbitration Act in Minnesota Statutes sections 572B.01-572B.31, or any successor provisions, and pursuant to any additional written procedures to be established from time to time by the Cooperative's Board of Directors. The determination of any dispute in arbitration shall be governed by the laws of the State of Minnesota. This agreement to arbitrate disputes shall survive any withdrawal from or termination of a member's membership in the Cooperative.

All claims by or disputes between the parties must be arbitrated individually and not through collective or class action arbitration or litigation.

## **SECTION 10 INTERRUPTION OF COOPERATIVE SERVICE; LIABILITY LIMITS**

The Cooperative shall provide electric service to members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative's electric service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for providing electric service terminates upon delivery of the electric service to the member. Under no circumstances shall the Cooperative be liable for an indirect, special, exemplary, punitive, or consequential damages arising out of the Cooperative's electric service.

## **SECTION 11 TELEPHONE AND ELECTRONIC COMMUNICATIONS FROM THE COOPERATIVE**

Member consents to the Cooperative using an automatic telephone dialing system, or an artificial or pre-recorded voice, as well as electronic communications, to contact the member regarding the member's Cooperative service or the member's use of a Cooperative service.

## **SECTION 12 PROVISION OF COOPERATIVE SERVICE**

A member shall comply with any reasonable procedure required by the Cooperative regarding the provision of Cooperative service, including, but not limited to, the following:

- (a.) Based upon different costs of providing Cooperative service to different groups of members, the Cooperative may charge each group a different rate or price for providing the Cooperative service.
- (b.) The Cooperative may construct, operate, relocate, reconstruct, and maintain an above or below ground electric distribution line or system on or under the member's property, and above or below the ground upon all streets, roads or highways abutting the member's property.

- (c.) The Cooperative may read, inspect, replace or maintain metering and load management control equipment.
- (d.) The Cooperative may inspect and make such repairs, changes, alterations, improvements, removals from, substitutions and additions to its facilities as the Cooperative may from time to time deem advisable.
- (e.) All the Cooperative's lines and facilities shall remain the property of the Cooperative.
- (f.) The member shall keep the Cooperative's right-of-way clear of all buildings, structures or other obstructions.
- (g.) The Cooperative shall have the right to access across the member's property to its facilities from the most readily and accessible public road or driveway for the purpose of maintaining or working on any part of the electric distribution system.
- (h.) Member shall comply with all Minnesota laws regulating the installation of electrical wiring and equipment and such rules and regulations as may be adopted by the State Board of Electricity and the Cooperative regarding enforcement of such rules and regulations.
- (i.) The member releases the Cooperative from any and all liability of every kind and nature which may occur from member's defective installation or wiring on the member's property or from the member's failure to inspect that wiring or facilities, and member agrees to hold the Cooperative, its employees, and agents harmless from any and all such liability.
- (j.) The Cooperative may license, permit or otherwise agree to the joint use or occupancy of its lines or system, or if any of its system is placed underground, of the trench and related underground facilities, by any other person, association or legal entity. The Cooperative may permit the attachment of wires of others to the structures of those electric facilities.
- (k.) Member agrees that member will not do any act which will interfere with or harm the Cooperative's electrical system.
- (l.) The Cooperative may use Cooperative equipment to measure, collect, maintain, transmit, communicate and store the aggregate or incremental amount, quantity, or quality of electric energy used by a member and other data or information regarding the member's use of electric energy.
- (m.) Member shall pay interest and late fees as reasonably determined by the Board of Directors and all costs, including reasonable attorney collection fees, required to collect or obtain payment of amounts owed but not timely paid to the Cooperative.

### **SECTION 13 JOINT MEMBERSHIP**

Any two natural persons in a legally recognized relationship and occupying the same location for which the Cooperative provides electric service, each of whom qualifies to be a member, may hold a joint membership in the Cooperative. Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a.) The presence at a meeting of one or more of the joint members shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b.) The vote of any of the joint members or all of them jointly shall constitute one joint vote;
- (c.) The absence of any one joint member from any Annual or Special Meeting of the members, shall permit them to cast a vote by mail when permitted in these Bylaws;
- (d.) A waiver of notice, petition, consent, or other document signed by any one of the joint members shall constitute a joint waiver or act;
- (e.) Notice to any one of the joint members shall constitute notice to all;
- (f.) Any one, but not more than one, may be elected or appointed as a director, provided that the qualifications for such office are met.

