

**Articles of Incorporation
of
Runestone Electric Association
(As Amended and Restated 2021)**

The Articles of Incorporation of Runestone Electric Association are amended and restated as follows:

**ARTICLE I
Name, Purpose, and Registered Address**

Section 1. The name of this Association shall be Runestone Electric Association.

Section 2. The conduct of the business of this Association shall be upon the cooperative plan and the general nature of its business and the purposes for which it is formed are:

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

(b) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and to receive, acquire, endorse, pledge, hypothecate and dispose of notes and other evidences of indebtedness;

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

(d) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, sell, exchange and use any and all real and personal property or any interest therein necessary, useful or appropriate to enable this Association to accomplish any and all of its purposes;

(e) To borrow money and otherwise contract indebtedness for the purposes, or any of them, for which this Association is formed, and to issue notes, bonds and other evidences of indebtedness, and to secure any of its obligations by mortgage, pledge or deed of trust of all or any of its property, assets, franchises and income;

(f) To sell and convey, mortgage, pledge, lease as lessor and otherwise dispose of all or any part of its property and assets;

(g) To diversify into other business purposes approved by the Board of Directors, exercising corporate powers set forth in Minnesota Statutes Section 308A.201.

(h) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the Act under which this Association is formed; provided, however, that the conduct of the business of this Association shall be upon the cooperative plan.

The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers of this Association, and this Association shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon associations of the character of this Association by the laws of the State of Minnesota now or hereafter in force, including all powers as set forth in Minnesota Statutes Chapter 308A now in force or hereinafter amended.

Section 3. The registered office and principal place of transacting the business of this Association shall be at 6839 Power Lane SW, Alexandria, Minnesota.

**ARTICLE II
Duration**

The period of duration of this Association shall be perpetual.

ARTICLE III
Cooperative Membership and Operation

Section 1. This Association is organized on a non-stock, membership basis. The Association will maintain appropriate membership records.

Section 2. The Association shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Association on any capital furnished by its patrons. The net income of the Association, except for amounts set aside as capital reserves or additional reserves, shall be distributed on the basis of patronage. The records of the Association may show the interest of patrons and members in the reserves.

Section 3. Each member shall have only one vote in the affairs of the Association, and membership shall not be transferable except with the approval and consent of the Board of Directors.

ARTICLE IV
Original Incorporation and Board of Directors

The Association was incorporated on December 3, 1935. The names and addresses of the original incorporators of this Cooperative Association and its first Board of Directors are as follows:

John J. Wilken, Brandon
Charles A. Gustafson, Parkers Prairie
Clifford R. Hove, Alexandria
Sidney Angus, Garfield
Chris Nelson, Osakis
David Hvezda, Alexandria
Charlie A. Schuneman, Carlos

ARTICLE V
Directors

Section 1. The government of this Association and the management of its affairs and business shall be vested in a Board of Directors consisting of seven (7) members who shall be elected by ballot, if an election is contested, by the members for such terms as the Bylaws may prescribe at the annual meeting of the members. If an election is uncontested with only one candidate for a director position, then the director may be elected by any reasonable process as provided in the bylaws.

Section 2. The Board of Directors shall have the power to make and adopt such policies, rules and regulations, not inconsistent with these Articles of Incorporation or the Bylaws of this Association 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 Association.

ARTICLE VI
Limitation of Director Liability

A director of this Association shall not be personally liable to this Association or its members for monetary damages for breach of fiduciary duty as a director, except for:

- (A) Liability based on a breach of duty of loyalty to the Cooperative or the members;
- (B) Liability for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (C) Liability for any transaction from which the director derived an improper personal benefit; or
- (D) Liability for any act or omission occurring prior to the date this Article VI became effective.

If Chapter 308A of Minnesota Statutes hereafter is amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director, in addition to the limitation of personal liability provided herein, shall be limited to the fullest extent permitted by the amended Chapter 308A of Minnesota Statutes. Any repeal or modification of this Article by the members of this Cooperative shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Cooperative existing at the time of such repeal or modification.

