



2022

PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION AND COOPERATIVE BYLAWS

(A complete redline copy and commentary.)



ARROWHEAD



COOPERATIVE

2022 PROPOSED AMENDMENTS TO THE ARROWHEAD COOPERATIVE ARTICLES OF INCORPORATION AND BYLAWS.

In 2022, the Arrowhead Cooperative Board of Directors is asking the Cooperative's members to approve proposed amendments to the Cooperative's Articles of Incorporation and Bylaws.

Dear Arrowhead Cooperative Member,

As a not-for-profit electric cooperative, Arrowhead Cooperative is governed by a series of documents, including Articles of Incorporation and Bylaws, that were first established when the Cooperative was founded in 1953. These documents provide a framework for governing and conducting business. As time passes, the energy industry changes, technology advances, and member needs and expectations grow, it is important to periodically review and amend the Articles of Incorporation and the Bylaws in order to remain relevant and effective.

Over the last year, the Board of Directors, Arrowhead Cooperative staff, an attorney, and our auditor conducted a review of the Cooperative's Articles of Incorporation and Bylaws. The purpose of this review is to ensure that these documents are current, compliant with changes in law, and reflect best practices in the industry. After reviewing these documents line by line and comparing them to Cooperative business procedures, future needs, and industry advancements, necessary alterations were identified and suggested. Alterations are intended to modernize archaic language, increase clarity, simplify where possible, and facilitate the more efficient operation of the Cooperative.

While the proposed amendments have been approved by the current Board of Directors, they cannot be placed into effect without approval by a majority vote of the members that participate in the voting process. This membership vote will take place in conjunction with the Director elections and Annual Meeting on June 4, 2022.

It is our goal to make sure that as members you feel well-educated prior to placing your vote on the ballot included in this packet, so we've provided this booklet which includes a redline copy of all proposed amendments to the Cooperative's Articles of Incorporation and Bylaws, along with relevant descriptions. While the bulk of changes proposed reflect an update in language and/or grammar to make these documents easier to understand, the summaries to follow in this document reflect the most significant amendments.

We are confident these changes will result in more efficient operations at the Cooperative and better engage our members in the election process. We realize there is a great deal of information presented here, so please don't hesitate to reach out to us during business hours at (800) 864-3744 or (218) 663-7239 if you have questions or comments regarding the proposed amendments.

The Arrowhead Cooperative Board of Directors, representing your interests at the Cooperative, is unanimously recommending the following amendments to the Articles of Incorporation and Bylaws.



**AMENDED AND RESTATED ARTICLES OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
ARROWHEAD ELECTRIC COOPERATIVE, INC.**

~~KNOW ALL MEN BY THESE PRESENTS, that we the undersigned, the Chairman and Secretary respectively of Arrowhead Electric Cooperative, Inc., a corporation organized under the provisions of Minnesota Statutes, Section 308.05 to 308.18, and acts amendatory thereto, do hereby certify:~~

~~That on the 29th day of March, 2001, the Board of Directors of this Corporation adopted a resolution proposing an amendment to the Articles of Incorporation to be presented at a meeting of the stockholders to be held on the 5th day of May 2001. That on the 20th day of April, 2001, notice was mailed to each and every stockholder designating the time and place of meeting at which said proposed amendments would be considered and voted upon by the stockholders, which notice contained a complete text of the proposed amendment.~~

~~That at such meeting of the stockholders held on the day and at the aforesaid, a quorum of the stockholders being registered as being present in person or by mail, these stockholders by vote did amend the Articles of Incorporation of Arrowhead Electric Cooperative, Inc., be, and the same hereby are, amended to read as follows:~~

**ARTICLES OF INCORPORATION OF
ARROWHEAD ELECTRIC COOPERATIVE, INC.**

ARTICLE I: NAME

The name of ~~this the~~ association cooperative shall be ARROWHEAD ELECTRIC COOPERATIVE, INC. (hereinafter the "Cooperative").

ARTICLE II: PURPOSE

SECTION 2.1

The conduct of business of ~~this the association~~ Cooperative shall be conducted upon the cooperative Cooperative's plan. The Cooperative shall be authorized to exercise and enjoy all of the powers, rights, and privileges granted to or conferred upon cooperatives under Minnesota law as now or hereafter in force, and such additional powers as not restricted by law.

SECTION 2.2

The general purposes of the Cooperative are to sell, provide, deliver, furnish, or distribute electric energy and other services to its members and patrons and to engage in any other lawful business.

~~and the general nature of its business and the purpose or purposes for which it is formed are:~~

~~1) To generate, manufacture purchase, acquire, and accumulate electric energy for its members and to transmit, distribute, furnish, sell, and dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee, and in any manner acquire, own, hold, maintain, operate, sell, dispose of, leases as lessor, exchange, and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment, and electric transmission and distribution lines or systems necessary, convenient, or useful for carrying out and accomplishing any or all of the foregoing purposes;~~

~~2) To acquire, own, hold, use, exercise, and to the extent permitted by law, to sell, mortgage, pledge, hypothecate, and in any manner dispose of franchises, rights, privileges, licenses, right of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the association;~~

~~3) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the association to accomplish any and all of its purposes;~~

Outdated Language Removed.

Language in this section pertained to amendments made in 2001 and is no longer needed so it has been removed.

Language Simplified.

Language about the purpose of the Cooperative has been updated and simplified. New language confirms the organization operates as a Cooperative in the state of Minnesota, that its primary business is electric energy distribution, while leaving room for the Cooperative to adapt business offerings and practices as needed in the future to remain relevant and efficient.

4) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidence of indebtedness and all security therefore;

5) To borrow money, to make and issue bonds, notes and other evidence of indebtedness, secured or unsecured, for monies borrowed or in payment for property acquired or for any of the other objects or purposes of the association; to secure the payment of such bonds, notes or other evidence of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon any and all of the property, rights, privileges, or permits of the association, wheresoever situated, acquired or to be acquired; and;

6) To do and perform either for itself or its members any and all acts and things, and to have and to exercise any or all of the foregoing purposes, or as may be permitted by the Act under which the association is formed; provided, however, that the conduct of the business of this association shall be upon the cooperative plan. The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general power of this association and this association shall be authorized to exercise and enjoy all the powers, rights and privileges granted to or conferred upon associations of the character of this association by the laws of the State of Minnesota now or hereafter in force.

ARTICLE III 3: PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of transacting the business of ~~this association the Cooperative~~ is 5401 MN 61, Lutsen, Minnesota 55612 ~~shall be in Lutsen, in the County of Cook, State of Minnesota.~~

ARTICLE IV 4: DURATION

The period of duration of ~~this association the Cooperative~~ shall be perpetual.

ARTICLE V 5: MEMBERSHIP

SECTION 5.1

The ~~association Cooperative~~ shall be organized on a membership basis and without capital stock. There shall be only one class of membership. Each member shall be entitled to one vote in the affairs of the ~~association Cooperative~~. Membership shall be transferable only with the approval of the Board of Directors of ~~this association the Cooperative~~.

SECTION 5.2

Capital stock outstanding at the time of adopting these ~~Amended and Restated~~ Articles shall be retired in an orderly and non-discriminatory manner as the financial condition of the ~~corporation Cooperative~~ permits, according to such policy or policies as shall be adopted from time to time by the Board of Directors.

SECTION 5.3

Any person may become a member of the Cooperative as set forth in the Bylaws. No person shall hold more than one membership in the Cooperative.

SECTION 5.4

Each member shall be bound by these Articles, the Bylaws, applicable law, and the rules, policies, and regulations adopted by the Board, as amended from time to time.

SECTION 5.5

The Bylaws of the Cooperative define and fix the duties and responsibilities of the members, as well as the offices and directors of the Cooperative and may also contain any other provision for the regulation of the business and affairs of the Cooperative not inconsistent with these Articles or the laws of the State of Minnesota.

Outdated Language Removed.

This language has been removed and replaced with a simplified version.

Location Specified.

This language has been updated to accurately reflect our headquarters location.

Membership.

This language has been added to summarize what a member is and define their rights and obligations.

Purpose of Bylaws.

This language has been relocated and updated, it defines the purpose of these Bylaws.

ARTICLE ~~VI~~ 6: PATRONAGE

The ~~association~~ Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its ~~members or nonmember~~ patrons. No interest or dividends shall be paid or payable by the ~~association~~ Cooperative on any capital furnished by its ~~members or nonmember~~ patrons.

The net income of the Cooperative, except for amounts set aside as capital reserves or additional reserves, shall be administered on the basis of patronage as provided in the Cooperative's Bylaws. The records of the Cooperative may show the interests of nonmember patrons and members in the reserves.

As provided for in the Bylaws, nonmember patrons may be allowed to participate in the distribution of net income. Nonmember patrons are not entitled to any governance rights and/or voting rights in the affairs of the Cooperative.

~~In the furnishing of electric energy this association's operations shall be so conducted that all patrons, members and non-members alike, will, through their patronage, furnish capital for the association. In order to induce patronage and to assure that the association will operate on a non-profit basis, the association is obliged to account on a patronage basis to all its patrons for all costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses shall be received with the understanding that they are furnished by the patrons as capital. The association shall be obligated to pay by credits to a capital account for each patron all such net amounts in excess of operating costs and expenses and prior capital deficits, if any. The books and records of the association 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 association shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his account. 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 the legal obligation to do so and the patron has then furnished the association corresponding amounts for capital.~~

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

~~In the event of dissolution or liquidation of the association, after all outstanding indebtedness of the association shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis. The Board of Directors, at its discretion, shall have the power, at any time, to retire capital credits in accordance with provisions of the bylaws of this association.~~

ARTICLE ~~VII~~ 7: BOARD OF DIRECTORS

SECTION 7.1

The governance of the Cooperative and the management of its affairs and business shall be vested in the Board of Directors. The government of this association and the management of its affairs and business shall be vested in a Board of Directors as designated in the bylaws who shall be elected by ballot of the members of the association for such terms as the bylaws may prescribe, at the Annual Meeting of the members, which shall be held at such time and place in each year as shall be determined by the Board of Directors or the members.