A joint membership shall cease when the requirements of joint membership are no longer met, and a joint member shall notify the Cooperative in writing in that event.

### **SECTION 14. SUSPENSION OF MEMBERSHIP.**

The Cooperative may suspend a membership if a member temporarily ceases using Cooperative service as determined by the Board, upon request of a member, when a landlord member transfers bill payment responsibility to the landlord's tenant of landlord's electric service, or for other good cause. Upon suspension, a member may not receive notice, nominate, vote, remove, demand, request, petition, consent, or otherwise act as provided in these bylaws.

#### **SECTION 15. MEMBER EQUIPMENT CONNECTED TO COOPERATIVE EQUIPMENT.**

Except as otherwise provided by the Board, before Member Equipment (any equipment, structure, facility, or other good owned, controlled, operated, or furnished by member) is connected to Cooperative Equipment (any equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative), the Cooperative must approve the connection in writing. Before and while Member Equipment is connected to Cooperative Equipment, the Member:

- A. shall comply with, and shall ensure that the Member Equipment, the connection, and any act or omission regarding the Member Equipment and the connection comply with these bylaws and all terms, conditions, requirements, and procedures required by the Cooperative regarding the Member Equipment and the connection;
- B. shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative's distribution system;
- C. grants the Cooperative the right to inspect the Member Equipment and the connection; and
- D. grants the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with all terms, conditions, requirements, and procedures required by the Cooperative or that adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative's distribution system.

If Member Equipment is connected to Cooperative Equipment, then: (1) the Member is, but the Cooperative is not, responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment; (2) the Cooperative is not liable for damage to, or for the performance of, the Member Equipment; (3) the Cooperative is not liable for damage to the member's property; (4) the member is responsible for knowing the concerns, risks, and issues associated with operating the Member Equipment and connecting the Member Equipment to Cooperative Equipment; (5) the member is liable for damage to, and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection; and (6) the member is liable for, and must indemnify the Cooperative against, injury or death to any person and damage to any property caused by, or resulting from, the Member Equipment or the connection.

## **ARTICLE II – MEETINGS OF MEMBERS**

### **SECTION 1 ANNUAL MEETING**

The Annual Meeting of the members shall be held during each year at such place or and time as the Board of Directors may by resolution determine, prior to the issuance of the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transaction of such other business as may come before the meeting. In the event of a catastrophic event, natural disaster, or the outbreak of pandemic disease, or other good cause, the annual meeting may be held by remote communication through which the members may participate in the meeting.

### **SECTION 2 NOTICE OF ANNUAL MEETING**

Notice of the Annual Meeting shall be given by the Secretary by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative operates or by publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among the members at least two (2) weeks previous to the date of such meeting, or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at member's address as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership, notice given to either joint member shall be deemed notice to all joint members.

### **SECTION 3 SPECIAL MEETINGS**

Special Meetings of the members may be called by a majority of the directors or upon a written petition signed by at least twenty per cent (20%) of all the members. Special Meetings of the members may be held at any place within the operating area of the Cooperative and as specified in the notice of the Special Meeting.

### **SECTION 4 NOTICE OF SPECIAL MEETING**

It shall be the duty of the President to cause the Secretary to give notice of the time, place and purpose of a Special Meeting, by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative operates or by publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among the members at least two (2) weeks previous to the date of such meeting or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at member's address as it appears on the records of the Cooperative, with postage thereon prepaid. Such notice shall be issued within ten (10) days from and after the date of the presentation of the written petition mentioned in Section 3 of this Article II, and such Special Meeting shall be held within thirty (30) days from and after the date of the presentation of such petition. The failure of any member to receive notice of an Annual or Special meeting of the members shall not invalidate any action which may be taken by the members at any such annual or Special meeting. In case of a joint membership, notice given to either joint member shall be deemed notice to all joint members.

