



2024

PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION AND COOPERATIVE BYLAWS

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KANDIYOHI POWER
— COOPERATIVE —

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. We understand that the redline copy can be overwhelming and difficult to read, therefore we have also created this supplemental, clean copy of the proposed amended and restated Articles of Incorporation and Bylaws in the document that follows.

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 Cooperative shall be Kandiyohi Power Cooperative (the "Cooperative").

SECTION 2.

The conduct of the business of this Cooperative shall be upon the cooperative plan. The purpose for which this Cooperative is formed and the general nature of its business are to sell, provide, deliver, furnish, and distribute electric energy and other services for its members and patrons, and to engage in any other lawful 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 place of transacting the business of this Cooperative shall be at 8605 47th Street NE, Spicer, Minnesota 56288.

ARTICLE TWO

SECTION 1.

The period of duration of this Cooperative shall be perpetual.

ARTICLE THREE

SECTION 1.

This Cooperative shall be organized on a non-stock, 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.

SECTION 2.

Each Member shall be entitled to only one (1) vote in the affairs of this Cooperative and membership shall not be transferrable except 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

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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

SECTION 1.

The governance of this Cooperative and the management of its affairs and business shall be vested in a Board consisting of at least five (5) Directors who shall be elected by ballot by the members for such terms as the Bylaws may prescribe. 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 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 not inconsistent with these Articles of Incorporation, the Bylaws of the Cooperative, or the laws of the State of Minnesota.

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

- 1) For a breach of the Director's duty of loyalty to the Cooperative 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; or,
- 4) For an act or omission occurring prior to the date when this section was adopted by the members of the Cooperative.

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

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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.

President

Secretary

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: Kandiyo 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, any person or legal entity with the capacity to enter legally binding contracts shall become a Member of the Cooperative upon receipt of electric services provided by the Cooperative or such other service or product as determined by the Board. By receiving service from the Cooperative, each Member agrees to:

- 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;

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- 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 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;
- 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;

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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 by the Cooperative;

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;

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;

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.

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.

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SECTION 3. JOINT MEMBERSHIP

Joint Membership shall be issued consistent with Section 1. Eligibility and shall be subject to the following:

- 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 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 Director, 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.

Upon the death of a Joint Member, the surviving Joint Member shall have the right to elect one of two options:

- 1) To terminate the Joint Membership, in which event capital previously allocated to the joint membership may be distributed in accordance with the provisions of these Bylaws; or,
- 2) To convert the Joint Membership to an individual Membership, in which event capital previously allocated to the Joint Membership shall be re-allocated 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.

SECTION 5. TERMINATION OF MEMBERSHIP

A Member may withdraw as a Member from the Cooperative upon payment in full of all debts and liabilities of the Member and upon such terms and conditions as the Board may prescribe.

The Board may, by 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 of the Cooperative, but only if such Member shall have been given notice by the Cooperative that such failure makes the Member liable to expulsion and such failure shall have continued for at least ten (10) days after written notice. Any expelled Member may be reinstated by vote of not less than 2/3 of all the members of the Board.

- 1) Upon the withdrawal, death, cessation of existence, or expulsion of a Member, the membership shall thereupon terminate and will be so recorded on the books of the Cooperative.
- 2) Termination of membership in any manner shall not release a Member or the Member's estate from any debts due to the Cooperative.

ARTICLE THREE: MEMBER RIGHTS AND LIABILITIES

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.

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SECTION 2. PROPERTY INTEREST OF MEMBERS

Upon dissolution, after:

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

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.

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

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electric service terminates at the point of demarcation. 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 location as selected by the Board for the purpose of electing directors, reviewing reports of the previous fiscal year, and transacting other business as required. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative, nor affect the validity of any 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.

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 Board or upon written petition signed by at least twenty percent (20%) 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.

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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. 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 meeting of the members may be postponed and rescheduled by the Board. Notice of postponement and rescheduling shall be given in any media of general circulation or broadcast serving the Cooperative's service area.

SECTION 4. QUORUM

Fifty (50) Members shall constitute a quorum. In determining a quorum at any meeting, Members present, represented by mail, and/or electronic vote/ballot shall be counted. If the quorum requirement is not met, a majority of those Members present may adjourn the meeting from time to time without further notice. The establishment of a quorum shall be verified by the Chair and Secretary of the Board and shall be reported in the minutes of the meeting.