ARTICLE VII
Amendment of Articles

This Association reserves the right to amend, alter, or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

Bylaws
of
Runestone Electric Association
(As Amended and Restated 2021)

ARTICLE I
Members

Section 1. Qualifications and Obligations. Any natural person or legal entity with the capacity to enter legally binding contracts may become a member in the Cooperative by: (a) completing (in person, telephonically, or electronically) the membership application procedure as adopted by the Board of Directors and (b) purchasing electric service from the Cooperative in the amount as specified below, unless the person notifies the Cooperative in writing within 60 days that the person does not consent to membership. Unless the Board determines otherwise, an applicant automatically becomes a member of the Cooperative upon completing the membership procedure to the Cooperative's satisfaction and receiving cooperative electric service. For good cause determined by the Board of Directors, the Board may refuse a qualified applicant membership in the Cooperative.

The patrons (including each member) of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The terms of that contract shall survive the termination of member service by the Cooperative. The provisions of this paragraph 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.

Each member shall:

- (a) 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 as may from time to time be adopted by the Board of Directors;
- (b) pay all obligations owing to this Cooperative as and when the same become due at prices, rates, or amounts determined by the Board, pursuant to terms, conditions, time, and manner specified by the Cooperative;
- (c) furnish to the Cooperative reasonable access to and execute and deliver to this Cooperative grants of easement or right-of-way on or over lands owned by the member to be used for furnishing electric service to the member, other members, or for the construction, operation and maintenance of the Cooperative's electric facilities. All such easements shall run with the land and shall be binding on and shall inure to the benefit of the Cooperative and the member's heirs, successors, and assigns. These grants shall be in such reasonable widths and accordance with such reasonable terms and conditions as the Cooperative shall require.
- (d) complete any documents or provide any information required by the Cooperative to provide the service requested by the member.

Section 2. Joint Memberships. Any two or more natural persons or legal entities, each of whom qualifies to be a member, may hold a joint membership in the Cooperative for a location to which the Cooperative provides electric service by completing the application for joint membership, provided the persons or entities qualify and comply jointly with the provisions of the above Section 1.

Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. For a joint membership:

- (a) The presence at a meeting of one or more of the joint members shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of any of the joint members or all of them jointly shall constitute one joint vote;
- (c) The absence of any two or more persons or entities holding a joint membership from any annual or special meeting of the members, shall permit them to cast a vote by mail when permitted in these Bylaws;

- (d) A waiver of notice, petition, consent, or other document signed by any one of the joint members shall constitute a joint waiver or act;
- (e) Notice to any one of the joint members shall constitute notice to all;
- (f) Any one, but not more than one, may be elected or appointed as a director, provided that the qualifications for such office are met.

Upon the death of a joint member, all capital credit rights automatically transfer to the surviving joint member or members.

Section 3. Suspension of Membership. The Cooperative may suspend a membership if a member temporarily ceases using Cooperative service as determined by the Board, upon request of a member, when a landlord member transfers bill payment responsibility to the landlord's tenant of landlord's electric service, or for other good cause. Upon suspension, a member may not receive notice, nominate, vote, remove, demand, request, petition, consent, or otherwise act as provided in these bylaws.

Section 4. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 5. Transfer of Membership and Termination of Membership.

- (a) Membership in the Cooperative shall be transferrable only with the approval and consent of the Board of Directors except as hereinafter otherwise provided. The Cooperative shall have the first right and privilege of purchasing the membership offered for sale by any member. Any membership so acquired by the Board of Directors for the Cooperative shall be cancelled and retired. Upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.
- (b) A membership may be converted to a joint membership upon two or more persons or entities making written application and complying with the requirements of Sections 1 and 2 above. Such transfer shall be noted in the records of the Cooperative.
- (c) When a membership is held jointly by two or more persons or entities, upon the death, cessation of existence, expulsion or withdrawal of any of the joint members such membership shall be deemed to be held solely by the remaining joint members with the same effect as though such membership had been originally issued solely to the remaining joint member(s), and upon the recording of such death, cessation of existence, expulsion or withdrawal in the records of the Cooperative the membership may be reissued in the name of such remaining joint member(s), provided, however, that the estate of the deceased person or successors or assigns of the entity shall not be released from any membership debts or liabilities to the Cooperative.
- (d) Upon the death of a member, the Cooperative may reissue the decedent's membership to a surviving spouse upon compliance by the surviving spouse with Section 1.
- (e) A membership shall not be considered terminated or suspended because the member's service is seasonal, is subject only to a monthly fixed charge, or is subject only to a distribution system access fee.