## **SECTION 5 QUORUM**

At least ten per cent (10%) of the total number of members present in person shall constitute a quorum for the transaction of business at all meetings of the members, if the total number of members is five hundred (500) or fewer. If the total number of members exceeds five hundred (500), not less than fifty (50) members, present in person or by remote communication, shall constitute a quorum for the transaction of business at all meetings of the members, provided, however, that in determining a quorum on a question submitted to a vote by mail, members present in person or represented by mail, shall be counted. If an insufficient number of members are present to constitute a quorum, a majority of the members present may adjourn the meeting from time to time without further notice. In case of a joint membership the presence at a meeting of either joint member, or both, shall be regarded as the presence of one member.

## **SECTION 6 ESTABLISHMENT OF A QUORUM**

The attendance of a sufficient number of members to constitute a quorum at any meeting of the members shall be established by registration of the members present at such meeting, which registration shall be verified by the President and Secretary and shall be reported in the Minutes of such meeting. In case of a joint membership, registration of one joint member, or both, shall be regarded as the registration of one member.

## **SECTION 7 VOTING**

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. Members attending a member meeting may consider, vote or act only upon a matter for which the power to consider, vote, or act is conferred upon members by law, the Articles of Incorporation, or these Bylaws. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these Bylaws. Joint members shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

The Board may fix a record date not more than 60 days before the date of a member meeting. The record date is the date for determining the total membership and the members entitled to receive a ballot, notice of a member meeting or similar document or vote or otherwise act.

To vote on behalf of a legal entity member, an individual must present evidence requested by and satisfactory to the Cooperative that the individual is authorized to vote for the entity. The entity's highest ranking officer such as the President is presumed authorized to vote for the legal entity member, unless the Cooperative has been advised that another individual is authorized to vote for that entity.

## **SECTION 8 VOTING BY MAIL**

Any member who is absent from any Annual or Special Meeting of the members may vote by mail upon any motion, resolution, or amendment to be acted upon at such meeting. The Secretary shall mail to each member a ballot which shall in the form prescribed by the Board of Directors and shall contain:

- (a.) The exact text of the proposed motion, resolution, amendment to be acted upon at the meeting;
- (b.) The time and date of the meeting; and
- (c.) Spaces opposite the text of such motion, resolution, amendment in which the member may indicate member's vote thereon.

Such member shall express member's choice by marking the appropriate space and shall mail or deliver the ballot to the Cooperative in a plain, sealed envelope inside another envelope bearing the member's name or otherwise indicating the member's identity. A properly executed ballot shall be accepted by the Board and counted as the vote of the absent member at the meeting. The failure of any absent member to receive a copy of any such motion, resolution, amendment, or ballot shall not invalidate any action which may be taken by the members at any such meeting.

## **SECTION 9 ORDER OF BUSINESS**

The order of business at the Annual Meeting of the members, and so far as applicable, at all other meetings of the members, shall be determined by the Board of Directors, but shall generally include the following:

1. Call to Order
2. Determination of a quorum
3. Statement for the record by the Chair that proper notice of the meeting was given to the members
4. Act on unapproved Minutes of previous member meetings
5. Reports of officers, directors and committees
6. Election of directors
7. Unfinished business
8. New business
9. Adjournment

The meetings of the members shall be governed by the Articles of Incorporation and Bylaws of the Cooperative and the laws of the State of Minnesota. Business matters and procedures not so governed shall be generally governed by the latest edition of Robert's Rules of Order.

## **SECTION 10 POSTPONEMENT OF A MEETING OF THE MEMBERS**

In the event of inclement weather or the occurrence of a catastrophic event, natural disaster, or other good cause, any Annual or Special Meeting of the members may be postponed and rescheduled by the President or in the President's absence by any other available officer of the Board. Notice of the postponement and rescheduling shall be given by the Cooperative in any media of general circulation or broadcast generally serving the service territory of the Cooperative.

# **ARTICLE III – DIRECTORS**

## **SECTION 1 GENERAL POWERS OF DIRECTORS AND DIRECTOR DISTRICTS**

The business and affairs of the Cooperative shall be managed by a board of nine directors which shall exercise all of the powers of the Cooperative, except such as are by law or the Articles of Incorporation or by these Bylaws conferred upon or reserved to the members. The directors will be elected from three districts as determined by the Board of Directors with three directors being elected from each district. In the event that any district where there will be an election for two directors in the same year, the candidate receiving the greatest number of votes shall receive the longer term, and the candidate receiving the next greatest number of votes shall receive the shorter term. The Cooperative shall stagger director terms. Representation on the Board of Directors shall be apportioned equally among the districts in proportion to the number of members residing in each district. The number of members in any one (1) district may not vary by more than ten percent (10%) from the average number of members for the districts. At least once every ten (10) years, the Board of Directors shall conduct a survey to determine whether the number of members in a district has changed. If the number of members in a district has changed by fifteen percent (15%) or more, the districts shall be changed so that representation on the Board of Directors continues to be apportioned equally throughout the districts in proportion to its membership.

