



2024

PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION AND COOPERATIVE BYLAWS

(A complete redline copy and commentary.)



2024 PROPOSED AMENDMENTS TO THE KANDIYOHI POWER COOPERATIVE ARTICLES OF INCORPORATION AND BYLAWS.

In 2024, the Kandiyohi Power Cooperative Board of Directors is asking the Cooperative's members to approve proposed amendments to the Cooperative's Articles of Incorporation and Bylaws.

Dear Kandiyohi Power Cooperative Member,

As a not-for-profit electric cooperative, Kandiyohi Power Cooperative is governed by a series of documents, including Articles of Incorporation and Bylaws, that were first established when the Cooperative was founded in 1935. 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, Cooperative staff, our attorney, and an independent communications consultant 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.

It is our goal to make sure that as members you feel well-educated prior to placing your vote, 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 800-551-4951 if you have questions or comments regarding the proposed amendments.

The Kandiyohi Power 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 INCORPORATION OF KANDIYOHI POWER Cooperative

The Articles of Incorporation of Kandiyohi Power Cooperative are amended and restated as follows:

ARTICLE ONE

SECTION 1.

The name of this ~~Association Cooperative~~ shall be Kandiyohi Power Cooperative (the "Cooperative").

SECTION 2.

The conduct of the business of this ~~Association Cooperative~~ shall be upon the Cooperative plan. The purpose for which this ~~Association Cooperative~~ is formed and the general nature of its business ~~is are~~ to sell, provide, deliver, furnish, ~~improve and expand and distribute~~ electrical energy and other services for its Members and patrons, and to engage in ~~on a Cooperative basis and for~~ any other lawful ~~purpose~~ business.

This 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 3.

The ~~registered office and principal principle~~ place of transacting the business of this ~~Association Cooperative~~ shall be ~~in the County of Kandiyohi, State of Minnesota. The current legal address of the Association is at~~ 8605 47th Street NE, Spicer, Minnesota 56288.

ARTICLE TWO

SECTION 1.

The period of duration of this ~~Association Cooperative~~ shall be perpetual.

ARTICLE THREE

MEMBERSHIP SECTION 1.

These ~~Association Cooperative~~ shall ~~not have any capital~~ be organized on a non-stock, ~~It shall be organized on a~~ Membership basis. The Cooperative will maintain appropriate Membership records. There shall only be one class of Membership. Each Member shall be bound by these Articles, the Bylaws, applicable law, and the rules and policies applicable to Members as approved by the Board, and regulations adopted by the Board, as amended from time to time, as though each member had individually signed a separate instrument containing such terms and provisions. The Bylaws of the Cooperative define and fix the duties and responsibilities of the Members as well as the officers 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.

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.

Cooperative Framework. Article 2 Section 1 was updated to establish and articulate the obligations, responsibilities, and rules governing membership, ensuring clarity on member duties, compliance with legal requirements, and providing a framework for the cooperative's governance.

SECTION 2.

~~with e~~Each Member shall be entitled to only one (1) vote in the affairs of this Cooperative and Memberships shall not be transferable except only with the consent and approval of the Board of Directors of this Cooperative. Voting by proxy shall be prohibited.

SECTION 3.

The Cooperative shall at all times be operated on a Cooperative, not-for-profit basis for the mutual benefit of its Members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its Members. The net income of the Cooperative, in excess of amounts of operating costs, amounts set aside as capital reserves and additional reserves, shall be allocated to the Members on the basis of patronage. The records of the Cooperative may show the interest of Members in the Member's capital account.

ARTICLE FOUR

CAPITAL CREDITS

~~In the furnishing of service the Association's operation shall be conducted that all patrons, Members and non-Members alike, will through their patronage furnish capital for the Association. The Association is obligated to account on a patronage basis to all its patrons, Members and non-Members alike, for all amounts received and receivable from the furnishing of electric service in excess of operating costs and expense properly chargeable against the furnishing of electric service and in excess of additions to reserves. All such amounts at the moment of receipt by the Association are received with the understanding that they are furnished by the patrons as capital which the Association is obligated to pay by credits to a capital account for each patron. 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 person 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 in writing of the amount of capital so credited to his/her 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 a legal obligation to do so and the patron had been furnished the Association corresponding amounts for capital.~~

ARTICLE V

Board OF DIRECTORS

SECTION 1.

The ~~government~~ governance of this Cooperative Association and the management of its affairs and business shall be vested in a Board of Directors consisting of ~~not less than seven (7), nor more than nine (9),~~ directors at least five(5) Directors who shall be elected in such manner and by ballot by the Members for such terms as the Bylaws may pre-scribe. All Members of the Board shall be Members of the Cooperative and shall meet the qualifications for a director as set forth in the Bylaws.

SECTION 2.

The Bylaws of this Cooperative Association may define and fix the duties and responsibilities of the Members, officers, and Directors and may also contain any other provisions for the regulation of the business and affairs of this Cooperative Association not inconsistent with these Articles of Incorporation, the Bylaws of the Cooperative or the laws of the State of Minnesota.

Voting Rights. These changes reflect grammatical and language updates only.

Not-For-Profit Framework. Article 3 Section 3 is a simplified version of Article 4. The new language establishes the Cooperative's fundamental principle of operating on a not-for-profit basis.

Language Relocated. Article 4 has been expanded and relocated to Cooperative's Bylaws.

Role of the Board of Directors Defined. Article 4 Section 1 was updated to clearly define the role of the Board as a governing body in the Cooperative.

SECTION 3.

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

SECTION 4.

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

ARTICLE FIVE

SECTION 1.

A Director of this ~~Cooperative Association~~ shall not be personally liable to the ~~Cooperative Association~~ or its Members for monetary damages for breach of fiduciary duty as a Director, ~~excepting; except for liability:~~

- (1) For a breach of the Director's duty of loyalty to the ~~Cooperative Association~~ or its Members;
- (2) For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- (3) For ~~any~~ transaction from which the Director derived an improper personal benefit;
- (4) For an act or omission occurring prior to the date when this section was adopted by the Members of the ~~Cooperative Association~~.

SECTION 2.

The intention of the Members of this Cooperative is to minimize or remove the personal liability of the Board of Directors to the greatest extent permitted by Minnesota law. If Minnesota Statutes are hereafter amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Cooperative, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted, as amended. Any repeal or modification of this Article by the Members of the Cooperative shall be prospective only and shall not adversely affect any right of or any protection available to a director existing at the time of such repeal or modification.

ARTICLE SIX

SECTION 1.

The Articles may be altered, amended, or repealed at any regular or special meetings of the Members by the affirmative vote of a majority of the Members voting provided the requirements of a quorum are met, except as otherwise provided by law, the Articles, or the Bylaws.

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.

IN TESTIMONY WHEREOF, these Amended and Restated Articles of Incorporation were approved and adopted by the Cooperative's Membership on _____, and the following officers' signatures have been affixed in attestation thereof.

Role of the Board of Directors Defined. Article 4 Section 3 was relocated here from the Bylaws.

Financial Management Defined. Article 4 Section 4 was added to provide a framework for financial management and decision-making by the Board.

Director Liability. This amendment aims to shield the Board from personal liability, in accordance with Minnesota law, allowing flexibility for future legal changes and ensuring that any member-approved modifications to this provision apply prospectively.

Procedure Clarification. This amendment outlines the process for altering, amending, or repealing the Cooperative's Articles of Incorporation.

AMENDED AND RESTATED BYLAWS OF KANDIYOHI POWER Cooperative

ARTICLE ONE: DEFINITIONS

Annual Meeting: Gathering of Members of the Cooperative according to legal notice.

Articles: The Articles of Incorporation, whether amended or restated, of the Cooperative.

Board: Directors elected by Members to collectively govern the Cooperative.

Bylaws: Rules and procedures adopted by the Members relating to the governance, management, and regulation of the Cooperative.

Cooperative: KandiyoHi Power Cooperative

Member(s): Persons and entities, including Joint Members, (1) receiving electric service from the Cooperative, and (2) having voting rights as reflected on the records of the Cooperative.

Joint Members: Two (2) or more natural persons who meet the qualifications to be a Member.

ARTICLE TWO: MEMBERSHIP

SECTION 1. ELIGIBILITY

~~Unless the Board determines otherwise, a~~ Any (1) natural person, (2) firm, (3) association, (4) corporation, (5) business trust, (6) partnership, (7) limited liability company, (8) state, state agency, or state political subdivision, (9) the United States of America, or any federal agency or federal political subdivision, or (10) other body politic or subdivision thereof, or legal entity with the capacity to enter legally binding contracts, ~~(collectively, "person"),~~ will shall become a Member of KANDIYOHI POWER the Cooperative (hereinafter called the "Cooperative" upon receipt of electric 1) energy services provided by the Cooperative or 2) such other service or product as determined by the Cooperative's Board of Directors (hereinafter referred to collectively as "services") from the Cooperative Board. By receiving service from the Cooperative, each Member agrees to: Membership is automatic and instantaneous upon receipt of service; however, each member shall, within a reasonable time of the initial receipt of services complete and sign a written application for Membership for the Cooperative's records in which the member;

- 1) Comply with and be bound by the Articles of Incorporation of the Cooperative, these Bylaws, and any amendments thereto, and such policies, rules, and regulations that may from time to time be adopted by the Board;
- 2) Pay all obligations owing to the Cooperative in accordance with when they become due at prices, rates, and amounts set by the Board;
- 3) Pay the Cooperative its fixed charge for electric service availability;
- 4) Pay any and all outstanding debts owed to the Cooperative prior to becoming a Member;
- 5) Not hold more than one Membership in the Cooperative, and no Membership may be transferable, except as provided in the Articles and Bylaws. Further, no more than one Membership shall be allocated to any

Definitions.