Section 6. Purchase of Electric Energy. As soon as electric energy shall be available, each member shall be subject to the following:

- (a) Each member shall purchase from the Cooperative all (or such lesser amount as allowed by law) electric energy used on the Member's premises at monthly rates fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member;
- (b) Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to approval by the Cooperative of the application by the member for authorization to interconnect, under such appropriate policies, rules, and costs as shall be fixed from time to time by the Cooperative. The Cooperative shall compensate any member for energy produced on the premises and accepted by the Cooperative in the manner prescribed by law.
- (c) It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws.

- (d) If a member substantially reduces or ceases electric use, the Cooperative may charge the member reasonable costs and expenses incurred by the Cooperative for unrecovered investments such as, for example, installation of a three-phase line made on behalf of the member and at member's request.
- (e) Each member shall pay to the Cooperative such minimum amounts as shall be fixed by the Board of Directors from time to time.

Section 7. Provision of Cooperative Service. A member shall comply with any reasonable procedure required by the Cooperative regarding the provision of Cooperative service, including, but not limited to, the following:

- A. Based upon different costs of providing Cooperative service to different groups of members, the Cooperative may charge each group a different rate or price for providing the Cooperative service.
- B. The Cooperative may construct, operate, relocate, reconstruct, and maintain an above or below ground electric distribution line or system on or under the member's property, and above or below the ground upon all streets, roads or highways abutting the member's property. The Cooperative may read, inspect, replace or maintain metering and load management control equipment.
- C. The Cooperative may inspect and make such repairs, changes, alterations, improvements, removals from, substitutions and additions to its facilities as the Cooperative may from time to time deem advisable.
- D. All the Cooperative's lines and facilities shall remain the property of the Cooperative.
- E. The member shall keep the Cooperative's right of way clear of all buildings, structures or other obstructions.
- F. The Cooperative shall have the right to access across the member's property to its facilities from the most readily and accessible public road or driveway for the purpose of maintaining or working on any part of the electric distribution system.
- G. The Cooperative may cut, trim, and control trees, shrubbery, and other vegetation on the member's property by machinery, by chemicals, or otherwise to the extent necessary to keep the right of way clear for the Cooperative's line or system, and the Cooperative may cut down from time to time all dead, weak, leaning or dangerous trees that are tall enough to strike the wires in falling.
- H. Member shall comply with the National Electrical Code, all Minnesota laws regulating the installation of electrical wiring and equipment, and such rules and regulations as may be adopted by the State Board of Electricity, and upon request, member shall provide to the Cooperative proper evidence of compliance with permit requirements prior to connection of electric service.
- I. The member releases the Cooperative from any and all liability of every kind and nature which may occur from member's defective installation or wiring on the member's property or from the member's failure to inspect that wiring or facilities, and member agrees to hold the Cooperative, its employees, and agents harmless from any and all such liability.
- J. The Cooperative may license, permit or otherwise agree to the joint use or occupancy of its lines or system, or if any of its system is placed underground, of the trench and related underground facilities, by any other person, association or legal entity. The Cooperative may permit the attachment of wires of others to the structures of those electric facilities.
- K. Member agrees that member will not do any act which will interfere with or harm the Cooperative's electrical system.
- L. The Cooperative may use Cooperative equipment to measure, collect, maintain, transmit, communicate, and store the aggregate or incremental amount, quantity, or quality of electric energy used by a member and other data or information regarding the member's use of electric energy.
- M. Member consents to the Cooperative using an automatic telephone dialing system, or an artificial or pre-recorded voice, to contact the member regarding the member's Cooperative service or the member's use of a Cooperative service.
- N. Member shall pay interest and late fees as reasonably determined by the Board of Directors and all costs, including reasonable attorney collection fees, required to collect or obtain payment of amounts owed but not timely paid to the Cooperative.
- O. Each member shall indemnify the Cooperative for, and hold the Cooperative harmless from, liabilities, damages, costs, or expenses, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative director, officer, employee, agent, or representative, and caused by the negligence, gross negligence, or willful misconduct of the member or a non-member occupying the same location as the member, or by the unsafe or defective condition of a location occupied by the member.

Section 8. Member Equipment Connected to Cooperative Equipment. Except as otherwise provided by the Board, before and while Member Equipment (any equipment, structure, facility, or other good owned, controlled, operated, or furnished by member) is connected to Cooperative Equipment (any equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative), the member:

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

If Member Equipment is connected to Cooperative Equipment, then: (1) the member is liable for damage to, and for the nonperformance of, Cooperative Equipment caused by the Member Equipment or the connection; and (2) the member is liable for, and must indemnify the Cooperative against, injury or death to any person and damage to any property caused by, or resulting from, the Member Equipment or the connection.