SECTION 7.2

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

SECTION 7.3

The Board of Directors is authorized to do and perform for either itself or its members and nonmember patrons any and all acts and things and to have and exercise any and all powers as may be necessary or convenient to accomplish any or all of the purposes of the Cooperative or as may be permitted by applicable law under which the Cooperative is formed.

Patronage Practices Updated.

This language is simplified and updated to point to the Bylaws for more specific information regarding patronage. Language was also added to define what cooperative benefits nonmember patrons from our Broadband division are entitled to.

Role of the Board of Directors Defined.

Section 7 was added to clearly define the role of the Board of Directors as a governing body in the Cooperative.

SECTION 7.4

Members of the Board of Directors shall have no personal liability to the Cooperative or its members or nonmember patrons for monetary damages for breach of fiduciary duty as a director, except that this article shall not limit or eliminate a director's liability:

- a) for a breach of the director's duty of loyalty to the Cooperative or its members or nonmember patrons;
- b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- c) for a transaction for which the director derived an improper personal benefit; or
- d) for an act or omission occurring prior to the date the Cooperative adopted these limitations on director's liability.

SECTION 7.5

The Board of Directors shall have full power and authority to authorize the execution and delivery of mortgages, security agreements, or other security instruments upon, or otherwise pledge and encumber, any or all of the property and assets of the Cooperative to include all revenues and income of the Cooperative, all upon such terms and conditions as the Board of Directors shall determine in its discretion are necessary and appropriate to secure any indebtedness of the Cooperative.

ARTICLE VIII 8: INDEBTEDNESS

The highest amount of indebtedness to which the Cooperative shall at any time be subject shall be established by the Board of Directors through a duly enacted resolution.

ARTICLE ~~VIII~~ 9: BYLAWS AMENDMENT OF ARTICLES

The Articles may be altered, amended, or repealed by the affirmative vote of a majority of the members of the Cooperative present in person or voting by other permitted means at any regular or special meeting of the Cooperative's members at which a quorum of the members is registered as being present or represented as present by other permitted means, provided, these Articles shall not be altered, amended, or repealed at any meeting of the members unless notice of such proposed alteration, amendment, or repeal shall have been contained in or provided along with the notice of any such meeting.

~~The bylaws of this association may define and fix the duties and responsibilities of members, officers and directors, and may also contain any other provisions for the regulation of the business and affairs of the association not inconsistent with these Articles of Incorporation or the laws of the State of Minnesota. Bylaws may be adopted and amended from time to time, by the members at an annual meeting thereof, as provided by these Articles of Incorporation and applicable laws.—~~

Mary M. Petz President
Lester Edinger Secretary

STATE OF MINNESOTA _____)
_____) ss
COUNTY OF COOK _____)

~~On this 31st day of May, 2001, before me, a notary public within and for said County, personally appeared, Mary M. Petz and Lester Edinger, to me personally known, who being each by me duly sworn, did say that they are respectively, the President and Secretary of Arrowhead Electric Cooperative, Inc., the Corporation named in the foregoing Articles of Amendment, and each acknowledged that they signed said instrument as their free act and deed by authority of the members of said Corporation for the purposes and uses therein expressed.~~

Jeanne K. Muntean
Notary Public - Minnesota

Cook County
My commission expires January 31, 2005.

STATE OF MINNESOTA DEPARTMENT OF STATE FILED June 18, 2001
Mary Kiffmeyer Secretary of State

Future Proofing the Amendment Process.

This language was added to reduce additional changes if the Articles of Incorporation or Bylaws are ever updated in the future. The language removed at the beginning of this booklet about amendments made in 2001 is being replaced here in Section 9 in a more generalized format.

Language Relocated.

Language relating to the purpose of the Bylaws was updated and relocated to Section 5.5.

Outdated Language Removed.

Language in this section pertains to amendments made in 2001 is no longer needed so it has been removed.

AMENDED AND RESTATED BYLAWS OF ARROWHEAD ELECTRIC COOPERATIVE, INC.

ARTICLE 1: GENERAL

SECTION 1.1 - ADOPTION

These Amended and Restated Bylaws of Arrowhead Electric Cooperative, Inc. (the "Cooperative") shall constitute the Bylaws of the Cooperative as of June 4, 2022 (the "Bylaws") and shall restate and replace fully any and all prior bylaws of the Cooperative.

SECTION 1.2 - APPLICABLE LAW

These Bylaws are subject to applicable law and the Articles of Incorporation, as may be amended and/or restated, of the Cooperative (the "Articles"). If, and to the extent that, a Bylaw conflicts with law or the Articles, then the law or Articles control.

ARTICLE 2: MEMBERSHIP

SECTION 2.12 - REQUIREMENTS FOR MEMBERSHIP

Any person or entity that has the legal capacity to enter into a binding contract shall may become a member of Arrowhead Electric Cooperative, Inc. (hereinafter called the "Cooperative") the Cooperative upon receipt of electric service from the cooperative Cooperative provided that he, she or it the member has first:

- a) has completed a Membership membership Application-application provided by the Cooperative;
- b) paid, and continues to pay, the fixed minimum monthly charge;
- c) consumes, receives, purchases, or otherwise uses, when available, electric energy generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided by the Cooperative and purchase all electric energy requirements as hereinafter specified;
- d) agreeing to pay the prices, rates, and/or amounts determined by the Cooperative, and pursuant to the terms and conditions specified by the Cooperative, for the electric energy provided by the Cooperative;
- ee) agreesd to comply with, and be bound by, the Articles of Incorporation, these Bylaws and any amendments thereto, and such rules, policies, and regulations as may from time to time be adopted by the Board of Directors. by bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors;
- d) been approved by the Board of Directors, and;
- ef) as required by the Cooperative for the purpose of providing electric service or providing any other service by the Cooperative or a subsidiary and/or affiliate of the Cooperative, an easement on, over, above, across, and/or under any real property owned by the Member in accordance with such reasonable terms and conditions as the Cooperative shall require. agreed to furnish an easement over, above, across or under the real property owned by the applicant or for service to other members of the cooperative.

A member who meets the requirements set forth herein shall be referred to as a "Member." No member Member may hold more than one membership in the Cooperative, and no membership in the cooperative Cooperative shall be transferable, except as provided in these bylaws.

The form of the membership application shall be prescribed and amended from time to time by the Board of Directors.

SECTION 2. MEMBERSHIP CERTIFICATES

Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined and amended by the board of Directors. Such certificate shall be signed by one or more officers or employees of the Cooperative, as designated from time to time by the Board of Directors:

In case the membership certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board of Directors may prescribe:

Adoption of Revised Bylaw Language.

Language in this section is required as part of the amendment process.

Bylaws Subject to Law.

Language in this section reflects that Bylaws are subsequent to the Articles of Incorporation and any law.

Membership Defined.

Language in this section has been updated and expanded to fully reflect the requirements of membership in the Cooperative.

Outdated Practice Removed.

Arrowhead Cooperative no longer issues member certificates to members, therefore this language has been removed.

SECTION 32.2 - JOINT MEMBERSHIP

Two or more adult persons, legal entities, or combination thereof, may apply for ~~Joint joint Membership membership~~ and, subject to their compliance with the requirements set forth in ~~Section of this Article these Bylaws~~, may be accepted for such membership. The term “~~member Member~~” as used in these bylaws shall be deemed to include those holding a joint membership and those Members who are legally married shall be deemed to have a joint membership unless both spouses provide written notice to the Cooperative to the contrary. ~~and a~~ Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holding of a ~~Joint joint Membership membership~~ shall be as follows:

- a) notice of a meeting provided to one joint member constitutes notice to all joint members;
- b) waiver of notice of a meeting signed by one joint member constitutes waiver of notice for all joint members;
- c) the presence of one or more joint members at a meeting constitutes the presence of one Member at the meeting;
- d) the presence of one joint member at a meeting waives notice of the meeting for all joint members;
- e) the presence of one joint member at a meeting may invalidate a mail ballot or electronic ballot previously submitted by the joint member;
- f) if only one joint member votes on a matter, signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the joint members and constitutes one vote, signature, or action;
- g) if more than one joint member votes on a matter, signs a petition, consent, waiver/waiver, or other document, or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the joint members and constitutes one vote, signature, or action of the joint members;
- h) except upon the cessation of the legally recognized relationship, the suspension or termination of a joint member constitutes the suspension or termination of joint members;
- i) a joint member qualified to be a member of the Board of Directors may be a Director, regardless of whether another joint member is qualified to be a Director, but if more than one joint member is qualified to be a Director, then only one joint member may be a Director;
- j) upon the death of any those holding a joint membership, such membership shall be held solely by the survivors;
- k) joint membership shall not terminate by the result of a divorce or separation;
- l) joint membership shall continue until such time as the Cooperative shall receive sufficient notice, in writing, of any change in status, or request to change the status, signed by all of the joint members; and
- m) a joint membership may be transferred by a joint member to a single member, another joint membership, or to the remaining holder or holders of the joint membership upon written request of all joint members and upon agreement to be bound by the terms and conditions of Section 2.1 of this Bylaw.

~~The presence at a meeting of any or all 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 either separately or both jointly shall constitute one joint vote. In any event, only one ballot shall be presented to each membership. The vote may not be split.~~
- ~~c) A Waiver of Notice signed by either or both shall constitute a joint waiver;~~
- ~~d) Notice to either shall constitute a notice to both.~~
- ~~e) Expulsion of either shall terminate the joint membership.~~
- ~~f) Withdrawal of either shall terminate the joint membership.~~
- ~~g) Any one party to a joint membership, but not more than one, may be elected or appointed as a board member, provided all parties in the joint membership meet the qualifications for becoming a board member.~~
- ~~h) A legal entity shall designate a person entitled to vote on its behalf.~~

Joint Membership Defined.