Definitions of key concepts used throughout the Amended Bylaws were added to ensure clarity, consistency, and efficiency.

Membership.

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

Membership Defined.

Language in this section has been updated and expanded to fully reflect the requirements of membership in the Cooperative. It reflects current Cooperative practices and mirrors the agreement members make on the Cooperative's application for membership.

one general service meter;

6) Furnish to the Cooperative access to and execute and deliver to the Cooperative easements and/or rights-of-way over, on, and/or under such lands owned or leased, or mortgaged by the Member and in accordance with such reasonable terms and conditions as the Cooperative shall require for furnishing of electric service, or any other services provided by the Cooperative to that Member or other Members, or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities or other facilities and/or services. All easements and/or rights-of-way shall run with the land and shall be binding on and shall inure to the benefit of the Cooperative and the Member's heirs, successors, representatives, and assigns. All easements and/or rights-of-way shall provide the Cooperative with ingress and egress over and across the Member's property. The easements and/or rights-of-way shall allow the Cooperative to keep the easement clear of all trees, shrubbery, roots, vegetation, and obstructions by any means deemed reasonable by the Cooperative. All easements and/or rights-of-way shall be granted by each Member without compensation;

7) Allow the Cooperative to construct, operate, relocate, reconstruct, replace, and maintain, above or below ground, electric distribution and/or transmission line(s) or system(s) on or under the Member's property, and above or below ground upon all streets, roads, or highways abutting the Member's property;

8) Allow the Cooperative to read, inspect, replace, and/or maintain metering and load management control equipment;

9) Allow the Cooperative to inspect and make such repairs, changes, alterations, improvements, substitutions, and additions to Cooperative facilities as the Cooperative may deem advisable;

10) Acknowledge that all of the Cooperative's lines, facilities, and equipment remain the property of the Cooperative, regardless of where located;

11) 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, successors, and/or assigns deem would be a danger to the Cooperative's facilities, even if such tree, obstruction, and/or vegetation is outside of an easement;

12) Allow the Cooperative to take any action it deems reasonable and necessary to protect the Cooperative's facilities;

13) Comply with the National Electrical Code, all Minnesota, federal, and local laws, codes, ordinances, statutes, and regulations applicable to 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;

14) The fullest extent permitted by law, to release and indemnify, defend, and hold the Cooperative and its agents, successors, and assigns harmless from and against any and all liability of every kind and nature which may occur from the Member's or the Member's agent's defect, negligence, or improper use or maintenance of the Member's premises and all wiring and apparatus connected thereto or used thereon;

15) Allow the Cooperative to license, permit, or otherwise allow the joint use and/or occupancy of the Cooperative's lines, systems, and/or facilities by any other person or entity. The Cooperative may permit the attachment of wires and/or other structures to the Cooperative's facilities;

16) Not do any act which will interfere with or harm the Cooperative's facilities;

Membership Defined.

Language in this section has been updated and expanded to fully reflect the requirements of membership in the Cooperative. It reflects current Cooperative practices and mirrors the agreement members make on the Cooperative's application for membership.

17) 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;

18) Pay interest and late fees as reasonably determined by the Board and as allowed by law, and all costs and expenses, including reasonable attorneys' fees, required to collect or obtain payment of amounts owed to the Cooperative; To the fullest extent permitted by law, to indemnify, defend, and hold the Cooperative harmless from and against any and all liabilities, damages, costs, and/or expenses, including reasonable attorneys' fees and expenses incurred by the Cooperative and its agents, successors, and assigns caused by the negligence or willful misconduct of the Member or non-member occupying or using the premises owned or leased by the Member, or by the unsafe or defective condition of the premises owned or leased by the Member;

19) Be responsible for furnishing and/or locating electric and other service beyond the point of demarcation , as determined by the Board;

20) 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 the Member's premises and shall permit the Cooperative's authorized employees, agents, and contractors to have access thereto for the purpose of meter reading, collection of billing, and for inspection, maintenance, repair or disconnection of such facilities or services at all reasonable times. In no event shall the Cooperative's responsibility for furnishing electricity and other services extend beyond the point of demarcation, as determined by the Board;

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

a. Before and while Member Equipment is connected to Cooperative Equipment, the Member: (i) shall comply with, and shall ensure that the Member Equipment and any act or omission regarding the Member Equipment and the connection comply with these Bylaws and all terms, conditions, requirements, and procedures required by the Cooperative regarding Member Equipment and connection; (ii) shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative's distribution system; (iii) grant the Cooperative the right to inspect the Member Equipment and the connections; and (iv) grant the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with all terms, conditions, requirements, and procedures required by the Cooperative or that adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative's distribution system.

b. If Member Equipment is connected to Cooperative Equipment, then: (i) the Member is, but the Cooperative is not, responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment; (ii) the Cooperative is not liable for damage to, or for the performance of, the Member Equipment; (iii) the Cooperative is not liable for damage to the Member's property; (iv) the Member is responsible for knowing the concerns, risks, and issues associated with operating the Member Equipment and connecting the Member Equipment to Cooperative Equipment;

Membership Defined.

Language in this section has been updated and expanded to fully reflect the requirements of membership in the Cooperative. It reflects current Cooperative practices and mirrors the agreement members make on the Cooperative's application for membership.

Member Equipment Connected to Cooperative Equipment.

This language has been added to address distributed energy resources (i.e. interconnecting personal solar panels or wind generators to the Cooperative's distribution system). This new language is standard and used by other cooperatives throughout the country.

22) Be liable for damage to and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection;

23) Be liable for, and must defend and indemnify the Cooperative against injury or death to any person and damage to any property caused by, or resulting from, the Member Equipment or the Connection; and

24) Within a reasonable time of the initial receipt of services complete a written Membership application.

Membership may be evidenced by Cooperative records.

~~Agrees to purchase services from the Cooperative in accordance with established rates, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect; and~~

~~(2) — Agrees to comply with, and be bound by, the Articles of Incorporation and BYLAWS of the Cooperative and any rules and regulations adopted by the Board; and~~

~~The status of all Memberships shall be as reflected upon the books of the Cooperative. No Membership certificates will be issued, however, each member will be assigned a member number.~~

SECTION 2. DEFINITION AND CLASSIFICATIONS

1) The Board will determine under rules of general application the types of services received that give rise to the privileges and obligations of Membership.

2) No Member may hold more than one Membership in the Cooperative and no Membership in the Cooperative shall be transferable except as otherwise provided for in these Bylaws.

~~Each time-sharing or interval ownership premises made up of time-sharing or interval ownership units is considered as a single corporate member. The owner of seasonal, recreational and short-interval rental properties will be deemed to hold the Membership.~~

SECTION 3: JOINT MEMBERSHIP

~~(c) No MEMBER may hold more than one Membership in the Cooperative. Except as otherwise provided for in these Bylaws, a Membership in the Cooperative shall be transferable at the request of the member, but only with the consent and approval of the Board of Directors.~~

~~1) All Memberships in the Cooperative are extended only to individual persons (natural or corporate) who meet the requirements of Section 1.1. Individual Memberships will be freely transferable on the books of the Cooperative between any persons in the same household or corporation upon request in writing. A joint Membership may be extended, upon application therefore, to a husband and wife or to two or more natural persons occupying the same location to or for which the Cooperative provides service. Thus, the term "member" as used in these Bylaws shall refer to an individual but can be deemed to include natural persons holding a joint Membership and any provisions relating to the rights and liabilities of Membership shall apply equally with respect to the holders of a joint Membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint Membership shall be as follows: Joint Membership shall be issued consistent with Section 1. Eligibility and shall be subject to the following:~~

Membership Defined. Language in this section has been updated and expanded to fully reflect the requirements of membership in the Cooperative. It reflects current Cooperative practices and mirrors the agreement members make on the Cooperative's application for membership.

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 in a simple and easy to understand format.

- 1) The presence at a meeting of any or all **Joint Members** shall be regarded as the presence of one Member and shall constitute a joint waiver of notice of the meeting;
- 2) The vote of any **Joint Member** separately or all jointly shall constitute one **joint** vote;
- 3) A waiver of notice signed by any **Joint Member** or all shall constitute a joint waiver;
- 4) Notice to any **Joint Member** shall constitute notice to all;
- 5) Expulsion of any **Joint Member** shall terminate the Joint Membership;
- 6) Withdrawal of any **Joint Member** shall terminate the Joint Membership;
and
- 7) Any one Joint Member, but not more than one, may be elected or appointed as an Officer or **Board-member Director, if individually-qualified; provided the Joint Member meets the qualifications for the office.**

SECTION 4: CONVERSION OF MEMBERSHIP

A Membership may be converted to a Joint Membership upon request of all proposed Joint Members. A Joint Membership may be terminated by written request of all the Joint Members except upon the death of a Joint Member, which shall be handled as set forth in these Bylaws.

~~If the death of a Joint Member, any person who is a party to the joint Membership leaves only one party to the joint Membership surviving, such Membership shall be converted to an individual Membership. the surviving individual Joint Member shall have the right to elect one of two options:~~

- 1) To terminate the Joint Membership, in which event capital previously allocated ~~and credited~~ to the Joint Membership may be distributed in accordance with the provisions ~~of Section 7.2~~ of these Bylaws; or,
- 2) To convert ~~such the~~ Joint Membership to an individual Membership, in which event capital previously allocated ~~and credited~~ to the Joint Membership shall be re-allocated ~~and re-credited~~ to the surviving Joint Member.

The election shall be made in writing by the surviving party using a form approved by the Cooperative. The estate of the decedent shall not be released from any debts due the Cooperative.