SECTION 5. VOTING

- 1) Each Member shall be entitled to 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: (a) by mail if authorized by the Board, (b) electronically if authorized by the Board, or (c) in person if authorized by the Board.
- 3) All questions shall be decided by a vote of a majority of the Members voting, except as otherwise provided by law, the Articles, or the Bylaws.
- 4) The ballot shall be in the form prescribed 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 or the exact text of the proposed motion, resolution or amendment to be acted upon; and shall also contain spaces opposite the candidates or the text of such motion, resolution or amendment in which the Member may indicate an affirmative or negative vote.
- 5) 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.
- 8) Any ballot not properly completed or submitted, or not timely received, shall be invalid and not counted.
- 9) The failure to receive a copy of the ballot, a copy of any motion, resolution, amendment, or candidate slate shall not invalidate any action that may be taken by the Members at any such meeting.

SECTION 6. ORDER OF BUSINESS

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

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subsequently adopted by the Members, shall be considered advisory only and will be referred to the Board for further consideration.

ARTICLE FIVE: BOARD MEMBERS

SECTION 1. GENERAL POWERS

The business and affairs of the Cooperative shall be governed by a Board of not less than five (5) 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, or these Bylaws conferred upon or reserved to the Members.

SECTION 2. DISTRICTS, TENURE OF OFFICE, AND ELECTION

- 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 District shall be elected for a term of three (3) years.
- 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) Directors shall be elected by secret ballot in conjunction with the Annual Meeting or a special election and each Member entitled to 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 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.

SECTION 3. QUALIFICATIONS TO BECOME OR REMAIN A DIRECTOR

In order to become or remain a Director of the Cooperative, all of these qualifications must be met:

- 1) Receiving service and holding a membership at the Member's primary residence in the Director District nominated and/or elected;
- 2) Have the capacity to enter legally binding contracts;
- 3) Is not, or within three (3) years preceding the date of nomination 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 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 financially interested in a competing enterprise or business that

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provides the same or similar services as the Cooperative;

- 6) Is not the employer, employee, principal, or agent of any Director;
- 7) Is not, or within three (3) years preceding the date of nomination was, employed by or engaged by a labor union which represents, has represented, or has 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.

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.

SECTION 4. NOMINATIONS

- 1) Any Member meeting the qualifications in the Bylaws may file for election to the office of Director 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 ninety (90) days prior to the Annual Meeting at which the election will take place.
- 2) The Secretary shall post such filings in the office of the Cooperative at least thirty (30) days before the Annual Meeting.
- 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).
- 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 all assigned duties:

- 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 assigned duties and to take all such other action as allowed by applicable law. Such censure may, at the discretion of the BOARD, include a recommendation to the 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

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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 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.

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. RESIGNATION

A Director may resign at any time by written notice delivered to the Board or the Chief Executive Officer. A resignation is effective when the notice is delivered unless the notice specifies a future date.

SECTION 8. VACANCIES

- 1) A vacancy occurring on the Board shall be filled by 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.
- 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, 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, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business in line with Cooperative policies. Directors who elect to participate may be extended various forms of liability and accident insurance. No Director shall receive compensation for serving the Cooperative in any other capacity unless specifically authorized by a 2/3 majority vote of the Board.

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

The Board 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 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 may constitute itself into committees for the purpose of studying and making recommendations to the full Board in the course of its decisional processes.

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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 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 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 made ("Respondent").

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- 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 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

- 1) A regular meeting of the Board shall be held monthly at such date, time, format, and location as designated

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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 individuals or entities participating in the meetings can communicate with each other. Such participation will constitute attendance and presence.

2) An organizational meeting of the Board shall be held as soon as practically possible, without notice, after 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 location of the meeting and have the Secretary deliver notice.

SECTION 3. NOTICE OF SPECIAL MEETINGS

Written notice of the date, time, format, location, and purpose of any special meeting of the Board shall be delivered to each Director at least two (2) days previous thereto 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, notice shall be deemed to have been delivered when deposited in the United States Mail with proper postage and addressed to the Director's 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. Electronic notice shall be deemed to have been delivered when sent 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 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 of 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. If the quorum requirement is not met, a majority of the Board present may adjourn the meeting from time to time 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 Director may waive in writing 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 Director, except in case a 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.