Language in this section has been updated and expanded to fully define what constitutes a joint membership and how the Cooperative conducts business with members who are filed jointly.

Outdated Language Removed.

This language has been removed and replaced above with updated definitions.

SECTION 4. CONVERSION OF MEMBERSHIP

A membership may be converted:

a) by a written request signed by all persons having an interest therein. A membership in the name of the person or a joint membership may be converted to a membership of another of the two types. Such written request shall contain the agreement by all persons having an interest in a membership involved, to comply with the Articles of Incorporation and Bylaws, policies, and regulations adopted by the Board of Directors. The outstanding membership shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

b) Upon the death of any person who is party to the joint membership, such membership shall be held solely by the survivor(s). The estate of a deceased joint member shall not be released from any debt or obligations due the Cooperative.

c) Upon legal separation or dissolution of marriage or dissolution of a legal entity. Such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint; provided, that the other spouse shall not be released from any debt or obligation due the Cooperative.

The outstanding membership certificate shall be surrendered and shall be reissued by the cooperative in such manner as shall indicate the changed membership status.

SECTION 52.3 - PURCHASE OF ELECTRIC ENERGY

Each ~~member~~ Member shall sign ~~an agreement~~ the membership application for electric service. Except as applicable federal and state statutes and regulations may require, each ~~member~~ Member shall, as soon as electric service shall be available, purchase from the Cooperative all electric energy used on the premises specified in the application for membership, and shall pay therefore, at rates which shall from time to time be fixed by the Board. Each ~~member~~ Member shall also pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each ~~member~~ Member shall also pay all amounts owed by the member to the Cooperative as and when the same shall become due and payable.

SECTION 2.4 - MEMBER RESPONSIBILITIES

As a condition of becoming and remaining a Member, each Member agrees as follows:

a) To allow the Cooperative to construct, operate, relocate, reconstruct, replace, and maintain 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.

b) To allow the Cooperative to read, inspect, replace, and/or maintain metering and load management control equipment.

c) To allow the Cooperative to inspect and make such repairs, changes, alterations, improvements, removals from, substitutions, and additions to Cooperative facilities as the Cooperative may from time to time deem advisable.

d) Acknowledges that all of the Cooperative's lines and facilities remain the property of the Cooperative.

e) To keep the Cooperative's right of way and/or easement free and clear of all buildings, structures, and other obstructions.

f) To give the Cooperative, by any means reasonable, necessary, and/or appropriate, rights to cut, trim and/or remove any obstruction, vegetation, and/or tree that the Cooperative, its agents or assigns, deem would be a danger to its facilities, even if such tree, obstruction, and/or vegetation is outside of an easement granted.

g) To allow the Cooperative to take any action it deems reasonable and necessary to protect the Cooperative's facilities.

h) To comply with the National Electrical Code, all Minnesota, federal, and local laws, codes, ordinances, statutes, and regulations regulating the installation of electrical wiring and equipment, and such rules, codes, and regulations as may be adopted by the Minnesota State Board of Electricity, and upon request, the Member shall provide to the Cooperative proper evidence of compliance with permit requirements prior to connection of electric service.

i) To release and indemnify, defend, and hold the Cooperative harmless from and against any and all liability of every kind and nature which may occur from the Member's or the Member's

Language Relocated.

This language was relocated to Section 2.2 regarding joint membership.

Member Responsibilities Defined.

The language in this section has been relocated from Section 3 and updated to clarify the responsibilities of a member. It reflects current Cooperative practices and mirrors the agreement members make on the Cooperative's application for membership.

These responsibilities provide clarity of past assumptions and are necessary to maintain the distribution system and provide reliable service.

agent's defect, negligence, or improper use or maintenance of the Member's premises and all wiring and apparatus connected thereto or used thereon.

j. To allow the Cooperative to license, permit, or otherwise allow the joint use or occupancy of the Cooperative's lines, system, and/or facilities, or if any of its facilities, by any other person, association, or legal entity. The Cooperative may permit the attachment of wires or other structures of others to the Cooperative's facilities.

k) To not do any act which will interfere with or harm the Cooperative's facilities.

l) That 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/service used by a Member and other data or information regarding the Member's use of electric energy/service.

m) To allow, and the Member consents to, the Cooperative using an automatic telephone dialing or text message system, or an artificial or pre-recorded voice, to contact the Member regarding the Cooperative, the Member's Cooperative service, or the Member's use of a Cooperative service.

n) To pay interest and late fees as reasonably determined by the Board of Directors and all costs and expenses, including reasonable attorneys' fees, required to collect or obtain payment of amounts owed but to the Cooperative.

o) To indemnify, defend, and hold the Cooperative harmless from and against any and all liabilities, damages, costs, or expenses, including reasonable attorneys' fees and expenses, incurred by the Cooperative, or by a Cooperative director, officer, employee, agent, or representative, and caused by the negligence or willful misconduct of the Member or non-member occupying the premises owned by the Member, or by the unsafe or defective condition of the premises owned by the Member.

p) Make available to the Cooperative a suitable site, as determined by the Cooperative, to place its physical facilities for furnishing, maintaining, and metering of all electric service used on premises and shall permit Cooperative's authorized employees, agents, and independent contractors to have access hereto and without interference from disconnection of such facilities or services at all reasonable times.

q) Be responsible for furnishing electric and other service beyond the point of delivery by the Cooperative.

SECTION 62.5 - TERMINATION OF MEMBERSHIP

Except as otherwise provided in these Bylaws, a Member is terminated upon: (a) the Member's death, legal dissolution, or legal cessation of existence; (b) the Member requesting termination; (c) the Member ceasing to use service provided by the Cooperative; or (d) the Cooperative learning that the Member has ceased using any service provided by the Cooperative. Termination of a Member does not release the Member from debts, liabilities, or obligations owed to the Cooperative.

Membership can be terminated as follows:

a) Any member Member may withdraw from membership upon payment in full of all debts and liabilities or such member Member, ceasing to purchase electric energy from the Cooperative, and upon compliance with such uniform terms and conditions as the Board of Directors may prescribe:

b) The Board of Directors may, by affirmative vote of not less than two-thirds of all members of the Board of Directors expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, policies, rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such failure makes the member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. An expelled member may be reinstated by vote of the Board of Directors or by two-thirds majority vote of the members at any annual or special meeting;

c) The membership of a member who has not paid the fixed minimum monthly charge and purchased all their electric energy requirements from the Cooperative, may be cancelled by motion of the Board of Directors

d) Upon withdrawal, notification of death, cessation of existence or expulsion of a member, the membership of such member shall terminate. Termination of membership in any manner shall not release the member, or the estate, administrator, heirs, receivers, assigns or successors, from any debts or obligations due the Cooperative:

Member Responsibilities Defined.

The language in this section has been relocated from Section 3 and updated to clarify the responsibilities of a member. It reflects current Cooperative practices and mirrors the agreement members make on the Cooperative's application for membership.

Language Simplified.

The language in this section has been simplified to be more direct and straightforward.

ARTICLE ~~II~~ 3: RIGHTS & LIABILITIES OF MEMBERS

SECTION 3.1 -

PROPERTY INTEREST OF MEMBERS UPON DISSOLUTION OF THE COOPERATIVE.

Upon dissolution of the Cooperative and after;

- a) all debts and liabilities of the Cooperative shall have been paid, and;
- b) all capital furnished through patronage shall have been retired as provided in these ~~bylaws~~ **Bylaws**, the remaining property and assets of the Cooperative shall be distributed among the ~~members~~ **Members** and former ~~members~~ **Members** in the proportion which the aggregate patronage of each bears to the total patronage of all ~~members~~ **Members** during the ten calendar years preceding the date of the filing of the certification of dissolution.

SECTION 3.2 - NON-LIABILITY FOR DEBTS OF THE COOPERATIVE.

The private property of the ~~members~~ **Members** and ~~Nonmember~~ **Patrons** shall be exempt from execution or other liability for the debts of the Cooperative and no ~~member~~ **Member** or ~~Nonmember~~ **Patron** shall be liable or responsible for any debts or liabilities of the Cooperative.

~~SECTION 3 -- MEMBER RESPONSIBILITIES~~

~~Pursuant to membership, each member shall:~~

- ~~a) Upon request by the Cooperative, grant Cooperative permission without compensation thereof, a defined easement for right-of-way over, above, across or under the real property owned or controlled by the member and in accordance with such reasonable terms and conditions as the Cooperative shall require for the purpose of furnishing electric and other service and for the construction, operation, maintenance and repair (including clearing and re-clearing of brush and trees in this easement) and/or relocation of the Cooperative's facilities;~~
- ~~b) Give the Cooperative rights to cut, trim and/or remove any tree that the Cooperative, its agents or assigns, deem would be a danger to its facilities, even if such tree is outside of an easement granted;~~
- ~~c) Cause all premises receiving electric service from the Cooperative to become and remain wired in accordance with the specifications of the State Board of Electricity, the National Electric Code, any applicable local government ordinances and statutes;~~
- ~~d) Be responsible for and indemnify the Cooperative and its employees, agents, and independent contractors against death, injury, loss or damage arising from, or as a result of, any defect, negligence, or improper use or maintenance of such premises and all wiring and apparatus connected thereto or used thereon;~~
- ~~e) Make available to the Cooperative a suitable site, as determined by the Cooperative, to place its physical facilities for furnishing, maintaining, and metering of all electric service used on premises and shall permit Cooperative's authorized employees, agents, and independent contractors to have access hereto and without interference from disconnection of such facilities or services at all reasonable times;~~
- ~~f) Be responsible for furnishing electric and other service beyond the point of delivery;~~

ARTICLE ~~III~~ 4: MEETINGS OF MEMBERS

SECTION 4.1. ANNUAL MEETING

The annual meeting of the ~~members~~ **Members** shall be held at such time, place and hour and in such manner, method, and location (whether in-person, virtual, teleconference or through a different format) in each year as may be determined by the Board of Directors, which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports covering the previous year, and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. If the election of directors shall not be held on the day designated for the annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Language Relocated.