~~(e) The Board may upon its own resolution establish Membership classes based upon a member's use, receipt, or purchase of one (1) or more services from the Cooperative and the Cooperative may group Members into such classes and may define rights and privileges of each class. In classifying Members:~~

- ~~1. No member may be a member of more than one (1) member class.~~
- ~~2. Based upon a member's use, receipt or purchase of one (1) or more service from the Cooperative, the Cooperative shall group the member in descending order of priority as a Class A member, Class B member; and~~
- ~~3. Upon the Cooperative learning of, or upon a member demonstrating to the Cooperative's reasonable satisfaction, a change in any member's use, receipt or purchase of one (1) or more services from the Cooperative, then, if necessary, the Cooperative shall re-classify the member to the Class reflecting such member's new use, receipt or purchase of services.~~

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 in a simple and easy to understand format.

Outdated Language Removed.

This outdated language has been removed.

~~SECTION 1.3. Purchase of Services Each person who applies for service shall, as soon as service is available, take service from the Cooperative. The member shall pay therefore monthly at rates in accordance with rates established by the Board. It is expressly understood that amounts received by the Cooperative for all electric services in excess of cost are furnished by the Members from the moment of receipt as capital, and each Member shall be credited with the capital so furnished as provided in these BYLAWS. Each MEMBER shall pay the above amounts owed by him/her to the Cooperative as and when the same shall become due and payable. The cooperation of Members of the Cooperative is imperative to the successful, efficient, and economical operation of the Cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge service facilities, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of service facilities to said member, or any other member, at no cost to the Cooperative. When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.~~

SECTION 5: TERMINATION OF MEMBERSHIP

1) ~~Any~~ Member may withdraw as a Member from the Cooperative upon payment in full of all debts and liabilities of the Member and ~~from Membership~~ upon ~~compliance with~~ such ~~uniform~~ terms and conditions as the Board may prescribe.

The Board may, by ~~the affirmative~~ vote of not less than 2/3 of all the Members of the Board, expel any Member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, ~~policies~~, or rules and regulations ~~adopted by the Board of the Cooperative~~, but only if such Member shall have been given notice by the Cooperative that such failure makes ~~him/her the Member~~ liable to expulsion and such failure shall have continued for at least ten (10) days after ~~such written notice was given~~. Any expelled Member may be reinstated ~~by vote of not less than 2/3 of all the Members of the Board by vote of the Board~~.

2) Upon the withdrawal, death, cessation of ~~service existence~~, or expulsion of a Member, the Membership ~~of such member~~ shall thereupon terminate and will be so recorded on the books of the Cooperative.

3) Termination of Membership in any manner shall not release a Member or ~~his/her the Member's~~ estate from any debts due to the Cooperative ~~nor do unpaid bills release Members from their obligations under these Bylaws or rules and regulations approved by the Board~~.

ARTICLE THREE: MEMBER RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

SECTION 1: SERVICE OBLIGATIONS

The Cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual Member.

SECTION 2: PROPERTY INTEREST OF MEMBERS

Upon dissolution, after:

1) All debts and liabilities of the Cooperative are paid; and,

Language Relocated. Language relating to membership responsibilities was updated and relocated to Article 2 Section 1.

Property Interest of Members. This language was updated and relocated here.

2) All capital furnished through patronage shall be retired as provided in these Bylaws;

The remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate patronage of each Member and former Member bears to the total patronage of all such Members and such former Members on the date of dissolution unless otherwise provided by law.

SECTION 3: SECURITY INTEREST IN CAPITAL CREDITS

As security for the full and prompt payment and performance when due of any and all obligations or indebtedness that may be owed by a Member to the Cooperative, each Member grants the Cooperative a continuing security interest in, and recoupment claim against the capital allocated to the Member. Each Member authorizes the Cooperative to perfect that security interest by any filing required by law. Regardless of a statute of limitation or other time limitation, after retiring capital credits allocated to a Member, the Cooperative may recoup, offset, or set off an amount owed to the Cooperative by the Member, including any interest, late fees, and service fees, by reducing the amount of the retired capital credits by the amount owed to the Cooperative.

SECTION 4: NON-LIABILITY FOR DEBTS OF THE COOPERATIVE

~~The private property of the Members shall be exempt from execution or other liability for the debts of the Cooperative and n~~No Member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 5: INDEMNIFICATION/ARBITRATION

1) Any and all disputes, claims, or controversies (“disputes”) arising from or related in any way to the Cooperative’s providing of electricity or other services, or in its furnishing of any goods, or in the conduct of its operations, other than disputes or claims relating to the payment for electricity and/or other services provided by the Cooperative, that are not resolved by agreement of the parties, shall, at the request of either party, be resolved by binding arbitration. If the arbitration involves a sum in excess of \$100,000.00, there shall be three (3) arbitrators, one (1) picked by each party and a third selected by the two (2) arbitrators selected by the parties. In the event the dispute involves less than \$100,000.00, there shall be one (1) arbitrator. If the parties cannot agree on an arbitrator, the determination shall be made by the Minnesota District Court in Kandiyohi County, Minnesota. The arbitration shall take place in Kandiyohi County, Minnesota, or at any other place as agreed by the parties, under and pursuant to The Uniform Arbitration Act in Minnesota Statutes, Chapter 572B, or any successor provisions. The determination of any dispute in arbitration shall be governed by the laws of the State of Minnesota, including, but not limited to, the Frye-Mack Standard, and not the Daubert Standard, with respect to experts’ testimony. The cost of the arbitrators and filing fees shall be shared equally by the parties.

2) All disputes between the parties must be arbitrated individually, and not through a class action.

3) Based on the Membership enacting this binding arbitration provision as a means of dispute resolution, each Member of the Cooperative, by virtue of Membership, agrees to arbitrate any and all disputes according to the Bylaws, and the regulations, procedures, and policies established from time to time by the Board, and further agrees to abide by and perform any awards made hereunder. This agreement to arbitrate disputes shall survive any withdrawal from or termination of a Member’s Membership in the Cooperative.

Property Interest of Members.
This language was updated and relocated here.

Security Interest. This amendment establishes a mechanism for the Cooperative to secure the full and prompt payment of a Member’s obligations by granting the Cooperative a continuing security interest in the member’s allocated capital.

Arbitration. This new section was added to provide a speedier and less costly method to resolve disputes between a member and the Cooperative. The language allows the member or the Cooperative to choose arbitration instead of a jury trial. Arbitration as a process to resolve disputes has long been recognized in Minnesota law and many cooperatives in Minnesota already have similar language adopted in their Bylaws. The Minnesota Rural Electric Association and the Cooperative’s insurance company aided in the development of the proposed language.

SECTION 2.4. Property Interest of Members
Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative shall have been paid;
- (b) All capital furnished through patronage shall be retired as provided in these BYLAWS; and

The remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate patronage of each member and former member bears to the total patronage of all such Members and such former Members on the date of dissolution unless otherwise provided by law.

SECTION 6. INTERRUPTION OF COOPERATIVE; LIABILITY LIMITS

The Cooperative shall provide electric service in a reasonable manner. The Cooperative, however, does not ensure, insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy. The Cooperative shall not be responsible for acts of public enemies, war, strikes, or other labor disturbances, fires, pandemics, epidemics, floods, acts of God, or any causes of like or different kind beyond the reasonable control of the Cooperative. The Cooperative is not liable for damages, costs, or expenses, including attorneys' fees or legal expenses, caused by the Cooperative's electric service unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for providing electric service terminates at the point of demarcation, as determined by the Board. To the fullest extent allowed by law, under no circumstances shall the Cooperative be liable for any indirect, special, exemplary, consequential, or punitive damages, or any lost profits, loss of data, loss of use, or lost revenue arising out of the Cooperative's electric service, even if the Member has been informed of the possibility of any such damages in advance.

ARTICLE FOUR: MEETINGS OF MEMBERS

SECTION 1: ANNUAL MEETING

The Annual Meeting of the Members shall be held at a date, time, format, and place location as selected by the Board for the purpose of electing Board Members Directors, passing upon reviewing reports for of the previous fiscal year, and transacting such other business as may come before the meeting required. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a result in forfeiture or dissolution of the Cooperative, nor affect the validity of any corporate action taken by the Cooperative or the Board.

Notice of the date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format) of the Annual Meeting shall be given by the Secretary of the Cooperative as follows:

- 1) Mailing the notice to each Member;
- 2) Publication in a legal newspaper published in the county of the principal place of business of the Cooperative;
- 3) 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; or
- 4) If allowed by law, notice of the Annual Meeting may also be provided by electronic means.

Language Relocated. This language was updated and relocated to Article 3 Section 2.

Liability Limits. This amendment sets service expectations, limiting the Cooperative's liability to damages caused by gross negligence or willful misconduct, addressing force majeure events, defining a demarcation point for responsibility, and protecting the cooperative from certain types of legal and financial risks associated with electric service.

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

Notice of the Annual Meeting. This amendment clarifies the process of notification for the Annual Meeting, which includes the incorporation of electronic communication and modern technology for flexibility in the future.

The notice of the Annual Meeting must be published at least two (2) weeks before the date of the Annual Meeting or election or mailed at least fifteen (15) days before the date of the meeting. Upon the publication of the notice of the Annual Meeting, the Secretary of the Cooperative shall execute a certificate setting forth a correct copy of the notice and showing the date of the notice thereof and that the same was given within the time and manner prescribed.

Mailed notice shall be deemed to have been delivered when deposited in the United States Mail with proper postage and addressed to the Member's mailing address as it appears on the records of the Cooperative. Electronically mailed notice shall be deemed to have been delivered when sent to the Member's electronic mail address as it appears on the records of the Cooperative. A Member's failure to receive notice of the Annual Meeting shall not invalidate any actions taken at such Annual Meeting.