Section 9. Termination of Electric Service. The Cooperative may terminate electric service either with notice or without notice (as applicable) to the Member as provided by law.

Section 10. Interruption of Cooperative Service; Liability Limits. The Cooperative shall provide electric service to members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy. The Cooperative shall not be responsible for acts of public enemies, war, strikes or other labor disturbances, fires, 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 attorney fees or legal expenses, caused by the Cooperative's electric service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for providing electric service terminates at the point of delivery of the electric service to the member. Under no circumstances shall the Cooperative be liable for any indirect, special, exemplary, punitive, or consequential damages arising out of the Cooperative's electric service.

Section 11. Non-liability for Debts of the Cooperative. The private property of the members shall be exempt from execution for the debts of the Cooperative, and no member shall be individually responsible for any debts or liabilities of the Cooperative.

Section 12. Forfeiture of Membership. The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member if such member shall have knowingly, intentionally, or repeatedly violated any of the provisions of the Articles of Incorporation of the Cooperative, these Bylaws, or any policies, rules or regulations adopted from time to time by the Board of Directors, in which case the Cooperative shall make such refunds as required by law. Such member shall thereafter have no rights, privileges or benefits in the Cooperative.

ARTICLE II Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members shall be held at the principal place of business of the Association, at any other place conveniently located within the area served by it, or solely by remote communication if authorized by law on such date and at such time as may be designated by the Board of Directors. Such annual meeting shall be called for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held as a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

If authorized by the Board of Directors, a member may participate in a meeting of the members by means of remote communication when the meeting is held with attendance of members in person or, alternatively, when held solely by remote communication. Participation in a meeting by that means constitutes presence at the meeting.

In any meeting of members in which the Board of Directors has authorized participation of members by means of remote communication:

1. The Cooperative shall implement reasonable measures to verify that each person deemed present and entitled to vote at the meeting by means of remote communication is a member; and

2. The Cooperative shall implement reasonable measures to provide each member participating by means of remote communication with a reasonable opportunity to participate in the meeting, including an opportunity to:
 - a. Read or hear the proceedings of the meeting substantially concurrently with those proceedings;
 - b. If allowed by the procedures governing the meeting, have the member's remarks heard or read by other participants in the meeting substantially concurrently with the making of those remarks; and
 - c. If otherwise entitled, vote on matters submitted to the members.

Section 2. Notice of Annual Meeting. Notice of the annual meeting shall be given by the Secretary by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative operates and in a newspaper published in the county in which the Cooperative's principal place of business is located at least two (2) weeks previous to the date of such meeting, or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the member's address as it appears on the records of the Cooperative, with postage thereon prepaid. In lieu of publication or mailed notice, the Notice of Annual Meeting may be given by publication in the cooperative newsletter. Alternatively, if permitted and as required by law, notice may be given to the members electronically. If the meeting is to be held by remote communication or if members are permitted to participate by remote communication, then the notice shall include directions for attending the meeting by remote communication.

Section 3. Special Meetings. Special meetings of the members may be called by a majority of the directors or upon a written petition signed by at least twenty percent (20%) of all the members. Special meetings of the members may be held at the principal place of business of the Cooperative or at any other place conveniently located within the area served by it. In lieu of publication or mailed notice, the Notice of Special Meeting may be given by publication in the cooperative newsletter.

Section 4. Notice of Special Meetings. It shall be the duty of the President to cause the Secretary to give notice of the time, place and purpose of a special meeting, either by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative operates at least two (2) weeks previous to the date of such meeting or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the member's address as it appears on the records of the Cooperative, with postage thereon prepaid. Such notice shall be issued within ten (10) days from and after the date of the presentation of the written petition mentioned in Section 3 of this Article II, and such special meeting shall be held within thirty (30) days from and after the date of presentation of such petition. Alternatively, if permitted and as required by law, notice may be given to the members electronically.

The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such annual or special meeting.

Section 5. Quorum. Not less than fifty (50) members, present in person or by remote communication if authorized by the board, shall constitute a quorum for the transaction of business at all meetings of the members. In determining a quorum at any meeting, on a question submitted to a vote by mail or electronically, members present in person or represented by mail or electronic votes shall be counted. If an insufficient number of members are present to constitute a quorum, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 6. Establishment of a Quorum. The attendance of a sufficient number of members to constitute a quorum at any meeting of the members shall be established by a registration of the members present in person or by remote communication if authorized by the board at such meeting, which registration shall be verified by the President and Secretary and shall be reported in the minutes of such meeting.