## **SECTION 2 DIRECTOR QUALIFICATIONS**

No person shall be eligible to become or remain a director of the Cooperative who:

- (a.) is not a bona fide member and resident of the district from which he or she is elected or for which he or she is a candidate; ("bona fide resident" shall be defined as residing at and continuously and materially purchasing electric service at a location within any director district from which the director is elected or for which he or she is a candidate for at least nine (9) months each calendar year);
- (b.) is in any way employed by or substantially financially interested in an enterprise substantially competing with the Cooperative or any Cooperative-affiliated business;
- (c.) within five (5) years preceding a director candidate's nomination was or during service on the Board of Directors is adjudged to be guilty of a felony;

- (d.) within three (3) years preceding a director candidate's nomination was a full-time or part-time employee of the Cooperative;
- (e.) is a close relative of an existing director;
- (f.) is a close relative of an existing employee of the Cooperative;
- (g.) is or becomes the full-time employee or agent of, or who is or becomes the full-time employer or principal of, another director;
- (h.) does not have the capacity to enter into legally binding contracts;
- (i.) unless excused for good cause by the board, is absent from three or more regular meetings of the Board of Directors during any calendar year. If a director participates in more than one regular meeting during any consecutive twelve-month period by electronic communication, that director shall be considered absent from that meeting for purposes of this paragraph. In the event of inclement weather, a pandemic, or a catastrophic event, directors may participate via electronic communication in board meetings during that period and are exempt from this provision. This exemption will be recorded by the Secretary in the board minutes.

A "close relative" as used in these Bylaws is a person who:

- (a.) is by blood, law, or marriage (including half, step, foster, and adoptive relations) a child, grandchild, parent, grandparent, or sibling; or
- (b.) is a spouse or resides in the same residence.

Any individual properly qualified and elected or appointed as a director does not become a close relative while serving as a director because of any marriage or legal action to which the individual was not a party.

If the Board of Directors determines that any director nominee or any existing director lacks eligibility under this Section, it shall be the duty of the board to disqualify any such nominee or to remove any such director from the Board of Directors, as the case may be.

A member that is an authorized farm corporation or family farm corporation may select an individual member residing on or actively operating the farm to be eligible for election to the board.

A natural person appointed or elected by a member who is not a natural person, family farm corporation, or an authorized farm corporation is not eligible for election as a director to the board.

### **SECTION 3 NOMINATIONS**

Any member who desires to be a candidate for the Board of Directors may nominate himself/herself from the district in which he/she maintains legal residence. The member's nomination shall be submitted in written form to the Secretary at least seventy (70) days before the date of the meeting at which directors are to be elected. The Secretary shall prepare and post at the principal office of the Cooperative at least sixty (60) days before the meeting a list of nominations for directors. If there are no member nominations, the board of directors shall appoint a director from that district to serve until the next annual meeting. Members may not nominate at, or from the floor of, a member meeting an individual to run for election for a director position scheduled for election at the member meeting.

Notwithstanding anything in the section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

### **SECTION 4 VOTING BY DISTRICTS AND TENURE OF DIRECTORS**

At each Annual Meeting, directors shall be elected by and from the members in those districts in which a term of a director has expired to serve for a term of three years, or until their successors shall have been elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of directors.

Member shall vote only for the director candidates in the district in which the member resides or has membership. A member has membership in a district if the member receives Cooperative service in the district but does not reside within the Cooperative service area. A legal entity member may vote in a district in which it receives Cooperative service if it was the first location within the Cooperative's service territory in which the entity first received and continues to receive Cooperative service.



## **UNCONTESTED ELECTIONS**

If for any election there is only one nominee for a board position so that the nominee is running unopposed, ballots need not be provided by mail to the members in that district and the election shall be made by the chairperson of the member meeting entertaining a motion to elect the single candidate by a voice vote.