SECTION 2: SPECIAL MEETINGS

Special meetings of the Members may be called by a majority vote of the ~~directors~~ Board or upon written petition signed by at least twenty percent (20%) of the Members ~~entitled to vote at a meeting of the Members~~. Such special meetings shall be held at a date, time, format, and location as selected by the Board within thirty (30) days from and after the date of the presentation of such request.

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

- 1) Mailing the notice to each Member;
- 2) Publication in a legal newspaper published in the county of the principal place of business of the Cooperative;
- 3) 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; or,
- 4) If allowed by law, notice of the Special Meeting may also be provided by electronic means.

The notice of a special meeting must be published within ten (10) days from and after the presentation of the Members' petition. Upon the publication of the notice of a special meeting, the Secretary of the Cooperative shall execute a certificate setting forth a correct copy of the notice and showing the date of the notice thereof and that the same was given within the time and manner prescribed.

Mailed notice shall be deemed to have been delivered when deposited in the United States Mail with proper postage and addressed to the Member's mailing address as it appears on the records of the Cooperative. Electronically mailed notice shall be deemed to have been delivered when sent to the Member's electronic mail address as it appears on the records of the Cooperative. A Member's failure to receive notice of a special meeting shall not invalidate any actions taken at such special meeting.

SECTION 3.3. NOTICE OF MEMBERS' MEETINGS

~~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 given by the Secretary by publishing it in a publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated~~

Notice of the Annual Meeting Continued. This amendment clarifies the process of notification for the Annual Meeting, which includes the incorporation of electronic communication and modern technology for flexibility in the future.

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

Notice of the Special Meeting. This amendment clarifies the process of notification for a Special Meeting, which includes the incorporation of electronic communication and modern technology for flexibility in the future.

Language Relocated. Language regarding meeting notices was expanded and relocated under Article 4 Sections 1 and 2.

generally among the Members entitled to vote at a meeting of the Members at least two (2) weeks previous to the date of such meeting, or by mailing notice thereof to each and every member entitled to vote at a meeting of the Members personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U. S. Mail, addressed to the member at his/her address as it appears on the records of the Cooperative, with postage thereon paid. Notice of special meetings shall be issued within ten (10) days from and after the date of the presentation of the written request mentioned in Section 3.2 of this Article III, and such special meeting shall be held within thirty (30) days from and after the date of the presentation of such request. The incidental or unintended 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 3: POSTPONEMENT OF A MEETING OF THE MEMBERS

In the event of inclement weather or the occurrence of a catastrophic event, natural disaster, acts of God, or other good cause any the meeting of the Members may be postponed and rescheduled by the Chair. Board. Notice of the adjourned meeting postponement and rescheduling shall be given by the Chair in any media of general circulation or broadcast serving the Cooperative's service area.

SECTION 4: QUORUM

At any regular or special meeting of the Members of the Cooperative, fifty (50) Members entitled to vote at a meeting of the Members present in person shall constitute a quorum. In determining a quorum at any meeting, on a question submitted to a vote by mail, Members entitled to vote at a meeting of the Members present, in person or represented by mail, and/or electronic vote/ballot shall be counted. If the quorum requirement is not met less than a quorum is present at any meeting, a majority of those Members present in person may adjourn the meeting from time to time without further notice. The fact of the attendance of a sufficient number of Members to constitute a quorum shall be established by a registration of the Members present at such meeting, which registration shall The establishment of a quorum shall be verified by the Chair and Secretary of the Cooperative Board and shall be reported in the minutes of the meeting.

SECTION 5: VOTING

- 1) Each Member entitled to vote shall be entitled to only one (1) vote upon each matter submitted to a vote of the Members for which the Member is entitled to vote. A Member which is a legal business entity may be required to furnish appropriate evidence of the authority of its representative to vote on its behalf. Such authority shall be furnished to the Secretary of the Cooperative before such representative votes at any meeting. Except as stated herein, no voting by proxy will be allowed.
- 2) A Member may vote: (i) by mail if authorized by the Board, (ii) electronically if authorized by the Board, or (iii) in person if authorized by the Board.
- 3) All questions shall be decided by a vote of a majority of the Members voting thereon by mail, or electronically if adopted pursuant to Section 3.7 hereof, except as otherwise provided by law, the Articles, of Incorporation or these Bylaws.
- 4) The ballot shall be in the form pre-scribed by the Board of Directors of the Cooperative and shall contain the list of all candidates for the office of director up for election alphabetically arranged by District, stating the residence of each and or the exact text of the proposed motion, resolution or amendment to be acted upon and the date by which ballots must be

Language Relocated. Language regarding meeting notices was expanded and relocated under Article 4 Sections 1 and 2.

Quorum. This section reflects language updates only to clarify that ballots count as representation of a Member and are counted as part of a quorum. There is no change to procedure, simply language that is easier to understand.

Voting. The additions to this section ensure the integrity of the decision-making process by requiring legal business entities to provide evidence of representative authority, limiting proxy voting, and allowing various voting methods subject to board authorization for efficiency and adaptability.

Electronic Voting Allowed. This section will allow the Board to authorize electronic voting options if they see fit in the future.

~~submitted; and shall also contain spaces opposite the candidates or the text of such motion, resolution or amendment in which such the Member may indicate his/her an affirmative or negative vote therein. Such member shall express his/her choice by making an "x" in the appropriate space upon such ballot.~~

5) Such ballot shall be enclosed in a sealed official envelope provided by the Cooperative, inside another envelope bearing the member's name and address, addressed to the Secretary and deposited in the U.S. Mail, postage prepaid. No system of voting shall be implemented unless the secrecy of each Member's vote is adequately preserved at the Board's discretion.

6) Mailed ballots shall be deemed to have been delivered when deposited in the United States Mail with proper postage and addressed to the Member's mailing address as it appears on the records of the Cooperative.

7) Electronically mailed ballots shall be deemed to have been delivered when sent to the Member's email address as it appears on the records of the Cooperative. ~~If received by the Secretary of the Cooperative by the close of business on the day set as the date by which ballots must be submitted, the ballot shall be accepted and counted as the vote of the member.~~

8) Any ballot not properly completed or submitted, or not timely received, shall be invalid and not counted.

9) ~~The failure of any such Member to receive a copy of the ballot, a copy of any such motion, or resolution, amendment, or candidate slate or ballot shall not invalidate any action which that may be taken by the Members by such vote at any such meeting.~~

~~SECTION 3.7. ELECTRONIC VOTING~~

~~The Board of Directors of the Cooperative may, upon its own resolution, adopt and implement a system of electronic voting for use in elections of directors or upon matters presented to the Members for vote. No system of electronic voting shall be implemented unless the secrecy of each member's vote is adequately preserved and the Cooperative is able to authenticate that it is a Cooperative member who is casting the vote. In the event that a system of electronic voting is implemented, voting by mail shall continue to be made available to each member as an alternative.~~

~~SECTION 3.8. VOTING LIST~~

~~The Secretary shall make at least fifteen (15) days before such meeting of Members, a complete list, arranged in alphabetical order, of the Members entitled to vote meeting and their addresses. Such list shall be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any member during the whole time of the meeting.~~

~~SECTION 6: ORDER OF BUSINESS~~

~~The order of business at meetings of the Members shall be conducted under an agenda and policies established by the Board except as otherwise determined by the Members present and entitled to vote at such meeting. At any annual or special meeting, Members may only vote upon matters described in the notice of meeting. The Cooperative shall include in the notice of meeting (1) any matter which the Board determines should be submitted to a vote of the Members at the meeting and (2) any matter which a member entitled to vote at a meeting of the Members may raise or discuss at the meeting if a written request to include such matter, signed by a percentage of the total Membership Members entitled to vote at a meeting of the Members equal to the percentage needed entitled to call a special meeting of the Membership, is received by the Cooperative at least ten (10) business days prior to delivery of the notice of the meeting.~~

Procedure Clarification.

This section has been expanded to better define the procedures for issuing election ballots.

Electronic Voting. This section was simplified and relocated Article 4 Section 5.

Voting List. This section was removed because it is an outdated practice the puts Member personal information at risk and does not meet compliance regulations.

Order of Business. This section was simplified to provide more discretion to the Board to set the order of business at the Annual Meeting.

The order of business at the Annual Meeting of the Members shall be determined by the Board.

SECTION 7. ADVISORY ACTIONS

Except for matters expressly reserved by law to the Members, any motion, resolution, or amendment concerning the governance or management of the Cooperative, first introduced by a Member at any Members' meeting and subsequently adopted by the Members, shall be considered advisory only and will be referred to the Board for further consideration.

ARTICLE FIVE: DIRECTORS BOARD MEMBERS

SECTION 1. GENERAL POWERS

The business and affairs of the Cooperative shall be ~~managed~~ **governed** by a Board of ~~not less than five (5)~~ **nine (9)** Directors ~~as designated by the Board from time to time~~, 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.