Section 7. Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. Members attending a member meeting may consider, vote or act only upon a matter for which the power to consider, vote, or act is conferred upon members by law, the articles of incorporation, or these bylaws. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these Bylaws. The spouse of a member may vote on behalf of the

member unless the member has indicated otherwise. A member shall be entitled to vote by electronic means for a matter if authorized by and in accordance with procedures prescribed by the Board of Directors.

Section 8. Voting by Mail or Electronically. Any member who is absent from any annual or special meeting of the members may vote by mail or electronically (if authorized by the Board) on the ballot herein prescribed, upon any motion, resolution or amendment to be acted upon at such meeting. The ballot shall be in the form prescribed by the Board of Directors of the Cooperative and shall contain the exact text of the proposed motion, resolution or amendment to be acted upon at such meeting. The ballot shall also contain spaces opposite the text of such motion, resolution or amendment in which such member may indicate the member's affirmative or negative vote therein by marking the appropriate space upon such ballot. If voting by mail, such ballot shall be mailed or delivered to the Cooperative or to a location designated by the Cooperative in a plain, sealed envelope inside another envelope bearing the member's name or otherwise indicating the member's identity. A properly executed ballot shall be accepted by the Cooperative and counted as the vote of the absent member at such meeting. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

If a member introduces any such motion, resolution or amendment at an annual or special meeting that is not included in the mail ballot or electronic ballot, it is advisory only and is not binding upon the Cooperative, even if approved by the members present at the meeting.

The Board of Directors may authorize member voting by electronic means if the Cooperative is able to authenticate that it is the Cooperative member who is casting the vote.

Section 9. Order of Business. The Board of Directors shall determine the agenda and the order of business at the annual meeting and at all other meetings of the members. To the extent applicable, the order of business shall be essentially as follows:

1. Establishment of a quorum.
2. Statement that the notice of this meeting was properly given as required by the bylaws.
3. Act on unapproved minutes of previous meetings of the members.
4. Election of directors.
5. Presentation of reports of officers, directors and committees.
6. Unfinished business.
7. New business.
8. Adjournment.

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

Section 10. Postponement of Meeting of the Members. In the event of inclement weather or the occurrence of a catastrophic event, natural disaster, or other good cause, any annual, special, or district meeting of the members may be postponed and rescheduled by the President or in the President's absence by any other available officer of the Board. Notice of the postponement and rescheduling shall be given by the Cooperative in any media of general circulation or broadcast serving the area served by the Cooperative.

ARTICLE III Directors

Section 1. General Powers and Tenure. The business and affairs of the Cooperative shall be managed by a board of seven (7) directors, which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members. The term of office for each director shall be for three (3) years, and terms shall be staggered so that either two or three directors are elected each year.

Section 2. Districts. The service area of the Cooperative shall be divided into seven (7) districts as designated by the Board of Directors from time to time.

Not less than sixty (60) days before any district meeting at which candidates for the Board of Directors are to be nominated, the Board of Directors shall review the composition of the seven (7) districts and if it appears that the district membership in any one (1) district is more than 20% greater or 20% lesser than 1/7th of the total membership of the Cooperative, the Board of Directors shall redistrict the service area in an equitable manner.

No more than one (1) director shall have residence in each of the seven (7) districts. Should any member of the Board of Directors change his or her residence from the district from which that director was elected, a vacancy shall automatically exist on the Board of Directors for the district from which that director was elected.

Section 3. Nomination at District Meetings. At least thirty (30) days prior to the annual meeting, a meeting of members shall be held in each district in which a vacancy will exist on the Board of Directors at the next annual meeting. Such meeting shall be called at the time and the place within the district as may be designated by the member of the Board of Directors elected from that district. The district meeting may be held at any location within the district or at any location surrounded by the district service area, even if the specific location is not served by the Cooperative. Notice of the district meetings shall be given by the Secretary of the Cooperative by mailing a notice thereof to each and every member of the district not less than seven (7) days previous to the date of such meeting. At least ten (10) members, present in person, shall constitute a quorum for the transaction of business. The director elected from the district shall act as chair of the meeting. The members present at such meeting shall nominate one (1) or more members who reside in the district as candidates for the Board of Directors. Nominations may not be closed until all members present shall have had an opportunity to nominate. A list of nominations for director shall be immediately prepared, signed by the Chair and Secretary, and posted at the principal place of business of the Cooperative.