Language relating to the membership responsibilities was updated and relocated to Section 2.

Technology Inclusion.

Language is added to include the incorporation of technology and electronic communication.

SECTION 4.2 - NOTICE OF ANNUAL MEETING

The notice of the annual meeting shall be given by:

- a) mailing the notice to each Member personally at the Member's last known post office address which for a Member cooperative means notice mailed to the secretary of the cooperative; or
- b) publication in a legal newspaper published in the county of the principal place of business of the Cooperative; or
- c) 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.

The notice of the annual meeting must be published at least two (2) weeks before the date of the meeting or election or mailed at least fifteen (15) days before the date of the meeting. Upon the mailing of the notice of the annual meeting of Members, the Secretary of the Cooperative shall execute a certificate setting forth a correct copy of the notice and showing the date of the mailing thereof and that the same was mailed within time and in the manner herein prescribed. Said certificate shall be made a part of the record of the meeting. Alternatively, if permitted and as required by law, notice may be given to a Member electronically.

SECTION 4.23 - SPECIAL MEETINGS

Special meetings of the ~~members~~ Members may be called by a resolution of a majority of the ~~members~~ of the Board of Directors, or upon written petition signed by not less than twenty percent (20%) of all the ~~members~~ Members, and it shall thereupon be the duty of the Secretary of the Cooperative to cause notice of such a meeting to be given as hereinafter provided. Special meetings of the ~~members~~ Members may be held at ~~any place within the area served by the Cooperative as designated by the Board of Directors~~ the principal place of business of the Cooperative, or at another conveniently located place as determined by the Board of Directors and specified in the notice of the special meeting.

SECTION 4.34 - NOTICE OF SPECIAL MEMBER'S MEETING

Notice of the date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format) of a special meeting may be given by:

- a) mailing the special Member's meeting notice to each Member personally at the Member's last known post office address, which for a Member cooperative means notice mailed to the secretary of the cooperative; or
- b) publication in a legal newspaper published in the county of the principal place of business of the Cooperative; or
- c) 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 Members.

The special Members' meeting notice shall state the date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format), and purpose of the special Members' meeting, and shall be issued within ten (10) days from and after the presentation of a Members' petition. The special Members' meeting must be held thirty (30) days after the date of the presentation of the Members' petition. Upon the mailing of the notice of the special Members' meeting of Members, the Secretary of the Cooperative shall execute a certificate setting forth a correct copy of the notice and showing the date of the mailing thereof and that the same was mailed within time and in the manner herein prescribed. Said certificate shall be made a part of the record of the meeting. Alternatively, if permitted and as required by law, notice may be given to a Member electronically.

~~Written or printed notice stating the place, day, and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be mailed not less than fifteen days prior to the date of such meeting. Such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at the address as it appears on the records of the Cooperative, with postage thereon prepaid. 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 meeting.~~

SECTION 4.5 - FAILURE TO RECEIVE NOTICE

The failure of any Member to receive notice of an annual or special Members' meeting shall not invalidate any action which may be taken at such meeting.

Procedure Clarification.

This section defines how and when the Annual Meeting Notice should be delivered to members.

Procedure Clarification.

This section defines how and when a Special Meeting Notice should be delivered to members.

SECTION 4.6 - QUORUM

At least Fifty fifty (50) ~~members~~ Members present in person, or represented by mail ballot or electronic vote/ballot shall constitute a quorum. In case of a joint membership, the presence at a meeting of either or both joint members shall be regarded as the presence of one Member. If less than a quorum is ~~present~~ represented at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice; provided a new notice is submitted by mail, publication, and/or electronically as permitted by law, ~~mailed~~ to each member specifying the time and place of the adjourned meeting. The minutes of each meeting shall contain a list by reference of the ~~members~~ Members present in person. The presence of a sufficient number of Members to constitute a quorum at any Member meeting shall be verified by the Chair and Secretary and shall be reported in the minutes of such meeting.

SECTION 54.7 - VOTING

Each ~~member~~ Member shall be entitled to one (1) vote and nor more upon each matter submitted to a vote at a meeting of the ~~members~~ Members. A Nonmember Patron (as that term is defined herein) shall have no voting rights. At all meetings of the ~~members~~ Members at which a quorum is present all questions shall be decided by a simple majority vote of the members Members voting thereon at such meeting in person, or by mail, or electronic means, except as provided by law, the Articles of Incorporation or these ~~bylaws~~ 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.

No Member shall be entitled to vote by proxy except that a spouse may vote on behalf of the Member unless the Member has indicated otherwise to the Cooperative.

A Member shall be entitled to submit a vote at a meeting of the Members on any matter submitted to a vote of the Members at such meeting by any of the following methods (but not more than one) as determined by the Board of Directors: (a) in person, (b), mail, or (c) electronic voting.

Any ~~member~~ Member which is a legal business entity, association, or body politic or subdivision thereof, may be required to furnish appropriate evidence of the authority of its representative to vote in its behalf. Such authority shall be furnished to the Secretary of the ~~cooperative~~ Cooperative before such representative votes at any such meeting. A representative or officer may also vote as an individual, if a ~~member~~ Member. ~~Whenever a vote of members of the Cooperative is required or provided for in any matter, the spouse of the member may vote on behalf of the member unless the member has indicated otherwise.~~

SECTION 64.8 - VOTING BY MAIL

Any ~~member~~ Member who is absent from any annual or special meeting of the members may vote by mail on the ballot herein prescribed, upon any election, motion, resolution, or amendment to be acted upon at such meeting. The ballot shall be in the form prescribed by the Board of Directors and shall contain ~~space opposite~~ the exact text of such motion, resolution, or amendment in which such member may indicate their affirmative or negative vote thereon, and, in the case of an election ballot, shall contain the exact name of each candidate for office and shall contain space opposite each name in which such ~~member~~ Member may indicate their vote thereon. Such ballot envelope shall be signed by the ~~member~~ Member or its duly authorized representative and upon receipt by the Secretary of the Board ~~by the time on the date of the meeting specified in the notice at or prior to such meeting;~~ shall be accepted and counted as the vote of ~~of such absent~~ the ~~member~~ Member. The failure of such absent member to receive a copy of such ballot shall not invalidate any action that may be taken by the ~~members~~ Members at any such meeting. Any ballot not properly completed or submitted, or not timely received, shall be invalid.

SECTION 4.9 - VOTING BY ELECTRONIC MEANS

It shall be within the Board of Director's sole discretion whether to have any matter up for a vote by the Members of the Cooperative be voted on by electronic means. If the Board of Directors allows electronic voting, the ballot shall be available by electronic means in accordance with procedures authorized by the Board of Directors, including a means by which a Member may indicate an affirmative or negative vote. The ballot shall be in the form prescribed by the Board of Directors and shall contain the exact text of the proposed motion, resolution, or amendment to be acted on at the meeting and spaces opposite the text of the motion, resolution, or amendment in which the Member may indicate an affirmative or negative vote thereon, and, in the case of an election ballot, shall contain the exact name of each candidate for office and shall contain space opposite each name in which such Member may indicate their vote thereon. The procedure shall specify the date and time by which an electronic ballot must be received by the Cooperative, or its designee, to be counted. If a properly completed and submitted ballot of a

Ballots Counts Towards a Quorum.

This section is updated to allow ballots to count as representation of a Member and counted as part of a quorum. This change is necessary as technology has reduced in-person based business practices.

Voting Rights Belong to Members Only.

Changes in this section clarify that voting rights belong to members only. Nonmember patrons are not entitled to this Cooperative benefit.

Electronic Voting Allowed.

This section will allow the Board of Directors to authorize electronic voting options if they see fit in the future.

member is received by the Cooperative, or its designee, through electronic means by the time on the date of the meeting specified in the notice, the ballot shall be accepted and counted as the vote of the Member at such meeting. Any ballot not properly completed or submitted, or not timely received, shall be invalid. The failure of any Member to receive a copy of any motion, resolution, amendment, candidate slate, or a ballot by electronic means shall not invalidate any action which may be taken by the Members at any meeting.

SECTION 74.10 - ORDER OF BUSINESS

The order of business at the annual meeting of the ~~members~~Members, ~~and so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:~~ shall be determined by the Board of Directors.

- ~~1. Report on the number of members present in order to determine the existence of a quorum.~~
- ~~2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.~~
- ~~3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.~~
- ~~4. Election of Directors.~~
- ~~5. Presentation and consideration of reports of officers, directors and committees.~~
- ~~6. Guest speakers and other presentations.~~
- ~~7. Unfinished business~~
- ~~8. New business.~~
- ~~9. Adjournment.~~

The foregoing order of business may be changed by a majority vote of the members in attendance and voting at such meeting. Unless the members by majority vote of those in attendance and voting determine otherwise, Roberts Rules of Order shall govern all procedural questions and matters.

SECTION 4.11 - BUSINESS AND FISCAL REPORTS

The officers of the Cooperative shall submit reports to the Members at the regular Members' meeting covering the business of the Cooperative for the previous fiscal year that shows the condition of the Cooperative at the close of the fiscal year.

ARTICLE ~~IV~~ 5: DIRECTORS

SECTION 5.1 - GENERAL POWERS

The business and affairs of the Cooperative shall be managed under the direction of a board of seven (7) directors ~~as of the Annual Meeting in 2002~~, which shall exercise all of the powers of the Cooperative, except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the ~~members~~Members.

The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation, or these ~~bylaws~~Bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative. Such powers shall also include the determination and fixing of classification of services and rates to be charged by the Cooperative for service furnished.