## **CONTESTED ELECTIONS**

If for any election there is more than one nominee for a director position (a “contested election”), then the election shall be by ballot and each member eligible to vote in that district shall be entitled to cast one vote for each director position in that district. Any member who is absent from any Annual or Special Meeting of the members may vote by mail in any contested election of directors on the ballot herein prescribed. The ballot shall be marked “Ballot for Directors” and shall contain the names of all of the candidates in the contested election. The names of the candidates shall be arranged alphabetically on the ballot, and any incumbent director shall be so designated. Members may not vote for write-in candidates. The Secretary shall mail to each member with the notice of the Annual Meeting a ballot for directors in a form prescribed by the Board of Directors. A member may vote by mail for directors by marking the ballot for the candidate of the member’s choice. The member shall return the ballot by mail to the Cooperative, or to a place designated by the Cooperative, in a sealed plain envelope inside another envelope bearing the member’s name or otherwise indicating the member’s identity. If the ballot of the member is received by the Cooperative on or before the date of the regular members’ meeting or election date, the ballot shall be accepted and counted as the vote of the absent member. The candidate in each district receiving the highest number of votes cast shall be elected, and in the case of a tie vote, the winner shall be determined by a flip of a coin.

Notwithstanding the provisions of this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

## **SECTION 5 VACANCIES**

Subject to the provisions of these Bylaws with respect to the removal of directors and also to Article III, Section 1, vacancies occurring in the Board of Directors may be filled by a majority vote of the remaining directors, and directors thus elected shall serve until the next Annual Meeting of the members or until their successors shall have been elected and shall have qualified. The Board may allow a vacancy to continue pending an election of a director by the members at the next annual meeting. At the next Regular or Special member’s meeting, the members must elect a director to fill the unexpired term of the vacant director’s position.

## **SECTION 6 COMPENSATION**

A director is not an employee of the Cooperative, but directors shall receive reasonable reimbursement and compensation for service to the Cooperative as determined by resolution of the Board of Directors.

## **SECTION 7 RULES AND REGULATIONS**

The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

## **SECTION 8 ACCOUNTING SYSTEM AND REPORTS**

The Board of Directors shall cause to be established and maintained a complete accounting system. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit report shall be performed by a certified public accountant, and a summary of the report shall be made available to the members.

# **ARTICLE IV – MEETING OF DIRECTORS**

## **SECTION 1 REGULAR MEETINGS**

A Regular Meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after the Annual Meeting of the members, and at the same place as the Annual Meeting or by unanimous consent in any other convenient location. A Regular Meeting



of the Board of Directors shall also be held, usually monthly, at such time and place as the Board of Directors may provide by resolution. Such Regular Monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

## **SECTION 2 SPECIAL MEETINGS**

Special meetings of the Board of Directors may be called by the President or any three (3) Directors. The person or persons authorized to call Special meetings of the Board of Directors may fix the time and place for the holding of any Special Meeting of the Board of Directors called by them.

## **SECTION 3 NOTICE**

Notice of the time, place and purpose of any Special Meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed to each Director at each director's last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. Such notice may also be given by telephone, by facsimile or electronic mail when directed to an electronic mail address to which the director has consented to receive notice. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

## **SECTION 4 QUORUM**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

## **SECTION 5 MANNER OF ACTING**

The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

## **SECTION 6 MEETING ATTENDANCE BY REMOTE COMMUNICATION**

A director may participate in a board meeting or any lawfully constituted committee meeting by means of conference telephone or, if authorized by the Board, by such other means of remote communication by which all persons participating in the meeting can simultaneously hear each other and participate in the meeting. Participation in a meeting pursuant to this section constitutes presence in person at such meeting.

## **SECTION 7 BOARD ACTION BY WRITTEN CONSENT**

Without a board meeting, the Board may take action required or permitted to be taken at a board meeting if the action is taken by all directors and is evidenced by one or more written or electronic consents describing the action taken, signed by each director, delivered to the Cooperative, and included with the Cooperative's board meeting minutes. Except when a different effective date is provided, action taken by director written consent is effective when the last director signs the director written consent. A director written consent has the effect of, and may be described as, a board meeting vote.