SECTION 2. DISTRICTS, TENURE OF OFFICE, AND ELECTION

~~A transition period, commencing on the date of the Annual Meeting of Members to be held in the year 2015 and ending on the date of the Annual Meeting of Members to be held in the year 2017, shall be used to effect the transition of the present Board of directors to a reformed Board of directors consisting of three directors elected from each of three newly formed districts which will replace the current districts. Each respective newly formed district shall be comprised of the area within the following townships:~~

~~District No. 1—~~

~~Norway Lake, Colfax, Burbank, Roseville, New London and Irving Townships (Kandiyohi County); Crow River and Crow Lake Townships (Stearns County);~~

~~District No. 2—~~

~~Hayes and Pillsbury Townships (Swift County); Woods and Lone Tree Townships (Chippewa County); Arctander, Lake Andrew, Mamre, Dovre, St. Johns, Edwards and Holland Townships (Kandiyohi County);~~

~~District No. 3—~~

~~Green Lake, Harrison, Willmar, Kandiyohi, Genessee, Whitefield, Fahlun, Lake Elizabeth, Roseland, Lake Lillian and East Lake Lillian Townships (Kandiyohi County);~~

~~During the transition period the following provisions governing election of directors and district representation shall apply:~~

- ~~1. Each incumbent director whose term does not expire in the year 2015 shall continue to serve as a representative of the current district from which he or she was elected until the expiration of his or her current term.~~
- ~~2. At the Annual Meeting of Members to be held in the year 2015 and election shall be held to elect one director from each of the newly formed districts, each for an initial term of three years. Current districts No. 3, 4 and 6 shall cease to exist.~~
- ~~3. At the Annual Meeting of Members to be held in the year 2016, an election shall be held to elect one director from each of the newly formed districts, each for an initial term of three years. Current districts No. 1, 7 and 8 shall cease to exist.~~
- ~~4. At the Annual Meeting of Members to be held in the year 2017, an election shall be held to elect one director from each of the newly formed districts, each for an initial term of three years. Current districts No. 2, 5 and 9 shall cease to exist.~~

Order of Business. This section was simplified to provide more discretion to the Board to set the order of business at the Annual Meeting.

Advisory Actions: This amendment emphasizes the Board's ultimate authority and responsibility in decisions pertaining to the cooperative's governance and management, underscoring the need for thorough research and due diligence on advice and recommendations from members during meetings before final decision-making.

Board Size: Language in this section was updated to align with State statute.

Districts, Tenure, and Election.

This outdated language was added to the Bylaws in the past to reform the structure of the Board. This transition was completed in 2017 and the language is no longer applicable or necessary in the Bylaws, so it has been removed.

After the transition period,

- 1) The Cooperative shall be divided into not less than three (3) Director Districts, as designated by the Board from time to time (the "Director Districts").
- 2) As necessary, the Board shall revise the Director Districts to ensure equitable representation on the Board from throughout the Cooperative's service territory.
- 3) Within 60 days following a Director District revision, and at least 30 days before the next Annual Meeting, the Cooperative shall notify, in writing or electronically, Members affected by the Director District revision. Director District revisions are effective as of the date the Cooperative sends written or electronic notice to the affected Members.
- 4) The Directors from each ~~of these~~ Districts shall be elected for a term of three (3) years ~~as their current terms expire, or until their successors shall have been elected and shall have qualified.~~
- 5) Approximately 1/3 of the Directors shall be elected by ballot at each Annual Meeting to fill the vacancies of the Directors of Districts whose terms expire.
- 6) ~~The~~ Directors shall be elected by secret ballot ~~at in conjunction with the time of~~ the Annual Meeting ~~or a special election of the Members~~ and each Member entitled to vote ~~on a matter presented to the Members for a vote~~ and who resides in the ~~Director~~ District for which election of the Director is held shall have the right to cast a vote for a Director candidate of that ~~Director~~ District.
- 7) Directors may be elected by a plurality vote.
- 8) In the event of a tie between the candidates receiving the highest number of votes, there shall be an official recount made immediately and if the tie still exists, the winner shall be determined by the flip of a coin. ~~The candidate, whose last name comes first in the alphabet, shall call either heads or tails.~~
- 9) In the event that there is only one candidate for election to a Director position, either through filing or by nomination, the single candidate shall be deemed elected by acclamation as an unopposed candidate and no voting shall be required for such an uncontested Director election. The notice of the Annual Meeting ~~of Members~~ shall state the name of the candidate elected by acclamation and a report of such election by acclamation shall be given to the Members at the Annual Meeting ~~of Members.~~

SECTION 3. QUALIFICATIONS TO BECOME OR REMAIN A DIRECTOR

~~No person shall be eligible~~ In order to become or remain a Director of the Cooperative, ~~who~~ all of these qualifications must be met:

- 1) ~~Is not a member and is not presently residing in the area served or to be served by the Cooperative~~ Receiving service and holding a Membership at the Member's primary residence in the Director District nominated and/or elected; or
- 2) Have the capacity to enter ~~legally binding contracts;~~
- 3) Is ~~not~~, or within three (3) years preceding the date of ~~his/her~~ nomination ~~as a Director candidate~~ was, an employee of the Cooperative or a close relative by blood or in-law, including half, step and adopted kin, a spouse, child, grandchild, grandparent, brother, sister, aunt, uncle, nephew, or niece of a current employee of the Cooperative;
- 4) Not be convicted of a felony, fail to perform Director duties, breach

Districts, Tenure, and Election.

This amendment reflects new language to replace the transition language from 2015 that has been removed. This amendment clarifies districts, director tenure and election procedures in a simple, easy-to-understand format.

Qualifications. The qualifications to become and remain a Director have been updated and expanded to ensure a competent, diverse, and legally compliant board that represents member interests, promotes strategic leadership, and upholds standards of professionalism and accountability.

the Director's fiduciary duties, be convicted of any financial related crime, convicted of committing sexual assault, or found to have committed an act of moral turpitude;

5) Cannot be in any way employed by or ~~substantially~~ financially interested in an ~~enterprise competing enterprise or business that provides the same or similar services as with the Cooperative or any Cooperative-affiliated business;~~ or

6) ~~Is a spouse, child, parent, grandparent, grandchild, brother or sister of an incumbent Director or of an employee of the Cooperative or of anyone who within three (3) years preceding the date of nomination as a Director candidate was, an employee of the Cooperative or in any way employed by or substantially financially interested in an enterprise competing with the Cooperative or any Cooperative-affiliated business; or Is or becomes~~ not the full-time employer, employee, principal, or agent of an incumbent Director;

7) Is not, ~~becomes~~ or; within three (3) years preceding the date of ~~his/her nomination was as a Director candidate, was,~~ employed by or engaged by a labor union which represents, ~~or~~ has represented, or has ~~endeavored attempted~~ to represent any employee of the Cooperative; ;

8) Not be absent, without good cause, from three (3) or more regular meetings of the Board during any twelve (12) month period;

9) Is not an elected official on the state or federal level;

10) Does not have a substantial conflict of interest with the Cooperative;

11) Comply with the campaign financial disclosure as included in the Bylaws; and

12) Annually complete and sign a conflict of interest disclosure form approved by the Board.

~~has not, before the end of his/her first term of office which begins after the adoption of this subparagraph (g), successfully completed the NRECA-Credentialed Cooperative Director training course or an equivalent retraining course approved by the Board of Directors~~

If a Membership is held jointly, any one Joint Member may serve as a Director, provided the Joint Member meets the Director qualifications.

If a Member is not a natural person, the Member may appoint or elect a natural person to be eligible for election as a Director to the Board, provided the individual meets the other requirements for eligibility as provided in these Bylaws.

~~With respect to the provisions of this Section that are based upon close relative relationships, no incumbent Director shall lose eligibility to remain a Director or to be re-elected as a Director if, during such Director's incumbency, he/she becomes a disqualifying Relative of another incumbent Director or of a Cooperative employee as a result of a marriage or an adoption to which the Director was not a party.~~

SECTION 4. NOMINATIONS

1) Any Member meeting the qualifications ~~of Section 4.3 of in these~~ Bylaws may file for election to the office of Director ~~in writing over his/ her signature filed in the office of the Cooperative~~ by submitting an application for Director and complying with such other requirements as may be established by the Board, not more than one hundred sixty (160) days, but not less than ~~fifty ninety (5090)~~ fifty (50) days prior to the Annual Meeting ~~of Members~~ at which the election will take place.

Qualifications Continued. The qualifications to become and remain a Director have been updated and expanded to ensure a competent, diverse, and legally compliant board that represents member interests, promotes strategic leadership, and upholds standards of professionalism and accountability.

Director Nomination Process.

These changes streamline the Board candidacy process for members and adjust the nomination timeline to align more effectively with the notice requirements specified in these Bylaws.

2) The Secretary shall post such filings in the office of the Cooperative at least thirty (30) days before the Annual Meeting ~~of Members. The Board may also nominate one or more candidates for the office of Director and, if the number of filings received by the Cooperative are not sufficient to provide at least one candidate for each vacancy occurring on the Board of Directors, the Board shall nominate at least that number of candidates necessary to provide no less than one candidate for each vacancy occurring on the Board of Directors. Nominations by the Board, if any, shall be posted by the Secretary at least thirty (30) days prior to the Annual Meeting of Members at the same place, and with the same prominence as the other filings received for the office.~~

3) The Secretary shall include with the notice of ~~the~~ Annual Meeting a statement as to the number of Directors to be elected from which District(s) ~~and the candidates for each office alphabetically arranged by Districts, stating the residence of each.~~

4) Members may not nominate an individual to run for election to a director position at, or from the floor of, a Member meeting.

SECTION 5. REMOVAL OF DIRECTOR BY MEMBERS

A Director shall discharge ~~his or her~~ all assigned duties, ~~including duties as a Board Committee member:~~

- 1) In good faith;
- 2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances;
- 3) In a manner the Director reasonably believes to be in the Cooperative's best interests; and,
- 4) Consistent with established Board policies regarding Director Ethics and Code of Conduct.

The Board shall have the power to censure, in such form and to such degree as it deems appropriate, any Director who does not conform to the provisions of this Section in the discharge of ~~his or her~~ assigned duties and to ~~take all such other action as allowed by applicable law.~~ Such censure may, ~~in~~ at the discretion of the Board, include a recommendation to the ~~Membership Members~~ that the Director be removed from office.