SECTION 5.2 - DIRECTOR DISTRICTS

The territory served or to be served by the Cooperative shall be divided into ~~seven (7) a-~~number of districts with one Director position elected from each district. The Cooperative shall attempt to stagger Director terms so that an approximately equal number of Directors are elected each year. ~~equal to the number of directors:~~ The boundary lines of such districts, as initially established, may be changed from time to time by the Board of Directors to maintain an approximate equal number of ~~members~~Members in each district. Each ~~member~~Member is allowed to vote for all directors regardless of the district the ~~director~~Director will represent. A candidate for director must designate the district they seek to represent. That district must be determined by the ~~following criteria in the order presented:~~

- ~~a) The member's principal residence.~~
- ~~b) The primary business site.~~
- ~~c) If a member has not principal residence or a business has no primary site in any specific~~

Language Simplified.

Changes in this section provide more discretion to the Board of Directors to set the order of business at the annual meeting.

Relocation.

This section was relocated only.

district in which service is received from the Cooperative, then the member shall designate in writing to the Secretary of the cooperative at least fifteen (15) days prior to time of nomination the one district that he/she has determined to be his/her district. Such designation shall not be changed without prior board approval and the member shall be eligible to be elected as a Director of the cooperative only from said district.

Each district shall be represented by one and only one director. A director shall be nominated and elected for the terms and in the manner provided in Sections 3, 4 and 5 following the Bylaws. The director districts are indicated on the official map at the cooperative business office.

SECTION 5.3 - ELECTION AND TENURE OF OFFICE

Unless otherwise provided in these Bylaws, Directors shall be elected to serve for a ~~three-year~~ **three-year** period. The nominee from each district receiving the largest number of votes shall be elected as a director. In the event of a tie vote, the winner shall be chosen by the flip of a coin. ~~These directors~~ Directors shall be elected by ballot from the ~~members~~ **Members** to serve until their successors have been elected and shall have been qualified subject to the provisions of these Bylaws with respect to the removal of directors. No ~~member~~ **Director** shall be eligible to serve more than ~~six (6)~~ **four (4)** consecutive three-year ~~terms~~ **terms** as a ~~director~~ **Director**.

SECTION 5.4 - DIRECTOR QUALIFICATIONS

Members must meet the following requirements to be eligible to be nominated as a Director, elected as a Director, and must continue to meet the following requirements to remain a Director:

- a) Be a Member of the Cooperative;
- b) They are a natural person and are purchasing and taking delivery of electric energy in the district from which the Member is nominated or elected;
- c) Have the capacity to enter into legally binding contracts
- d) Has been a Member of the Cooperative for at least one (1) year prior to the meeting in which the Member is up for election to become a Director;
- e) While a Director, and during the five (5) years immediately prior to the meeting in which the Member is up for election to become a Director, not be convicted of, plead guilty to, a felony or a crime involving theft or dishonesty;
- f) Not have a conflict of interest, financial or otherwise, with the Cooperative;
- g) Not be an employee, grandparent (including step or in-law), parent (including step or in-law), child (including step or in-law), brother (including step, in-law, or half-brother), sister (including step, in-law, or half-sister), or spouse of an employee of the Cooperative; and
- h) Annually complete and sign an independence and conflict of interest certification and disclosure form approved by the Board of Directors.

A legal entity that is a Member may designate an individual who is an owner of the legal entity and actively involved in the operation of the legal entity to be eligible for election as a Director, provided the individual meets the applicable requirements for eligibility as provided in the Bylaws to become and remain a Director.

~~No member shall be eligible to become or remain a director or hold a position of trust in the Cooperative who:~~

- ~~a) Has not elected a district to represent (See Article IV, Section 2).~~
- ~~b) Has not been a member of the Cooperative's system for at least one (1) year.~~
- ~~c) Is a convicted felon.~~
- ~~d) Is an employee parent, child, brother, sister, or spouse of an employee of the cooperative, is other than a natural person.~~
- ~~e) Has a conflict of interest, financial or otherwise with the Cooperative.~~
- ~~f) Does not have the legal capacity to enter into a binding contract.~~

~~When a membership is held jointly or by tenants in common, one of the joint tenants or one of the tenants in common, but not more than one, may be elected as a director; provided, however, that such personal shall not be eligible to become or remain a director or hold a position of trust in the Cooperative unless both joint tenants or all tenants in common shall meet the qualifications hereinabove set forth. When a membership is held by a partnership,~~

Director Tenure Extended.

Proposed changes increase director term limits. While the term length of three years will remain intact, directors would be able to run for up to six terms instead of four. Rapid changes in the energy industry and increased demands of directors require Board members to have extensive knowledge and certifications. Increasing terms provides sufficient time to onboard new directors, complete in-depth training and education courses, and allow the Cooperative to benefit from Board member training and experience.

Qualifications Language Adjustment.

This change reflects grammatical and language updates only. Director qualifications have not changed.

one, but not more than one, of the partners designated in writing by the partnership may be elected as a director; provided, however, that none of the partners shall be eligible to become or remain a director or hold a position of trust in the cooperative unless the candidate shall meet the qualifications set forth above.

SECTION 5.5 - CAMPAIGN FINANCE DISCLOSURE

a) Campaign Contributions Discouraged. To promote the fairness and transparency of the election process and the best interests of the Cooperative, a candidate for election on the Board of Directors is encouraged to campaign without accepting financial contributions, in-kind contributions, gifts, donations, loans to support the campaign, promises, or pledges to transfer money, goods, or services, paid personal services, or any other type of financial contribution from any individual, legal entity, Cooperative member or group of members, group of other persons, business, political party, interest group, association, union, or any other entity.

b) Members who are candidates for the Board of Directors must follow the requirements set forth below to be eligible to be elected as a Director:

i. If a candidate chooses to accept campaign contributions of any kind, then the contributions must be freely disclosed as required in this Bylaw.

1. "Campaign Contribution" means: a financial contribution; an in-kind contribution; a gift; a donation; a loan to support the campaign; a promise or pledge to transfer money, goods, or services; paid personal services; or any other type of contribution from an individual, entity, group, business, partnership, political party, interest group, or union.

2. A candidate who does not accept Campaign Contributions may voluntarily disclose that decision to the Cooperative's members by filing a statement in the manner and form approved and directed by the Cooperative.

ii. A candidate who chooses to accept Campaign Contributions is required to file with the Cooperative, for posting by the Cooperative, on its website, a weekly Contributions Report (which will be provided by the Cooperative), containing:

1. The name and address of the source of each Campaign Contribution;
2. The amount of each contribution or the nature and value of an in-kind contribution;
3. The date the candidate accepted each contribution; and
4. The contributor's occupation and employer (from individual contributors).

iii. A candidate who spends his or her own personal funds on the candidate's own campaign is not required to file a Contributions Report.

iv. A candidate is required to file his or her Contributions Reports on the following schedule:

1. A candidate required to file a Contributions Report shall file on each Friday before the election for the Board of Directors.
2. A candidate shall file a final Contributions Report on the 30th day after the date of the election for the Board of Directors that includes any Campaign Contributions not previously disclosed.

v. If a candidate is elected, or appointment after the election to a director's position, and the candidate chooses to accept contributions intended to help retire the candidate's campaign debt, the candidate is required to file with the Cooperative for posting by the Cooperative on its website a Contributions report within 30 days after accepting each contribution.

c) Any member who believes that a candidate or director has violated this Bylaw ("Complainant") may file a written complaint ("Complaint") with the Cooperative at the Cooperative's headquarters, together with any documents in support of the Complaint. The form of the Complaint will be provided to the Complainant. The Cooperative will send a copy of the Complaint to the candidate or director against whom the Complaint is made ("Respondent").

i. Once chosen, the Cooperative shall send the Complaint to the arbitrator with a directive to handle the Complaint as expeditiously as possible in accordance with this Bylaw. The arbitrator shall promptly review the Complaint and set a hearing on the Complaint as soon as possible. All parties shall be given at least three (3) days' written (written includes e-mail, text, or other electronic means) notice of the hearing on the Complaint.

ii. The Complainant and Respondent shall be entitled to appear at the hearing with legal counsel and present evidence for and against the charges made in the Complaint. The Complainant shall bear the burden of proof and the burden of proof shall be by a

Disclosures Required.

This change promotes transparency in governance by ensuring that candidates for the Board of Directors disclose financial backing received from others in support of their campaign efforts.

“preponderance of the evidence.” Promptly after the hearing, the arbitrator shall determine whether the Complainant has met the burden that a violation of this Bylaw was committed. If the arbitrator determines that a violation of this Bylaw was committed, the arbitrator shall prescribe the penalty to be imposed for the violation, considering the nature and severity of the violation. The penalty must be appropriate to the violation committed.

d) The Board of Directors shall select a qualified neutral arbitrator, who shall be an attorney licensed to practice law in the State of Minnesota, to decide violations of this Bylaw and prescribe appropriate penalties as authorized under this Bylaw. The arbitration shall be finally and exclusively decided by binding arbitration in accordance with the American Arbitration Association (“AAA”) Commercial Arbitration Rules. The Cooperative’s legal counsel shall meet and inform the arbitrator of his/her responsibilities under this Bylaw. The Cooperative shall pay any fees and expenses to the arbitrator for services rendered. The Cooperative shall indemnify the arbitrator against all claims that may be brought against him/her, which arise from the performance of the arbitrator’s duties under this Bylaw.

e) Penalties may include:

- i. an order to cease and desist from the rule,
- ii. a reprimand,
- iii. a censure,
- iv. a disqualification of the Respondent’s candidacy and removal from the Board of Directors,
- v. a recommendation that the director resign or be removed from office, or
- vi. such other penalty as the arbitrator determines is appropriate.

f) The arbitrator shall submit his/her award and the factual basis for the determination on the Complaint and the penalty to be imposed, if any, in writing (in writing would include e-mail or other electronic means but not text) promptly to the Board of Directors. The Board of Directors shall promptly execute the decision of the arbitrator. The arbitration shall be held in Cook County, Minnesota. Any award rendered by the arbitrator shall be final and binding upon the Complainant, Respondent, and the Cooperative and judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction. The Members and the Cooperative waive all rights to a trial by jury in connection with anything contained in this Bylaw.

g) The arbitrator may consult with the Cooperative’s legal counsel in the discharge of his/her duties. The arbitrator may also utilize an assigned Cooperative staff member to coordinate notices and arrangements for a hearing, the hearing location, a hearing tape/transcript, and such other services as the arbitrator deems necessary to carry out his/her duties under this Bylaw.

h) The Cooperative will not be responsible, and no Member shall make any claim against the Cooperative, for the payment of attorneys’ fees and costs, arising from the conduct of the election for directors under the provision of this Bylaw.

i) By becoming a candidate for the Board of Directors, all candidates hereby acknowledge and agree to the requirements of this Bylaw and understand that a violation of this Bylaw could subject the candidate to the penalties described in this Bylaw.