Section 4. Nomination by Petition. Any fifteen (15) or more members from any district in which a vacancy will exist on the Board of Directors at the next annual meeting may make other nominations in writing over their signatures not later than fifteen (15) days after the district meeting, and the Secretary shall post the petition at the same place where the list of nominations made by the district meetings is posted.

Section 5. Elections. A ballot marked "Ballot for Director District _____" containing the names of all the nominees with the names in alphabetical order, shall be mailed or delivered electronically (if authorized by the Board) as permitted by law with the notice of the meeting to the members of districts in which a director is to be elected. The ballot shall not specify the manner of nomination of the nominee. The Secretary shall also mail with the notice of the meeting a statement of the number of directors to be elected. Such statement of the Secretary shall also inform the members of each district in which a director is to be elected, of the manner in which the members of that district may vote for a director as provided in this Section. Any member of a district in which a director is to be elected, who is absent from any such meeting, may vote by mail for a director by marking the ballot opposite the name of a candidate and enclosing the ballot in a sealed envelope inside another envelope bearing the name of the member or otherwise indicating the member's identity, addressed to the Cooperative or to a location designated by the Cooperative. When such ballot so enclosed is received by mail from any absent member, it shall be accepted and counted as a vote for the director by ballot for the district of such absent member at such meeting. In every election, the nominee from each district in which a vacancy exists, receiving the largest number of votes of members in that district shall be elected to the Board of Directors. In the case of a tie vote, the winner shall be determined by a flip of a coin. Notwithstanding anything in this Section, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of directors.

Members may not nominate from the floor of an annual or special meeting of the members an individual to run for election as a director candidate.

Uncontested Elections. Notwithstanding anything in these bylaws or applicable procedural rules to the contrary, if for any director election there is only one nominee for a board position so that the nominee is running unopposed, ballots need not be provided by mail or electronically to the members in that district, and the election shall be made by the chairperson of the member meeting entertaining a motion to elect the single candidate by a voice vote, show of hands, or other appropriate means.

Section 6. Vacancies. Subject to the provisions of these Bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors may be filled by a majority vote of the remaining directors. The director appointed by the Board of Directors to fill the vacancy shall serve until the next annual or special meeting of the Cooperative, when an election shall be held for director for the remainder of the unexpired term in that district.

Section 7. Qualifications. No person shall be eligible to become or remain a director of the Cooperative who:

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

- (e) within five (5) years preceding a director candidate's nomination was a full-time employee of the Cooperative;
- (f) within five (5) years preceding a director candidate's nomination was an employee of a statewide association of electric cooperatives, an electric generation and transmission cooperative, or any other entity in which an electric cooperative is a member.
- (g) within five (5) years preceding a director candidate's nomination or during his or her term if elected was or becomes employed by a labor union which represents, has represented, or has endeavored to represent any employee of the cooperative;
- (h) is a close relative of an incumbent who is not up for reelection at that time;
- (i) is a close relative of an employee of the Cooperative;
- (j) is or becomes the full-time employee or agent or, who is or becomes the full-time employer or principal of, another director;
- (k) does not have the capacity to enter legally binding contracts;
- (l) is absent from three or more regular meetings ("Unexcused Absences") of the Board of Directors during any consecutive twelve month period, unless excused for good cause (an "Excused Absence") by the Board. If a director participates in more than one regular meeting during any consecutive twelve month period by electronic communication, that director shall be considered absent from that meeting for purposes of determining the number of the director's Unexcused Absences, unless the attendance by electronic communication is approved for good cause by the Board.

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

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

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

With regard to the provisions in Paragraphs (h) and (i) above, no incumbent director shall lose eligibility to remain a director or to be reelected a director if, during a director's incumbency, a director becomes a first kindred relative of another director or of a Cooperative employee because of a marriage or an adoption to which the director was not a party.

After the Board of Directors determines that a director or nominee for director lacks eligibility under the provisions of this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Board to promptly make a disqualification. After the Board of Directors determines that any director nominee or any existing director lacks eligibility under this Section, it shall be the duty of the Board to withhold such position from such director nominee or to cause a director to be removed from the Board of Directors, as the case may be.