~~The Members shall have the power to remove Directors at a Members' meeting by an affirmative vote with a quorum present. Directors shall only be removed for cause. Removal of a Director may only happen at a special meeting or the Annual Meeting provided that the notice requirements are met as set forth in these Bylaws. Either the Members or the Board may call a special meeting of the Members to remove a Director. In addition to the notice requirements of the special meeting or Annual Meeting, the Members or Directors seeking to have a Director removed must provide the Cooperative with detailed information on the charges as to why the Director should be removed for cause (the "Charges") prior to the date that the notice of the meeting is required to be given.~~

~~The Cooperative, upon receipt of the Charges, shall as soon as reasonably practical, provide the Director sought to be removed with notice of the Charges. Only those Members in the district in which the Director sought to be removed serves shall be entitled to vote. Prior to the vote on the removal of the Director sought to be removed: (1) the Members and/or the Directors, as applicable, shall be allowed representation by counsel, shall be entitled to present evidence, be allowed to be heard at the meeting, and cross-examine witnesses and (2) the Director sought to be removed shall be allowed~~

Director Nomination Process Continued. These changes streamline the Board candidacy process for members and eliminate the Board's direct nomination authority to ensure that all candidates on the ballot undergo the same qualification process.

Director Removal. These changes specify the process for Member-initiated removal of a Director to empower Members, ensure accountability, and establish fair and transparent governance practices. This amendment clarifies the process for Members to remove a Director.

representation by counsel, shall be entitled to present evidence, be allowed to be heard at the meeting, and cross-examine witnesses. The proceedings related to the removal of a Director shall be presided over by a neutral chairperson and the proceedings must be recorded. Voting shall only occur after the presentation of all evidence.

~~Any member entitled to vote at a meeting of the Members who resides in a Director's district may bring charges against that Director and, by filing such charges with the Secretary, in writing together with a petition signed by at least twenty percent (20%) of the Members entitled to vote at a meeting of the Members residing in the Director's district, may request the removal of such Director by reason thereof. In addition, the Board, on its own motion, may request removal of a Director as a result of a failure by such Director to discharge his or her duties as prescribed in this Section. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the Members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon by the Members entitled to vote at a meeting of the Members who reside in that Director's district at the meeting of the Members and any vacancy created by such removal may be filled by vote of the Members entitled to vote at a meeting of the Members who reside in that district at such meeting without compliance with the foregoing provisions with respect to nominations, but such Directors so elected must reside in the particular district in which the vacancy has occurred.~~

SECTION 6. DISQUALIFICATION

Upon determining that a Director or a Nominee for Director lacks eligibility under the provisions of this Section or as may be provided elsewhere in the Bylaws, it shall be the duty of the Board to make a determination as to the qualifications. After the Board determines that any person or entity being considered for, or already holding, a directorship lacks eligibility under this Section, it shall be the duty of the Board to withhold such position or to cause a Director to be removed therefrom, with approval of a 2/3 majority of those Directors voting. The Director who is being challenged as disqualified shall not participate in the vote.

SECTION 7. VACANCIES BY RESIGNATION OR DEATH

~~A Director may resign at any time by written notice delivered to the Board of Directors, the President or Secretary or the Chief Executive Officer of the Cooperative. A resignation is effective when the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled before the effective date but the successor shall not take office until the effective date.~~

SECTION 8: VACANCIES

~~1) A vacancy occurring in the Board of Directors as a result of the resignation or death of a Director shall be filled by the affirmative vote of a majority of the remaining Directors a special election of a Director for the unexpired portion of the term by the Members of the District in which the vacancy occurred at the next Annual Meeting. , provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the Members entitled to vote at a meeting of the Members shall have the right to fill such vacancy at a meeting of the Members without compliance with the foregoing provisions in respect of nominations, but such Directors so elected must reside in the particular district in which the vacancy has occurred.~~

Director Removal Continued.

These changes specify the process for Member-initiated removal of a Director to empower Members, ensure accountability, and establish fair and transparent governance practices. This amendment clarifies the process for Members to remove a Director.

Disqualification of a Director. This new amendment seeks to establish clear criteria and procedures for potential disqualification of Director, ensuring transparency, accountability, and a consistent approach to addressing situations where a Director's actions, conflicts of interest, or behavior could compromise their ability to fulfill their responsibilities. There is a direct link between the qualifications listed in Article 5 Section 3 and disqualification of a Director.

Vacancies. This section defines how and when a vacancy on the Board will be filled. This new language confirms that an election will be held in a vacant district and members will vote to fill the vacancy in all circumstances. The ability for the Board to appoint a Board member has been removed.

- 2) The Board may, in the best interest of the Members, vote to host a special election earlier than specified above, under exceptional circumstances. Such decisions will be made responsibly, ensuring transparent communication, and prioritizing the Cooperative's effective functioning and Member satisfaction.
- 3) The Board shall adopt policies and procedures for conducting special elections to fill vacancies on the Board.

SECTION 9. COMPENSATION

~~Directors shall not receive a salary for their services. However, Board Members Directors shall, as determined by resolution of the Board, receive 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 Members Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses in line with Cooperative policies. Board Members Directors who elect to participate may be extended various forms of liability and accident insurance as well as participating in benefits provided to employees, except for benefits based on salary. No Board member Director shall receive compensation for serving the Cooperative in any other capacity unless specifically authorized by a 2/3 majority vote of the Board. , nor shall any spouse, child, parent, grandparent, grandchild, brother or sister of a Board member receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the Board.~~

SECTION 10. RULES, REGULATIONS, RATE SCHEDULES, AND CONTRACTS

The Board ~~of Directors~~ shall have ~~the~~ power to make, adopt, amend, abolish, and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits, or any other types of deposits, payments, or charges including contributions in aid of construction, not inconsistent with law or the Articles ~~of Incorporation~~ or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative, or cause such to be submitted for any appropriate governmental regulatory approval. Further, the Board ~~of Directors~~ may constitute itself into committees for the purpose of studying and making recommendations to the full Board in the course of its decisional processes.

SECTION 11. ACCOUNTS AND REPORTS.

The Board shall cause to be established and maintained a complete accounting system. The Board 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 the Cooperative as of the end of the fiscal year. The financial condition of the Cooperative shall be submitted to the Members at the following Annual Meeting.

~~SECTION 10.3. Rules and Regulations~~

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

SECTION 12. CAMPAIGN FINANCE DISCLOSURE

- 1) 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 is encouraged to

Vacancies Continued. This section defines how and when a vacancy on the Board will be filled. This new language confirms that an election will be held in a vacant district and members will vote to fill the vacancy in all circumstances. The ability for the Board to appoint a Board member has been removed.

Compensation. This change reflects grammatical and language updates only. The compensation parameters for Directors have not been changed.

Accounts and Reports. This language has been relocated here from the Miscellaneous Section of the Bylaws.

Rules and Regulations. This language has been relocated to the Articles of Incorporation.

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

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, Member or group of Members, group of other persons, business, political party, interest group, association, union, or any other entity.

2) Members who are candidates for the Board must follow the requirements set forth below to be eligible to be elected as a director:

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

i. "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.

ii. 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.

b. 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:

i. The name and address of the source of each Campaign Contribution;

ii. The amount of each contribution or the nature and value of an in-kind contribution;

iii. The date the candidate accepted each contribution; and

iv. The contributor's occupation and employer (from individual contributors).

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

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

i. A candidate required to file a Contributions Report shall file on each Friday before the election for the Board of Directors.

ii. 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.

e. If a candidate is elected, or appointed 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.

3. 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

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

made ("Respondent").

a. 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.

b. 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 "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.

4. 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.

5. Penalties may include:

- a. an order to cease and desist from the rule,
- b. a reprimand,
- c. a censure,
- d. a disqualification of the Respondent's candidacy and removal from the Board of Directors,
- e. a recommendation that the director resign or be removed from office, or
- f. such other penalty as the arbitrator determines is appropriate.

6. The arbitrator shall submit his/her award and the factual basis for the determination of 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 Kandiyohi 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.

7. 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

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

under this Bylaw.

8. 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.

9. 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.

ARTICLE SIX: MEETINGS OF THE BOARD

SECTION 1. REGULAR MEETINGS

~~A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the Annual Meeting of the Members.~~

1) A regular meeting of the Board shall ~~also~~ be held monthly at such ~~date~~, time, ~~format~~, and ~~place location~~ as designated by the Board. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all ~~persons individuals or entities~~ participating in the meetings can communicate with each other. Such participation will constitute attendance and presence. ~~in person at the meeting of the persons so participating.~~

2) An ~~regular~~ organizational meeting of the Board shall be held as soon as practically possible, without notice, ~~immediately after, and at the same place as,~~ the Annual Meeting of the Members for the purpose of electing officers of the Board as determined in the Bylaws. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.

SECTION 2. SPECIAL MEETINGS

Special meetings of the Board may be called by the Chair or by any two (2) Directors ~~of the Board~~. The Chair or Directors calling the meeting shall fix the ~~date~~, time, ~~format~~, and ~~place location for the holding~~ of the meeting and have the Secretary deliver notice.