SECTION 5.56 - NOMINATIONS

~~Not less than sixty (60) days or more than ninety (90) days prior to the date of the meeting of the members Members at which directors Directors are to be elected, the Board of Directors shall cause to be published in the county of the principal place of business of the Cooperative’s weekly newspaper a Notice notice of the upcoming election; an invitation for interested candidates to contact the Committee on Nominations, to be considered as a candidate in the election. The Committee on Nominations will consist of one (1) member Member from each director district up for election appointed by the board Board of directors Directors.~~

~~The committee Committee on Nominations shall prepare and post at the principal office of the Cooperative at least fortyfiveforty-five (45) days before the annual meeting a list of nominations for director Director. Additionally, at least ten percent (10%) of the Members in the district that has a Director election, but any ten percent (10%) or more members in that district may make other nominations in writing over their signatures not less than forty (40) days prior to the annual meeting and the Secretary of the Cooperative shall post the same at the same place where the list of nominations made by the committee Committee on Nominations is posted. A ballot marked “Ballot for Directors”; containing the district, name and address of each nominee to be elected, shall be mailed with the notice of the meeting.~~

Disclosures Required Continued.

This change promotes transparency in governance by ensuring that candidates for the Board of Directors disclose financial backing received from others in support of their campaign efforts.

Director Nomination Process.

These changes simplify the process for a member to run for a position on the Board by eliminating a complicated committee process and replacing it with a more efficient petition process. Qualified members interested in running for the board would simply submit a petition application including 15 member signatures to be added to the ballot. In the absence of petition applications, the Board of Directors would be allowed to nominate a qualified member to the ballot.

a) Any Member, meeting the qualifications of Section 5.4, above, who desires to be a candidate for the Board of Directors, may be nominated by submitting a petition, in a form approved by the Board of Directors, signed by 15 Members who have voting rights from the district in which the Member seeks nomination. ~~nominate themselves from the District in which they maintain their primary residence, by submitting an application for Director and complying with such other requirements as may be established by the BOARD.~~

b) The Member's petition shall be submitted to the Secretary not more than 130 days, but not less than 70 days before the date of the annual meeting of the Members. A Member who submits a petition either (i) before 130 days before the date of the annual meeting of the Members, or (ii) after 70 days before the date of the annual meeting of the Members, shall not be considered as a candidate for Director. The Cooperative shall provide the Members with notice of these requirements on its website, in its regular publications, and through such other means as established by the Board of Directors and/or the Cooperative.

c) The Secretary shall prepare and post on the Cooperative's website a list of nominations for the Board of Directors at least 45 days before the annual meeting of the Members. The Cooperative shall also include a list of nominations for the Board of Directors with the annual meeting notice provided to the Members.

d) Members may not nominate an individual to be a candidate for the Board of Directors at the annual meeting or any special meeting.

e) If there are no petitions that meet the requirements set forth in the Bylaws, the Board of Directors shall nominate at least two (2) nominees from the District up for election. Nominations by the Board of Directors shall be posted on the Cooperative's website at least 30 days before the annual meeting of the Members. The Cooperative shall also include a list of nominations by the Board of Directors with the annual meeting notice provided to the Members.

SECTION 5.67 - VACANCIES

Vacancies occurring on the Board of Directors shall be filled by a majority vote of the remaining ~~directors~~ Directors; and the Director(s) thus elected shall serve until the next annual meeting of the Members to serve the unexpired term or until their successors shall have elected and shall have qualified. A notice of vacancy will be provided by the Cooperative in the manner and method as determined by the Board of Directors. ~~publication to members in the county's newspapers.~~ The notice will allow at least 5 days for interested applicants to submit their name for consideration. The Board of Directors will interview interested applicants and may select a successor to the Director vacating.

If there are no applications the Board of Directors will fill the vacancy by appointment. Directors thus elected shall serve the unexpired term of that position. ~~Vacancies shall be filled to comply with all other qualifications of becoming a board member.~~ The Board of Directors may declare a vacancy if the Board member has missed three (3) consecutive regular board meetings or four (4) regular board meetings in any twelve (12) month period without valid reason.

SECTION 5.78 - COMPENSATION

~~Board members~~ Directors shall not receive any salary for their services as such, except that the board may, by resolution, authorize ~~reasonable compensation for service to the Cooperative. a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs, or performing committee assignments when authorized by the board.~~ If authorized by the ~~board~~ Board of Directors, ~~board members~~ Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such ~~cooperative~~ Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No ~~board member~~ Director shall receive compensation for serving the ~~cooperative~~ Cooperative in any other capacity, nor shall any close relative of a ~~board member~~ Director receive compensation for serving the ~~cooperative~~ Cooperative, unless the payment and amount of compensation shall be specifically authorized by an ~~affirmative~~ vote of the members, or the service by the ~~board member~~ Director or his/her close relative shall have been certified by the ~~board~~ Board of Directors as an emergency measure.

SECTION 5.89 - ACCOUNTING SYSTEM AND REPORTS

The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations or regulatory bodies, shall conform to such accounting system, as may from time to time be designated by the Administrator of the Rural Utilities Service (RUS) of the United States Department of Agriculture. The Board of Directors shall, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books, and financial condition of

Director Nomination Process Continued.

These changes simplify the process for a member to run for a position on the Board by eliminating a complicated committee process and replacing it with a more efficient petition process. Qualified members interested in running for the board would simply submit a petition application including 15 member signatures to be added to the ballot. In the absence of petition applications, the Board of Directors would be allowed to nominate a qualified member to the ballot.

Vacancies.

This section defines how and when a vacancy on the Cooperative Board will be filled. This new language confirms that remaining Directors will fill the vacancy by a majority vote. Members' will be provided the opportunity to apply for the position. If no applications are received the vacancy will be filled by appointment.

the Cooperative as of the end of this fiscal year. ~~A summary of the audit report shall be made available to the members for inspection. A resume audit report shall be submitted to the members at the following annual meeting.~~

SECTION 5.910 - REMOVAL OF DIRECTORS BY MEMBERS

The ~~members~~ Members shall have the power to remove ~~directors~~ Directors at a Members' meeting by an affirmative vote with a quorum present. Directors shall be removed only for cause. Charges against a ~~director~~ Director must be specific and must be filed with the Secretary of the Cooperative at least ~~forty-five (45)~~ twenty (20) days before the annual meeting or a special meeting called for this purpose, together with a petition signed by at least ten percent (10%) of the members of the Cooperative in that district, requesting removal of the director. Upon the filing of such a petition, the Secretary of the Cooperative shall immediately notify the Director so charged, in writing, at least ~~fifteen ten (15 10)~~ days prior to the meeting of the ~~members~~ Members. ~~Prior to the vote on the removal of the Director sought to be removed, The~~ the Director so charged shall be allowed representation by counsel, shall be allowed to present evidence, shall be allowed to cross examine witnesses, and shall be allowed to be heard in person at the meeting. The proceedings shall be presided over by a neutral chairperson, and the proceedings must be recorded.

ARTICLE ~~V~~ 6: INDEMNIFICATION

SECTION 6.1 - INDEMNIFICATION OF DIRECTORS

The Cooperative shall indemnify, ~~defend, and hold harmless the Cooperative's directors~~ Directors, ~~officers~~ Officers, agents, and employees ~~from and~~ against liability to the extent that their acts or omission constituting the grounds for the alleged liability were performed in their official capacity, were based upon what a reasonable person would deem to be good faith business judgments and belief that the acts or omission were in the best interest of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

ARTICLE ~~VI~~ 7: MEETINGS OF DIRECTORS

SECTION 7.1 - REGULAR MEETINGS

A re-organizational meeting of the Board of Directors shall be held at the first regularly scheduled board meeting following the annual meeting. Regular meetings of the Board of Directors shall be held monthly ~~at such date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format)~~ 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 7.2 - SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the President or any three (3) ~~directors~~ Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the ~~date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format)~~ time and place for the holding of the meeting.

SECTION 7.3 - NOTICE OF BOARD MEETINGS

Notice of ~~the date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format)~~ time, place, and purpose of any special meeting of the Board of Directors shall be given at least three (3) days prior thereto, by written notice, delivered personally, or by mail to each director at his last known address, ~~or by electronic transmission~~. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage prepaid thereon. ~~If given by electronic transmission, such notice shall be deemed to be delivered when sent by electronic transmission.~~ 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 or any business because the meeting shall not have been lawfully called or convened.

SECTION 7.4 - QUORUM

A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. 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. said meeting shall be adjourned.~~

Electronic Communication.

This change reflects grammatical and language updates, which include the incorporation of technology and electronic communication.

SECTION 7.5 - MANNER OF ACTING

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

SECTION 7.6 - MEETING ATTENDANCE

If authorized by a majority of the Board of Directors, Directors may participate in a board meeting, special meeting, or any lawfully constituted committee, by means of conference telephone or 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 shall constitute presence at such meeting.

SECTION 7.7 - BOARD ACTION BY WRITTEN CONSENT

Without a Board of Directors' meeting, the Board of Directors may take an action required or permitted to be taken at a board meeting if the action is: (1) taken by all Directors and (2) evidenced by one or more written or electronic consents: (a) describing the action taken; (b) signed by each director (such signature can be electronic); (c) delivered to the Cooperative; and (d) included with the Cooperative's board meeting minutes. A written consent has the effect of, and may be described as, an action of the Board of Directors.