Notwithstanding anything contained in this Section, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of directors or any action taken by them.

A former director is ineligible to become an employee of the Cooperative for five (5) years following termination of the director's service on the Board of Directors.

Section 8. Compensation.

- (a) Directors shall receive such compensation (including any benefits) for service approved by a vote of a majority of the members present in person and voting at an annual or special meeting of the Cooperative. If authorized by the Board, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative business.
- (b) Compensation for directors shall first be recommended by Resolution of the Board of Directors and submitted to the Member Advisory Council. If approved by a majority vote of the Member Advisory Council, the Resolution shall be recommended to the annual or special meeting for adoption. The text of the proposed compensation as set forth in the Resolution shall be set forth in the Notice of Meeting.
- (c) No director shall receive any additional compensation for serving the Cooperative as an officer, agent or in any other capacity.

- (d) A membership vote on director compensation under this Section shall not be subject to Article II, Section 8, Voting by Mail.

Section 9. Rules and Regulations. The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 10. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Services of the United States Department of Agriculture. The Board of Directors shall after the close of each fiscal year cause to be made a full and complete audit of the accounts, records and financial condition of the Cooperative as of the end of each fiscal year. Such audit report shall be performed by a certified public accountant, and a summary of the report shall be submitted to the members at the following annual meeting. The audit report shall be provided to a member upon request.

Section 11. Members' Power to Remove a Director or Officer. The members shall have the power to remove any director or officer for cause related to the duties of the position of the director or officer. Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by twenty percent (20%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members. To be heard at the annual meeting the charges and petition must be received by the Secretary at least 60 days prior to the annual meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against the director shall have the same opportunity. If a director is removed by the members, then the vacancy shall be filled by a vote of the members of the district for which the vacancy exists at a special meeting of the members to be held within 60 days of the removal. The members of the district shall be mailed a notice of the meeting and a ballot containing the names of all candidates who have petitioned for nomination pursuant to Article III, Section 4.

Section 12. Director Conduct. A director shall discharge his or her duties, including duties as a board committee member:

- (a) In good faith;
- (b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances;
- (c) In a manner the director reasonably believes to be in the Cooperative's best interests; and
- (d) Consistent with established board policies regarding director ethics and code of conduct.

The Board of Directors 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 duties. Such censure may, in the discretion of the Board of Directors, include a recommendation to the membership that the director be removed from office.

ARTICLE IV Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after, and at the same place as the annual meeting of the members or by unanimous consent in any other convenient location. A regular meeting of the Board of Directors shall be held at least ten (10) times a year at approximately monthly intervals at the office of the Cooperative at Alexandria, Minnesota or at a place designated by the Board of Directors. Such meeting may be held without notice other than a resolution fixing the time and place of the regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given by written notice, delivered personally or mailed, to each director at the director's last known address. Notice may also be given by telephone or by electronic means, such as a facsimile machine or computer message, in lieu of written notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid, at least five (5) days before the date set for the meeting. If in person, by telephone, or by electronic means, such notice shall be made at least thirty-six (36) hours before the time set for the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in

case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened. At any time, a director may also waive notice of any board meeting by delivering to the Cooperative a written waiver of notice signed by the director and later filed with the board minutes or the Cooperative's records.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Participation in Meetings by Means of Remote Communication. A director may participate in a board meeting by means of conference telephone or, if authorized by the Board, by such other means of remote communication, in each case through which the director, other directors so participating, and all directors physically present at the meeting may communicate with each other during the meeting. Participation in a meeting by that means constitutes presence at the meeting, but the director may be considered absent for purposes of the attendance requirement to remain qualified as a director if the director participates in more than one regular meeting during any consecutive 12 month period by electronic communications as provided in Article III, Section 7(l).

Section 7. Board Action by Written Consent. Without a board meeting, the Board may take action required or permitted to be taken at a board meeting if the action is taken by all directors and is evidenced by one or more written or electronic consents describing the action taken, signed by each director, delivered to the Cooperative, and included with the Cooperative's board meeting minutes. Except when a different effective date is provided, action taken by director written consent is effective when the last director signs the director written consent. A director written consent has the effect of, and may be described as, a board meeting vote.