# **ARTICLE V – OFFICERS**

## **SECTION 1 NUMBER**

The officers of the Cooperative shall be a President, Vice-President, Secretary-Treasurer and Chief Executive Officer and such other officers as may be determined by the Board of Directors from time to time.

## **SECTION 2 ELECTION AND TERM OF OFFICE**

The officers shall be elected, by ballot, annually by and from the Board of Directors held after each Annual Meeting of the members; provided, when there is only one nominee for any office, then written balloting may be dispensed with and voting may be conducted in any proper manner. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual Meeting of the members or until the director's successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

### **SECTION 3 REMOVAL**

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

### **SECTION 4 VACANCIES**

Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors, for the unexpired portion of the term.

### **SECTION 5 PRESIDENT**

The President shall:

- (a.) be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Directors;
- (b.) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c.) in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

### **SECTION 6 VICE PRESIDENT**

In the absence of the President or in the event of the President's inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the power of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned by the Board of Directors.

### **SECTION 7 SECRETARY**

The Secretary shall be responsible for:

- (a.) keeping the minutes of the meeting of the members and the Board of Directors in one or more books provided for that purpose;
- (b.) seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c.) the safekeeping of the corporate records and of the seal of the Cooperative;
- (d.) keeping a register of the post office address of each member which shall be furnished by such member;
- (e.) having general charge of the records of the Cooperative in which a record of the members is kept;
- (f.) keeping on file at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, forward a copy of the Bylaws and of all amendments thereto to each member requesting the same; and
- (g.) in general performing all duties incident to the office of Secretary and such other duties as from time to time maybe assigned by the Board of Directors.

The Board of Directors may authorize the Secretary to delegate any or all of the above duties to responsible employees of the Cooperative.

### **SECTION 8 TREASURER**

The Treasurer shall be responsible for:

- (a.) custody of all funds and securities of the Cooperative;
- (b.) the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c.) in general performing all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

The Board of Directors may authorize the Treasurer to delegate any or all of the duties to responsible employees of the Cooperative.

#### **SECTION 9 CHIEF EXECUTIVE OFFICER**

The Board of Directors may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in him or her.

#### **SECTION 10 BONDS OF OFFICERS**

The Board of Directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property to be bonded or be covered by other appropriate insurance in such sum and with such surety as the Board of Directors shall determine. The Board of Directors at its discretion may also require any other officer, agent or employee of the Cooperative to be bonded or be covered by other appropriate insurance in such amount and with such surety as it shall determine.

#### **SECTION 11 COMPENSATION**

The compensation, if any, of any officer, shall be fixed by the Board of Directors.

#### **SECTION 12 REPORTS**

The officers of the Cooperative shall submit, at each Annual Meeting of the members, reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

### **ARTICLE VI – CONTRACTS, CHECKS AND DEPOSITS**

#### **SECTION 1 CONTRACTS**

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

#### **SECTION 2 CHECKS, DRAFTS, ETC.**

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 by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

#### **SECTION 3 DEPOSITS**

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such financial institution or financial institutions as the Board of Directors may select.

### **ARTICLE VII – MEMBERSHIP RECORD**

#### **SECTION 1 MEMBERSHIP RECORD.**

Membership in the Cooperative shall be evidenced by a membership record.

## **ARTICLE VIII – DISTRIBUTION OF EARNINGS**

### **SECTION 1 INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED**

The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

### **SECTION 2 PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY**

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and nonmembers alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses.

The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the member's account. That notification may be made by any reasonable means, including electronically. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

In no event, however, shall any capital be retired contrary to the provisions of any unsatisfied mortgage executed by the Cooperative. Any balance remaining in excess of outstanding capital credits shall be allocated and paid to each then record holder of capital credits in the ratio of capital credits held by each to the total of capital credits outstanding.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or in part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

The Cooperative shall be entitled to apply a reasonable service charge against the capital credits of a patron who has not claimed them beginning two years after the capital credits are declared payable. The amount of such service charge shall be determined periodically by the Board of Directors and shall be based on the current cost of handling the capital credit account of the patron.

The Board of Directors in its absolute discretion shall have the authority to retire the capital credits of members who have attained 70 years of age or older on such terms and conditions as it deems appropriate from time to time.