SECTION 3. NOTICE OF BOARD SPECIAL MEETINGS

Written notice of the ~~date~~, time, ~~format~~, ~~place location~~, ~~(or telecommunications conference event)~~ and purpose of any special meeting of the Board shall be delivered to each Director at least two (2) days previous thereto ~~either personally~~, by mail or electronically, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the Chair or one of the Directors calling the meeting. If mailed, ~~such~~ notice shall be deemed to ~~have been~~ delivered when deposited in the ~~United States~~: Mail, ~~with proper postage and~~ addressed to the Director's ~~at his/her~~ mailing address as it appears on the records of the Cooperative. ~~If mailed, the time for giving notice shall be increased to five (5) days. ,with first-class postage thereon prepaid. If delivered~~ Electronic ally, ~~such~~ notice shall be deemed to have been delivered when sent ~~in a manner in which delivery is verifiable to~~ the Director's electronic mail address as it appears on the records of the Cooperative.

SECTION 4. EMERGENCY MEETINGS

An emergency meeting is a special meeting called because of circumstances

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

Meetings of the Board. The majority of changes in Article 6 reflect grammatical and language updates to provide clarity.

Emergency Meetings. This amendment ensures a swift and transparent response to unforeseen crises, enabling timely decision-making, legal compliance, and the protection of member interests.

that, in the judgment of the Chair or any two (2) Directors, require immediate consideration by the Board.

Notice of the emergency meeting shall be delivered to each Director by any means necessary to notify the Members of the Board. Notice shall include the date, time, format, location, and purpose of the meeting. If matters not directly related to the emergency are discussed or acted upon at an emergency meeting, the minutes of the meeting shall include a specific description of the matters. The failure of any Director to receive notice of an emergency meeting of the Board shall not invalidate the meeting. Any or all the Directors may participate in an emergency meeting by any means of communication through which all of the Directors participating at the emergency meeting may simultaneously communicate with each other during the emergency meeting.

SECTION 5. QUORUM

A majority of the Board shall constitute a quorum., ~~provided, that if less than such majority of the Board is present at said meeting;~~ If the quorum requirement is not met, a majority of the Board present may adjourn the meeting from time to time; ~~and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting without further notice.~~ The act of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the act of the Board.

SECTION 6. UNANIMOUS CONSENT IN WRITING

Unless otherwise prohibited by law, Board actions may be taken without a meeting and without a vote if unanimous consent of the Board is obtained in writing setting forth the action taken in detail and the writing is signed by all Directors entitled to vote.

SECTION 7. WAIVER OF NOTICE

~~Any member or~~ Director may waive in writing , ~~or electronically;~~ any notice of a meeting required to be given by law, the Articles of Incorporation, or these Bylaws. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting by such ~~member or~~ Director, except in case a ~~member or~~ 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.

ARTICLE SEVEN: OFFICERS OF THE BOARD

SECTION 1. NUMBER AND TITLES

The officers of the Cooperative shall be a Chair, Vice Chair, ~~President, Chief Executive Officer, Vice President,~~ Secretary, Treasurer, ~~Chief Executive Officer,~~ and such other offices as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same ~~person individual.~~

SECTION 2. ELECTION AND TERM OF OFFICE

The officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected annually by the Board at the ~~meeting of the Board held immediately after the Annual Meeting of the Members~~ organizational meeting. ~~The Chair, Vice Chair, Secretary and Treasurer~~ All officers must be Members of the Board ~~of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.~~ Each officer shall hold office until the first re-organizational meeting of the Board ~~following the next succeeding Annual Meeting of the Members,~~

Emergency Meetings. This amendment ensures a swift and transparent response to unforeseen crises, enabling timely decision-making, legal compliance, and the protection of member interests.

Quorum Language Updated. This change reflects grammatical and language updates to provide clarity.

Waiver of Notice. This language has been relocated here from the Miscellaneous Section of the Bylaws.

Officers of the Board. The majority of changes in Article 7 reflect grammatical and language updates to provide clarity.

or until a successor shall have been elected and shall have qualified. Except as otherwise provided in these Bylaws, a vacancy in any office of the Board shall be filled by the Board for the unexpired portion of the term at the next regular meeting of the Board.

SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY THE BOARD

Any officer ~~or agent~~ elected or appointed by the Board may be removed by the Board ~~or by the Members~~ whenever, in ~~its~~ ~~their~~ judgment, it is in the best interests of the Cooperative ~~will be served thereby~~. The officer ~~against whom such charges have been brought facing removal~~ shall be informed ~~in writing by notice~~ of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered. ~~At the meeting, the officer and~~ shall have an opportunity ~~at the meeting~~ to be heard in person or ~~by through legal counsel~~, and ~~may also to~~ present evidence in respect ~~of to~~ the charges.; ~~and~~ The ~~person or persons individuals or entities~~ bringing the charges ~~against him/her~~ shall have the same opportunity.

SECTION 4. CHAIR

The Chair shall:

- 1) Preside at all meetings of the Members and ~~of the Board of Directors~~;
- 2) Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board ~~of Directors~~ to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and,
- 3) In general, performs all duties incident to the office of Chair and such other duties as may be prescribed by the Board from time to time.

SECTION 5. VICE CHAIR

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

SECTION 6. SECRETARY

The Secretary shall be responsible for:

- 1) Keeping the minutes of the meetings of the Members and ~~of the Board; in one or more books provided for that purpose~~;
- 2) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- 3) The safekeeping of the corporate books and records of the Cooperative;:
- 4) Keeping a register of the names and post office addresses and member numbers of all Members;
- 5) 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 of any Member) ~~and at the expense of the Cooperative, furnishing a copy of these Bylaws and of all amendments thereto to each member~~; and,
- 6) In general, performing all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to him or her by the Board.

Officers of the Board. The majority of changes in Article 7 reflect grammatical and language updates to provide clarity.

SECTION 7. TREASURER

The Treasurer shall be responsible for:

- 1) Oversight of the care and c€ustody of all funds and securities of the Cooperative;
- 2) Oversight of tThe receipt of and the issuance of receipts for all monies funds due and payable to the Cooperative and for the deposit of all such monies funds in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws; ~~provided, however, that the Treasurer shall have authority, with the approval of the Board, to delegate to the Chief Executive Officer the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section by the Board;~~ and;
- 3) 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 to ~~him/her~~ by the Board.

SECTION 8. CHIEF EXECUTIVE OFFICER

~~The Board may appoint~~ The a Chief Executive Officer who may be, but shall not be required to be, a Member of the Cooperative. The Chief Executive Officer shall be the principal executive officer and general manager of the Cooperative and shall perform such duties as the Board may from time to time require and shall have exercise such authority as the Board may from time to time vest in ~~him/her~~ the Chief Executive Officer.

SECTION 9. PRESIDENT

~~The President shall perform such duties as may be prescribed by the Board from time to time. The President may be, but shall not be required to be a member of the Cooperative.~~

SECTION 10. 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 all 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. The Vice President may be, but shall not be required to be a member of the Cooperative.~~

SECTION 9. BONDS OR INSURANCE OF OFFICERS

The Board shall require the Treasurer and any other officer, agent, or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to ~~give bond in such sum and with such surety be~~ bonded or insured as the Board shall determine. The Board, in its discretion, may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 10. COMPENSATION

The powers, duties, and compensation of officers, ~~agents and employees~~ shall be fixed or approved by the Board, subject to the provisions of these Bylaws with respect to compensation for Directors ~~and to close relatives of Directors.~~

SECTION 11. REPORTS

The officers of the Cooperative shall submit, at each Annual Meeting ~~of the Members,~~ reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

Officers of the Board. President and Vice President have been removed because they are duplicative of the Board Chair and the Board Vice Chair positions.

SECTION 12. DELEGATION

Officers may, with the approval of the Board, delegate their duties and responsibilities to employees and agents of the Cooperative.

SECTION 13. 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 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.

ARTICLE EIGHT: ~~NON~~NOT-FOR-PROFIT OPERATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED

The Cooperative shall at all times be operated on a ~~Cooperative~~ not-for-profit basis for the mutual benefit of its Members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its Members and patrons.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC SERVICES

~~In the furnishing of electric services, the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to insure ensure that the Cooperative will be operated operates on a nonnot-for-profit basis, the Cooperative is obligated to account on a patronage basis to for all funds its receives from patrons, Members and non-members alike, for all amounts received and receivable from the furnishing of electric services in excess of operating costs, capital reserves, or additional reserves, and expenses (operating margins). properly chargeable- against the furnishing of such services, such capital reserves and any other proper reserves as may be provided by law and/or which shall be established by the Board of Directors.~~

~~All such payments amounts in excess of operating costs and expenses for services, such capital reserves and any other proper reserves as may be provided by law and/or which shall be established by action of the Board of Directors, as provided herein, at the moment of receipt by the Cooperative are made are received with the understanding that they are furnished by the patrons, Members and non-members alike, patrons as capital.~~

The Cooperative is obligated to ~~assign pay~~ by credits to a capital account for each ~~Member patron~~ all such amounts in excess of operating costs ~~and expense, such capital reserves or additional and any other proper reserves, and expenses in excess of such amounts received and receivable from the furnishing of electric service as may be provided by law and/or which shall be established by action of the Board of Directors as provided herein.~~

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 ~~Member patron~~ is clearly reflected and credited in ~~an appropriate records, to the capital account of each patron Member, and~~ ~~€~~The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each ~~Member patron in writing~~ of the amount of capital so credited ~~or debited to the Member's patron's account,; provided that, unless otherwise required by law, individual notice of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess from and provides a clear explanation-~~

Delegation. This section clarifies that the Board may delegate duties to others who have direct impact on a day-to-day basis.

Insurance.

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

Patronage Capital in Connection with Furnishing Electricity. This change reflects grammatical and language updates only. The Capital Credit distribution process will not be changed.

~~of how each patron may compute and determine the specific amounts of capital so credited to the patron's account.~~

All such amounts credited to the capital account of any **patron Member** shall have the same status as though it has been paid to the **patron Member** in cash ~~in pursuance pursuant of to~~ a legal obligation to do so and the **patron Member** had then furnished the Cooperative corresponding amounts for capital.