ARTICLE VIII 8: OFFICERS

SECTION 8.1 - NUMBER

The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 8.2 - ELECTION AND TERM OF OFFICE

The officers shall be elected annually by and from the Board of Directors at the reorganization meeting of the Board of Directors held at the next regularly scheduled board meeting following the annual meeting. If the election of officers shall not be held at such the reorganization meeting, such election shall be held as soon thereafter as practical. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members Members or until their successors shall have been elected and shall have qualified. ~~No director shall hold a specific office for more than two (2) successive one (1) year terms.~~ A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

SECTION 8.3 - REMOVAL

Any person appointed to a position by ~~the a majority vote~~ of Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby.

SECTION 8.4 - PRESIDENT

The President shall:

- a) ~~be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board preside, or designate another individual to preside, at all Board and Member meetings.~~
- b) Sign any deeds, mortgages, 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 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 perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 8.5 - VICE-PRESIDENT

In the absence of the President, or in the event of his/her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned by the Board.

Electronic Meetings Allowed.

This change reflects grammatical and language updates, which include the incorporation of technology and electronic communication.

Written Consent Allowed.

This change reflects grammatical and language updates, which include the incorporation of technology and electronic communication that allow the Board of Directors to take action using these methods if necessary.

SECTION 8.6 - SECRETARY

The Secretary shall be responsible for:

- a) keeping the minutes of the meetings of the ~~members~~ Members and of the Board in books provided for that purpose;
- b) see that all notices are duly given in accordance with these bylaws or as required by law;
- c) the ~~safe-keeping~~ safe keeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- d) Keeping a register of the names and post office addresses of all ~~members~~ Members;
- e) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the cooperative containing all amendments thereto (which copy shall always be open to the inspection by any member) and at the expense of the cooperative, furnishing a copy of the bylaws of all amendments thereto to any ~~member~~ Member upon request; and
- f) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the board.

SECTION 8.7 - 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 monies due and payable to the cooperative and for the deposit of all such monies 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) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the board.

SECTION 8.8 - GENERAL MANAGER/CHIEF EXECUTIVE OFFICER

~~The board may appoint a manager who may be, but who shall not be required to be, a member of the cooperative. The manager shall perform such duties and shall exercise such authority as the board may from time to time vest in him/her. The Board of Directors may appoint a General Manager/Chief Executive Officer who may be but shall not be required to be a Member of the Cooperative. The General Manager/Chief Executive Officer shall perform such duties as the Board of Directors from time to time require and shall have such authority as the Board of Directors may from time to time vest in the General Manager/Chief Executive Officer.~~

SECTION 8.9 - BONDS OF OFFICERS

The Treasurer and any other officer or agent of the cooperative Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded 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 in such amount and with such surety as it shall determine.

~~SECTION 10 - COMPENSATION~~

~~The powers, duties, and compensation of officers, agents and employees shall be fixed by the board subject to the provisions of these bylaws with respect to compensation for a board member.~~

~~SECTION 11 - REPORTS OF OFFICERS~~

~~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. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.~~

SECTION 8.10 - INSURANCE

The Cooperative may purchase and maintain insurance on behalf of an individual who is or was a Director or Officer of the Cooperative. This insurance is against liability, including judgment, settlement, or otherwise, or reasonable expenses, including reasonable attorneys' fees, asserted against or incurred by the Cooperative or the individual in his or her individual capacity, or arising from the individual's status as a Director or Officer of the Cooperative.

Language Updates.

This change reflects grammatical and language updates only.

Language Updated and Relocated.

This content was updated and relocated to Section 5.8.

Language Relocated.

This content was relocated to Section 4.11.

Insurance.

This change allows the Cooperative to maintain insurance for Directors related to indemnification and individual liability.

ARTICLE VIII 9: NON-PROFIT OPERATION

SECTION 9.1 - 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 Members~~. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its ~~patrons Members or Nonmember Patrons~~.

SECTION 9.2. - PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRICITY

In the furnishing of electric energy and/or electric service (electricity), the ~~cooperative's Cooperative's~~ operations shall be so conducted that all ~~patrons Members~~ will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the ~~cooperative Cooperative~~ will operate on a non-profit basis, the ~~cooperative Cooperative~~ is obligated to account on a patronage basis to all its ~~patrons Members~~ for all amounts received and receivable from the furnishing of electricity in excess of operating costs, ~~and~~ expenses, capital reserves, and/or additional reserves properly chargeable against the furnishing of electricity ~~properly chargeable against the furnishing of electricity~~. All such amounts in excess of operating costs, ~~and~~ expenses, capital reserves, and/or additional reserves properly chargeable against the furnishing of electricity at the moment of receipt by the ~~cooperative Cooperative~~ are received with the understanding that they are furnished by the patrons Members as capital. In accordance with Minnesota Statutes Chapter 308A (and/or all revisions or replacements thereof), the net income of the Cooperative, except for amounts set aside as capital reserves and/or additional reserves, shall be allocated on the basis of patronage as provided in the Bylaws. The records of the Cooperative may show the interest of Members in the reserves. ~~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, and to debit to such capital accounts for each patron all operating costs and expenses in excess of such amounts received and receivable from the furnishing of electric energy.~~

The books and records of the ~~cooperative 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 Member~~ is clearly reflected and credited in an appropriate record to the capital account of each ~~patron Member~~. ~~Such separate records and accounts shall be kept regarding capital credits accruing from generation and transmission cooperative capital credits as shall be determined from time to time by the Board of Directors.~~ The ~~cooperative Cooperative~~ shall, within a reasonable time after the close of the fiscal year, notify each ~~patron Member~~ of the amount of capital so credited or debited to ~~his the Member's~~ account. All such amounts credited to the capital account of any ~~patrons Member~~ shall have the same status as though they had been paid to the ~~patron Member~~ in cash in pursuance of a legal obligation to do so and the ~~patron Member~~ had then furnished the ~~cooperative Cooperative~~ corresponding amounts for capital.

SECTION 9.3 - PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING BROADBAND SERVICES

Those individuals/entities that receive broadband and related service(s) ("Broadband") from the Cooperative who are not Members, are nonmember patrons ("Nonmember Patrons"). The Nonmember Patrons shall sign a document provided by the Cooperative agreeing to be bound by the terms and conditions contained in the Bylaws and Articles of Incorporation or as part of receiving Broadband from the Cooperative, agree to be bound by the terms and conditions contained in the Bylaws and Articles of Incorporation as a condition of receiving Broadband from the Cooperative. Nonmember Patrons are those individuals who are not qualified or eligible for membership in the Cooperative.

In the furnishing of Broadband, Cooperative's operations with respect to Broadband shall be so conducted that all Nonmember Patrons and Members who receive Broadband from the Cooperative will through their patronage furnish capital for the Cooperative for the Cooperative's Broadband operations. 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 of its Nonmember Patrons and Members for all amounts received and receivable from the furnishing of Broadband in excess of operating costs, expenses, capital reserves, and/or additional reserves properly chargeable against the furnishing of Broadband. All such amounts in excess of operating costs, expenses, capital reserves, and/or additional reserves properly chargeable against the furnishing of Broadband at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the Nonmember Patrons and Members as capital. In accordance with Minnesota Statutes Chapter 308A (and/or all revisions or replacements thereof), the net income of the Cooperative, except for amounts set aside as capital reserves and/or additional reserves, shall be allocated on the basis of patronage as provided in the Bylaws. The records of the Cooperative may show the interest of Nonmember Patrons and Members in the reserves.

Language Updates.

This change reflects grammatical and language updates only. The Capital Credit distribution process for members will not be changed.

Capital Credit Allocation and Distribution to Non-Member Patrons.

New language is being added to define how and when patronage capital is returned to non-member patrons (broadband-only subscribers). Broadband services have created significant growth and opportunity for the Cooperative over the last ten years. As this portion of our business approaches positive equity and continues expansion it's important that the Cooperative's allocation and disbursement of capital credits remain fair and equitable to all who contribute to the Cooperative's margins. New language is being added to define how and when patronage capital is returned to non-member patrons (broadband-only subscribers).

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 Nonmember Patron and Member is clearly reflected and credited in an appropriate record to the capital account of each Nonmember Patron and Member. The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each Nonmember Patron and Member of the amount of capital so credited or debited to the Nonmember Patron's and Member's account. All such amounts credited to the capital account of any Nonmember Patron or Member shall have the same status as though they had been paid to Nonmember Patron or Member in cash in pursuance of a legal obligation to do so and the Member had then furnished the Cooperative corresponding amounts for capital.

SECTION 9.4 - MISCELLANEOUS

Funds and amounts, other than amounts received and receivable from the furnishing of electricity and Broadband and in excess of operating costs and expenses chargeable against the furnishing of electricity and Broadband ("Operating Margins"), received by the Cooperative that exceed the Cooperative's costs and expenses ("Non-Operating Margins") may be: (a) allocated as capital credits in the same manner as the Cooperative allocates Operating Margins as capital credits or (b) retained or used by the Cooperative as non-allocated capital and used to pay or offset any indebtedness, cost, expense, or to establish a reserve. Notwithstanding any contrary provision of these Bylaws, and to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses as the Board of Directors determines advisable ("Reasonable Reserves"). The Cooperative must keep records necessary to determine, at any time, each Member's rights and interest in Reasonable Reserves. ~~All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law be:~~

- ~~a) used to offset any losses incurred during the current or any prior fiscal year; and~~
- ~~b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.~~

In the event of dissolution or liquidation of the ~~cooperative~~ Cooperative, after all outstanding indebtedness of the ~~cooperative~~ Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of ~~members~~ Members. If, at any time prior to dissolution or liquidation, the ~~board~~ Board of Directors shall determine that the financial condition of the ~~cooperative~~ Cooperative will not be impaired thereby, the capital credited to ~~patrons'~~ Members' and Nonmember 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 accounts heretofore and hereafter furnished as capital. ~~The Cooperative may retire and pay capital credits only if the Board of Directors determines that the retirement and payment will not adversely impact the Cooperative's financial condition. The retirement and payment of capital credits, to either Members or Nonmember Patrons, is in the sole discretion of the Board of Directors and re not affected by previous retirements and payments. The manner, method, and timing of retiring and paying capital credits, to either Members or Nonmember Patrons, may be determined only by the Board of Directors.~~

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

Notwithstanding any other provision of these bylaws the Board of Directors at its discretion, shall have the power at any time to retire any capital credited to the account of a ~~member~~ Member, Nonmember Patron, former Nonmember Patron, or former ~~member~~ Member who shall have died. Such retirement shall be upon such terms and conditions as the Board of Directors, acting under policies of general application, shall determine; provided, however, that the financial condition of the Cooperative will not thereby be impaired.