The Board of Directors at its discretion shall have the power at any time upon the death of any patron who was a natural person, if the legal representative of the deceased member's estate shall request in writing that the capital credited to any such patron be retired prior to the provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors acting under policies of general application and said legal representative shall agree upon, provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notification to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital

credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

### **SECTION 3 PATRONAGE IN CONNECTION WITH FURNISHING OTHER SERVICES**

In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy and other than amounts receivable from capital gains realized in activities related to the Cooperative purpose, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services may be allocated annually and returned to the members of this Cooperative as patronage capital, or may be used by the Cooperative as permanent, non-allocated capital reserve.

### **ARTICLE IX – WAIVER OF NOTICE**

Any member or director may waive, in writing, any notice of meetings required to be given by law, the Articles of Incorporation or these Bylaws. In case of a joint membership a waiver of notice signed one joint member shall be deemed a waiver of notice of such meeting by all joint members.

### **ARTICLE X – DISPOSITION OF PROPERTY**

The Cooperative may not sell, mortgage, lease, or exchange more than twenty-five percent (25%) of its property, rights, privileges and franchises; merge with or consolidate into another entity that is not a rural electric cooperative within the meaning of the Rural Electrification Act of 1936; or dissolve the Cooperative without authorization for the above acts by the affirmative vote of two-thirds (2/3) of the members, given at a members' meeting duly called for that purpose, or when authorized by the written consent of two-thirds (2/3) of the members; provided, however, that such affirmative vote or written consent of the members shall also represent the affirmative vote or written consent of at least two-thirds (2/3) of the individual members; and provided further, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, the National Rural Utilities Cooperative Finance Corporation, and such other financial institutions as determined by the Board of Directors and in connection with such borrowing to authorize the making and issuance of bonds, notes, or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing 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, all upon such terms and conditions as the Board of Directors shall determine. For purpose of this Article, a merger with our consolidation into another rural electric cooperative association shall not be deemed a sale, mortgage, lease or exchange. Other provisions of these Bylaws, notwithstanding any repeal, amendment, or alteration of this Article that would result in a change in the member approval requirements for acts described herein, must be approved by at least twenty-five percent (25%) of all members of the Cooperative, provided that said twenty-five percent (25%) or more is a majority of those votes cast on said repeal, amendment, or alteration. The Board of Directors shall submit any actions referred to in this Article to a mail vote by the members of the Cooperative.

### **ARTICLE XI - FISCAL YEAR**

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

### **ARTICLE XII - SECURITY INTEREST IN PATRONAGE CAPITAL**

As security for the full and prompt payment and performance when due of any and all obligations or indebtedness that may be owed by a patron (member or non-member) to the Cooperative, the Cooperative shall have a continuing security interest in and recoupment claim against the patronage capital allocated to a patron. Each patron authorizes the Cooperative to perfect that security interest by any filing required under the Uniform Commercial Code. Regardless of a statute of limitation or other time limitation, after retiring capital credits allocated to a patron or former patron, the Cooperative may recoup, offset, or set off an amount owed to the Cooperative by the patron or former patron, including any service fees, by reducing the amount of retired capital credits paid by the amount owed to the Cooperative.

### **ARTICLE XIII – SEAL**

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Minnesota." The use or non-use of the corporate seal shall not affect the validity, enforceability, or recordability of a document or act of the Cooperative.

### **ARTICLE XIV – ELECTRONIC RECORDS AND SIGNATURES**

Any signature required or document required to be in writing by these Bylaws will be effective and enforceable if it is in electronic form.

### **ARTICLE XV – AMENDMENTS**

These Bylaws may be altered, amended or repealed by the members at any Regular or Special Meeting if approved by a majority of the votes cast, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal or a summary statement thereof. Any repeal, amendment, or alteration of Article X or of this sentence of this Article XV of these Bylaws, however, that results, directly or indirectly, in a change in the member approval requirements for acts described in Article X, must be approved by at least twenty-five percent (25%) of all members of the Cooperative, provided that said twenty-five percent (25%) or more is a majority of those votes cast on said repeal, amendment, or alteration. The Board of Directors shall submit any actions referred to in the preceding sentence of this Article to a mail vote by the members of the Cooperative.