SECTION 3. NON-PATRONAGE CAPITAL

All other ~~non-operating~~ amounts received by the Cooperative ~~from its operations~~ in excess of ~~operating costs, capital reserves or additional reserves,~~ and expenses (~~non-operating margins~~) ~~may shall,~~ insofar as permitted by law;; (a) be used to offset any losses ~~incurred~~ during the current or any prior fiscal year; (b) be included as part of the capital credited to the accounts of Members; (c) be retained as permanent, non-allocated capital reserves; or (d) be used as otherwise determined by the Board. ~~and, to the extent not needed for that purpose, either:~~

~~(a) Allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner as approved by the Board, or~~

~~(b) Used to establish and maintain a non-operating margin reserve not assignable to patrons prior to dissolution of the Cooperative.~~

SECTION 4: RETIREMENT OF CAPITAL CREDITS FOLLOWING DISSOLUTION

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis ~~before any payments are made on account of the property rights of Members.~~

SECTION 5: RETIREMENT OF CAPITAL CREDITS BY THE BOARD

If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital ~~then~~ credited to ~~patron's Member's~~ accounts may be retired in full or in part. All ~~allocations and~~ retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution. In no event may any such capital be retired unless, after the proposed retirement, the remaining capital of the Cooperative shall equal at least the minimum capital requirements imposed upon the Cooperative either by law, by the terms of its contractual obligations, or by its Articles ~~of Incorporation~~ or Bylaws.

Capital credited to the account of each **Member patron** shall be assignable ~~as only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest, or successors in occupancy, in all or in a part of such patrons' premises served by the Cooperative, unless the Board, acting under policies of general application, shall authorize. other types of assignments.~~ **Patrons Members** at any time may assign their capital credits back to the Cooperative. ~~and the Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.~~

Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the ~~power authority~~ at any time upon the death of any natural **patron person**, ~~if the legal representative of the patron's estate or, if no legal representative of the estate has or will be appointed, then an heir or heirs entitled to receive distribution of the deceased patron's estate pursuant~~

Non-Patronage Capital. This change reflects grammatical and language updates only. The process of handling non-patronage capital will not change.

Capital Credit Retirement. Changes in this section reflects grammatical and language updates only that clarify the Board maintains 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.

~~to law, shall request in writing, that the capital credited to any such patron be retired prior to the time such capital would be retired in a general retirement under provisions of these Bylaws, to retire capital credited to the account of the deceased Member any such patron immediately upon on such terms and conditions as the Board, acting under policies of general application, deems appropriate and the legal representative or heir of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.~~

In the event of the dissolution or termination of any ~~school district, church, congregation, corporation, partnership or any other legally organized group or Cooperative Member~~ that is not a natural person, the Board of Directors, at its discretion, shall have the ~~power authority, if the duly authorized representative of the said patron shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws,~~ to retire capital credited to any such ~~patron~~ Member immediately upon on such terms and conditions as the Board of Directors, acting under policies of general application, deems appropriate. ~~and the duly authorized representative of such patron shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.~~

SECTION 6. PATRONAGE FROM SOURCES OTHER THAN SALE OF ELECTRIC ENERGY

In the event that Cooperative shall receive funds unrelated to the sale of electric energy or engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses shall, insofar as permitted by law, be used at the discretion of the Board as follows: (a) be retained as permanent equity, (b) be allocated as margins to the Members of the Cooperative who utilize the goods and services where the funds are received and/or are receivable, and/or (c) be allocated as margins to the Members of the Cooperative.

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

ARTICLE NINE: DISPOSITION OF PROPERTY

SECTION 1.

Except for a sale, lease, exchange, disposition, conversion, or other transfer ("Transfer") of Cooperative assets: (a) to secure indebtedness, (b) pursuant to condemnation or threat of condemnation, (c) pursuant to a contractual or other legal obligation; ~~the Board of Directors may not authorize the sale, lease, or exchange transfer of all or any substantial portion in excess of ten percent (10%) of the Cooperative's total assets; merge with or consolidate into another entity that is not a rural electric cooperative; dissolve the Cooperative, or file for bankruptcy with the United States Bankruptcy Court upon such terms and conditions as the Board of Directors deems expedient and for the best interests of the Cooperative,~~ except when authorized by

Capital Credit Retirement Continued.

Changes in this section reflects grammatical and language updates only that clarify the Board maintains 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.

Patronage From Other Sources.

This change reflects grammatical and language updates only so the section is easier to understand.

Disposition of Property. Language was updated to ensure accuracy and compliance with current legal requirements and organizational needs.

the affirmative vote of at least two-thirds (2/3) of the total Members of the Cooperative cast in person, ~~or~~ by mail, ~~or electronically at a meeting of the Members provided that notice is given of~~ which includes a clear explanation of the action to be voted upon. For purposes of this article, a merger with or consolidation into another rural electric cooperative shall not be deemed a sale, lease, or exchange. OTHER PROVISIONS OF THESE BYLAWS NOTWITHSTANDING, ANY REPEAL, AMENDMENT, OR ALTERATION OF THIS ARTICLE THAT WOULD RESULT IN A CHANGE IN THE MEMBER APPROVAL REQUIREMENTS FOR ACTS DESCRIBED HEREIN, MUST BE APPROVED BY A TWO-THIRDS (2/3) VOTE OF ALL OF THE MEMBERS OF THE COOPERATIVE.

ARTICLE TEN: FINANCIAL TRANSACTIONS

SECTION 1. CONTRACTS

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

SECTION 1. CHECKS, DRAFTS, ETC.

All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative ~~shall be issued as determined by the Board. shall be signed by such officer(s), agent(s), or employee(s) of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board.~~

SECTION 3. DEPOSITS

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

SECTION 4. BORROWING

~~Notwithstanding any other provision of these Bylaws, the Board, without authorization from the Members, shall have the full power and authority to borrow money from the United States of America or any agency or instrumentality thereof or from any other lending institution, including Members and individuals, and 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 to trust upon, or the pledging or encumbrance 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 shall determine.~~

SECTION 5. FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first (31) day of December of the same year.

SECTION 6. SERVICE CHARGE ON UNCLAIMED CAPITAL CREDITS

~~The Cooperative may deduct a reasonable service charge against capital credits that have not been claimed within a reasonable time after the capital credits are declared payable. The amount of such service charge shall be determined by the Board and shall be based on the current cost of handling a capital credit account.~~

SECTION 7. ENERGY CONSERVATION LOANS

The Board shall have the authority to adopt an energy conservation loan

Borrowing. This amendment clarifies the Board's decision making ability in regards to the Cooperative's financing. This section provides clarity and governance structure, guiding responsible financial decision-making within the Cooperative.

Unclaimed Capital Credit Service Charge. This provision establishes that the Board has the ability in the future to create a service charge on unclaimed capital credits to help cover the administrative costs associated with maintaining unclaimed accounts. A fee such as this encourages timely claiming, promotes financial efficiency, and ensures fairness

program.

ARTICLE ELEVEN: MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may become a Member or ~~have ownership purchase stock in other profit or nonprofit organizations and/or entities,~~ Cooperatives, partnerships, or joint ventures when the Board by a two-thirds (2/3) majority vote ~~of its members~~ at a regular or special meeting of the Board ~~of Directors,~~ finds that the general or long-term interests of the Cooperative will be served by such investments or participation.

SECTION 2. WAIVER OF NOTICE

~~Any member or Director may waive in writing, or electronically, any notice of a meeting required to be given by law, the Articles of Incorporation, or these Bylaws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member or 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 3. RULES AND REGULATIONS

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

SECTION 4. ACCOUNTING SYSTEM AND REPORTS

~~The Board shall cause to be established and maintained a complete accounting system which shall conform to applicable laws and to the rules and regulations of any regulatory body. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year.~~

SECTION 5. ADOPTION.

These Amended and Restated Bylaws of the Cooperative shall constitute the Bylaws of the Cooperative as of __{insert date}__ and shall restate and replace fully any and all prior Bylaws of the Cooperative.

SECTION 3. APPLICABLE LAW.

These Bylaws are subject to applicable law and the Articles, as may be amended and/or restated, of the Cooperative. If and to the extent that these Bylaws conflict with applicable law and/or the Articles, then applicable law or the Articles of Incorporation control.

ARTICLE TWELVE: AMENDMENTS

SECTION 1.

Except as provided in Article ~~VIII~~ **Eight** hereof, these Bylaws may be altered, amended, or repealed by the Members, at any regular or special meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal, or an accurate summary explanation thereof.

ARTICLE THIRTEEN: STATEMENT OF NON-DISCRIMINATION

Energy Conservation Loans.

This amendment establishes the ability of the Board to create a loan program in the future to assist members with energy conservation efforts

Sections Relocated. The sections on Waiver of Notice, Rules and Regulations, and the account system and reports were moved to a more contextually appropriate section in these documents.

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

Applicable Law. This amendment simply states that the Bylaws are always are and remain subject to applicable law.

SECTION 1.

The Cooperative is an equal opportunity provider and employer. The Cooperative provides equal employment opportunities to all employees and applicants for employment and prohibits discrimination and harassment of any type without regard to race, color, religion, age, gender, national origin, disability status, genetics, protected veteran status, sexual orientation, gender identity or expression, or any other characteristic protected by federal, state, or local laws. This applies to all terms and conditions of employment, including recruiting, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation, and training.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, AD-3027 found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

Statement of Non-Discrimination.

This amendment is a straightforward addition of our statement of non-discrimination and it is added to ensure legal compliance, sets guiding principles, manages member expectations, and provide decision-making guidance.



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