The ~~patrons~~ Members and Nonmember Patrons of the ~~cooperative~~ 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~~ Cooperative and each ~~patron~~ Member and Nonmember Patron, and both the ~~cooperative~~ Cooperative and ~~the patrons~~ each Member and Nonmember Patron are bound by such contract, as fully as though each ~~patron~~

Language Updates.

This change reflects grammatical and language updates only to provide clarity.

Capital Credit Retirement.

Changes in this section clarify that the Board of Directors maintain discretion over the retirement of Capital Credits, consistent with current Cooperative practices, the Cooperative business model, and in consideration of the organization's financial needs and status.

Member and Nonmember 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 Member and Nonmember Patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

As reasonable and fair, the Cooperative may allocate capital credits to classes of similarly situated Members or Nonmember Patrons under different manners, methods, and timing, provided the Cooperative allocates capital credits to similarly situated Members or Nonmember Patrons under the same manner, method, and timing.

The Cooperative may regularly impose a reasonable dormancy or service charge for each year a current or former Member or Nonmember Patron fails to claim capital credits retired to the Member, Nonmember Patron, former Nonmember Patron, or former Member. As allowed by law, the Cooperative may retain capital credits retired to a Member, Nonmember Patron, former Nonmember Patron, or former Member, but not claimed by the Member, Nonmember Patron, former Nonmember Patron, or former Member within the time period set forth by law.

Regardless of a statute of limitation or other time limitation, upon retiring capital credits allocated to a Member, Nonmember Patron, former Nonmember Patron, or former Member, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by a Member, Nonmember Patron, former Nonmember Patron, or former Member, including any interest and late payment fees, by reducing the allocated amount of retired capital credits paid to the Member, Nonmember Patron, former Nonmember Patron, or former Member by the amount owed to the Cooperative.

Separate records and accounts shall be kept regarding capital credits received by the Cooperative from any entity which the Cooperative is a Member and the Board of Directors shall have the sole discretion whether to pay any capital credits received by the Cooperative as a result of the Cooperative's membership in any entity.

SECTION 39.5 - PATRONAGE REFUNDS 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 or Broadband, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods and services shall, insofar as permitted by law, be used as the Board of Directors sees fit: may be allocated annually and returned to the Members of the Cooperative or may be used by the Cooperative as permanent, non-allocated capital. In addition, all amounts allocated to the Cooperative from other organizations that furnish services, supplies, or products to the Cooperative may be allocated to the Members of the Cooperative or may be used by the Cooperative as permanent, non-allocated capital. If allocated to the Members, the Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all such amounts heretofore or hereafter allocated to the Members of the Cooperative.

SECTION 9.6 - AGREEMENT.

Each current and former Member and Nonmember Patron agree that: (1) capital credits are not securities under state or federal law; (2) the Member's or Nonmember Patron's right to capital credits vests, accrues, becomes redeemable, and becomes payable only upon the Cooperative retiring the capital credits as provided in these Bylaws, and not upon the Cooperative allocating the capital credits; and (3) as required by law, each Member or Nonmember Patron will pay any tax or similar amount on allocated or retired capital credits.

ARTICLE ~~IX~~ 10: DISPOSITION OF PROPERTY

The Cooperative may, at any meeting of its Board of Directors, sell, mortgage, lease, or exchange its properties and assets upon such terms and conditions as the Board of Directors may deem reasonable and necessary and in the best interests of the Cooperative; provided, however, that if a sale or transfer contemplates a merger, liquidation, or dissolution of the Cooperative, or the sale/disposition of substantially all of the property and assets of the Cooperative, authorization must first be obtained by the affirmative vote of not less than two-thirds of the Members present in person or by other permitted means at any regular or special meeting of the Cooperative's Members at which a quorum of the Members is registered as being present or represented present by other permitted means approves the sale/disposition of substantially all of the property and assets of the Cooperative.

Notwithstanding anything herein to the contrary, the Board of Directors, without authorization from the Members, shall have the full power and authority to borrow money from the United

Capital Credit Retirement.

Changes in this section clarify that the Board of Directors maintain discretion over the retirement of Capital Credits, consistent with current Cooperative practices, the Cooperative business model, and in consideration of the organization's financial needs and status.

Future Potential.

Changes in this section provide guidance in regards for patronage for additional services that may be offered in the future.

Agreement

The amendment was added as an industry best practice to provide clarity regarding patronage.

Language Updates.

This change reflects grammatical and language updates to provide clarity.

States of America or any agency or instrumentality thereof or from any other lending institution in connection with such borrowing to authorize the making and issuance of bonds, notes, or other evidence 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 encumbering of any or all the properties and assets of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine.

~~The cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the cooperative, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board of Directors shall determine, to secure any indebtedness of the cooperative; provided, further, that the Board of Directors may, upon the authorization of a two-thirds majority of those members voting on the issue at a meeting of the members, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this state pursuant to the act under which this Corporation is incorporated. Such special meeting of the members shall be held not less than sixty (60) days nor more than ninety (90) days after the said special meeting is called:~~

~~A special meeting of the members called for the purpose of considering a proposed sale, mortgage, lease or other disposition or encumbrance of all or any substantial portion of the cooperative's property, or for the purpose of altering, amending, or repealing any provision of the bylaws relating to the sale, mortgage, lease or other disposition of the cooperative's property, shall be held not less than sixty (60) days nor more than ninety (90) days after the said special meeting is called:~~

ARTICLE ~~X~~ 11: CORPORATE SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words ““Corporate Seal -- Minnesota””

ARTICLE ~~XI~~ 12: 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 each calendar year.

ARTICLE ~~XII~~ 13: FINANCIAL TRANSACTION

SECTION 13.1 - 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 Cooperative, and such authority may be general or confined to specific instances.

SECTION 13.2 - CHECKS, DRAFTS AND ORDERS

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

SECTION 13.3 - DEPOSITS AND INVESTMENTS

All funds except petty cash of the cooperative Cooperative shall be deposited from time to time to the credit of the cooperative Cooperative in such manner as shall from time to time be determined by resolution of the Board of Directors.

Language Updates.

This change reflects grammatical and language updates to provide clarity.

ARTICLE ~~XIII~~ 14: LIABILITY INSURANCE

The Board of Directors may, from time to time, authorize and direct that liability insurance be obtained to insure the ~~cooperative~~ Cooperative, its ~~members~~ Members, ~~directors~~ Directors, officers, employees or agents, including personal liability of any said persons, against liability resulting from any and all acts performed or done by or on behalf of the ~~cooperative~~ Cooperative, or in the ordinary course of acting on behalf of the ~~cooperative~~ Cooperative, including liability for negligence and nonfeasance, and may further authorize and direct that all premiums for such insurance shall be paid by the ~~cooperative~~ Cooperative, and any such premiums paid shall not be considered compensation to any person thereby covered. Provided, however, that such insurance shall not insure against deliberate malfeasance of any person, and provided, further, that the existence or nonexistence of any such insurance, or limits thereto, shall not affect the liability of any such ~~member~~ Member, ~~director~~ Director, officer, employee, or agent to the ~~cooperative~~ Cooperative for any such act or failure to act.

ARTICLE ~~XIV~~ 15: MISCELLANEOUS

~~SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS~~

~~The cooperative shall not become a member or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the cooperative may upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification or with the approval of the Administrator of Rural Utilities Service (RUS), or any other corporation for the purpose of acquiring electric facilities.~~

~~SECTION 215.1 - WAIVER OF NOTICE~~

~~Any member Member or board member Director may waive in writing any notice of a meeting required to be given by these bylaws Bylaws. The attendance of a member Member or board member Director at any meeting shall constitute a waiver of notice of such meeting by such member Member or board member Director, except in case a member Member or board member Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.~~

~~SECTION 15.2 - RULES OF ORDER~~

~~Except as otherwise provided by the Board at any time, and except as otherwise provided in the Articles of Incorporation or these Bylaws, the rules contained in the most recent edition of Robert's Rules of Order Newly Revised, govern all Member and Board of Director's meetings, in all cases to which they are applicable.~~

ARTICLE ~~XV~~ 16: BYLAW AMENDMENT

~~These bylaws Bylaws may be altered, amended, or repealed by the Members by a majority vote of the Members present in person or by other permitted means at any regular or special meeting of the Cooperative's Members at which a quorum of the Members is registered as being present or represented present by other permitted means. Except as otherwise provided in a Bylaw amendment, an amendment is effective the first calendar day after the vote approving the amendment. by a vote of two thirds of the members voting at any regular or special meeting, provided that notice of such meeting shall have contained a copy of the proposed alterations, amendment or repeal, or a summary thereof, as provided by law.~~

Section Removed.

This section was removed as it relates to daily business of the Cooperative, not governance or membership influence.

Rules of Order.

This section provides guidance on the governance of Member and Board of Director meetings.

Language Updates.

This change reflects grammatical and language updates to provide clarity, and adjusts the approval limit from a two thirds vote to a majority vote.



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