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ARTICLE SEVEN: OFFICERS OF THE BOARD

SECTION 1. NUMBER AND TITLES

The officers of the Cooperative shall be a Chair, Vice Chair, 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 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 organizational meeting. All officers must be members of the Board. Each officer shall hold office until the reorganizational meeting of the Board, or until a successor shall have been elected and shall have qualified. Except as otherwise provided in the 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 BY THE BOARD

Any officer elected or appointed by the Board may be removed by the Board whenever, in their judgment, it is in the best interest of the Cooperative. The officer facing removal shall be informed by notice in writing 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 shall have an opportunity to be heard in person or through legal counsel and may also present evidence in respect to the charges. The individuals or entities bringing the charges shall have the same opportunity.

SECTION 4. CHAIR

The Chair shall:

- 1) Preside at all meetings of the Members and the Board;
- 2) Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by the 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 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 the Board;
- 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 and Bylaws of the Cooperative containing all amendments thereto which shall always be open to the inspection of any 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 by the Board.

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SECTION 7. TREASURER

The Treasurer shall be responsible for:

- 1) Oversight of the care and custody of all funds and securities of the Cooperative;
- 2) Oversight of the receipt of and the issuance of receipts for all funds due and payable to the Cooperative and for the deposit of all such funds in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws 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 by the Board.

SECTION 8. CHIEF EXECUTIVE OFFICER

The Board may appoint 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 exercise such authority as the Board may from time to time vest in the Chief Executive Officer.

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 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 shall be fixed or approved by the Board, subject to the provisions of these Bylaws with respect to compensation for 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.

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: NOT-FOR-PROFIT OPERATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED

The Cooperative shall at all times be operated on a 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 order to ensure that the Cooperative operates on a not-for-profit basis, the Cooperative is obligated to account on a patronage basis for all funds it receives from patrons, Members and non-members alike, from the furnishing

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of electric services in excess of operating costs, capital reserves, or additional reserves, and expenses (operating margins).

All such payments for services are made with the understanding that they are furnished by the Members and patrons as capital.

The Cooperative is obligated to assign by credits to a capital account for each Member all such amounts in excess of operating costs, capital reserves or additional reserves, and expenses in excess of such amounts received and receivable from the furnishing of electric service. The books and records of the Cooperative shall be kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each Member is clearly reflected and credited in appropriate records to the capital account of each Member. The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each Member of the amount of capital so credited or debited to the Member's account. All such amounts credited to the capital account of any Member shall have the same status as though it has been paid to the Member in cash pursuant to a legal obligation to do so and the Member had then furnished the Cooperative corresponding amounts for capital.

SECTION 3. NON-PATRONAGE CAPITAL

All other amounts received by the Cooperative from its operations in excess of operating costs, capital reserves or additional reserves, and expenses (non-operating margins) may, 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.

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 credited to Member's accounts may be retired in full or in part. All 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 or Bylaws.

Capital credited to the account of each Member shall be assignable as the Board, acting under policies of general application, shall authorize. Members at any time may assign their capital credits back to the Cooperative.

Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the authority at any time upon the death of any natural person, to retire capital credited to the account of the deceased Member on such terms and conditions as the Board, acting under policies of general application, deems appropriate.

In the event of the dissolution or termination of any Member that is not a natural person, the Board, at its discretion, shall have the authority to retire capital credited to any such Member on such terms and conditions as the Board, acting under policies of general application, deems appropriate.

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.

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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 may not authorize the transfer of all or any substantial portion 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, except when authorized by the affirmative vote of at least two-thirds (2/3) of the total Members of the Cooperative cast in person, by mail, or electronically provided that notice is given 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

The Board may authorize any officer to enter into contracts or similar instruments on behalf of the Cooperative.

SECTION 2. CHECKS, DRAFTS, ETC.

All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidence of indebtedness issued in the name of the Cooperative shall be issued as determined by 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 program.

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ARTICLE ELEVEN: MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may become a member or have ownership in organizations and/or entities, cooperatives, partnerships, or joint ventures when the Board by a two-thirds (2/3) majority vote at a regular or special meeting of the Board, finds that the general or long-term interests of the Cooperative will be served by such investments or participation.

SECTION 2. 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

Except as provided in Article 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

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.



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