ARTICLE V

Officers

Section 1. Number. The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members; provided, when there is only one nominee for any office, then, if there is no objection, written balloting may be dispensed with and voting may be conducted in any other proper manner. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until the director's successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby. Members may remove an officer at a membership meeting for cause related to the duties of the position of the officer and fill the vacancy caused by the removal.

Section 4. Vacancies. Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President:

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

Section 6. Vice-President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of

and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned by the Board of Directors.

Section 7. Secretary. The Secretary shall:

- (a) be responsible for preparing, or supervising the preparation of, the minutes of meetings of the members and the Board of Directors;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative, and shall affix the seal to any document when duly authorized in accordance with the provisions of these Bylaws;
- (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) have general charge of the membership records of the Cooperative;
- (f) keep on file at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and upon request of a member and at the expense of the Cooperative forward a copy of the Bylaws and of all amendments thereto to the requesting member; and
- (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

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

Section 8. Treasurer. The Treasurer shall:

- (a) be responsible for or supervise the care and custody of all funds and securities of the Cooperative;
- (b) be responsible for or supervise the receipt and the giving of receipts for moneys due and payable to the Cooperative from any source whatsoever, and the deposit of all such moneys in the name of the Cooperative in such financial institution(s) as shall be selected by the Board of Directors; and
- (c) in general perform all the duties incident to the office of Treasurer as from time to time may be assigned by the Board of Directors.

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

Section 9. Chief Executive Officer. The Board of Directors shall employ a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall have general charge and management of the business of the Cooperative, subject to the control of the board of directors, and perform such other duties as the Board of Directors may from time to time require and shall have such other authority as the Board of Directors may from time to time vest in him or her.

Section 10. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property, shall give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors 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.

Section 11. Compensation. The powers, duties and budget for compensation of officers, agents and employees shall be fixed by the Board of Directors, except compensation of directors which is governed by Article III, Section 8.

Section 12. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI

Contracts, Checks and Deposits

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time to be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such insured financial institution(s) as the Board of Directors may select.

ARTICLE VII Non-Profit Operation

Section 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy.

All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's 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 has then furnished the Cooperative corresponding amounts for capital.

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

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 property rights of members.

If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

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

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron who is a natural person, if the legal representatives of the deceased patron's estate shall request in writing that the capital credited to any 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 immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Section 3. Capital Credits in Connection with Furnishing Electric Energy, and Other Services. The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification in the Cooperative's records of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts, and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Further, the Board of Directors shall have a like power to adopt rules providing for the separate retirement of such portions of capital credited to the accounts of patrons which correspond to capital credited to the account of the Cooperative by any other organization furnishing goods or services to the Cooperative.

Section 4. Non-Operating Margins. Funds and amounts, other than amounts received and receivable from the furnishing of electric service and in excess of operating costs and expenses chargeable against the furnishing of electric energy ("operating margins"), received by the Cooperative that exceed the Cooperative's costs and expenses ("non-operating margins") may be:

- (a) allocated as capital credits to patrons in the same manner as the Cooperative allocates operating margins as capital credits to patrons; or
- (b) retained or used by the Cooperative as non-allocated capital and used to pay or offset any indebtedness, cost, expense or to establish a reserve.

ARTICLE VIII

Waiver of Notice

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

ARTICLE IX

Security Interest in Patronage Capital

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

ARTICLE X

Dispute Resolution

Any and all disputes, claims or controversies arising from or related in any way to the Cooperative's provision 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 electrical energy 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. In the event the arbitration involves claims of \$100,000 or more, there shall be three (3) arbitrators, one 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, 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 Douglas County, Minnesota. The arbitration shall take place in Douglas County, Minnesota, or as close to this location as possible, under and pursuant to the rules contained in chapter 572B of Minnesota Statutes, the Uniform Arbitration Act. The determination of any dispute in arbitration shall be governed by the laws of the State of Minnesota, including the Frye-Mack Standard and not the Daubert Standard with respect to testimony of experts. The cost of the arbitrators and the filing fees shall be shared equally by the parties.

All disputes between the parties must be arbitrated individually, and not through a Class Action.

Each member of the Cooperative, by virtue of their membership, agrees to arbitrate any and all claims or controversies according to these bylaws and the regulations and policies prescribed by the Board of Directors and further agrees to abide by and comply with any arbitration award. This agreement to arbitrate disputes shall survive any withdrawal from or termination of a member's membership in the Cooperative.

ARTICLE XI

Disposition of Property

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property; merge with or consolidate into another entity that is not a rural electric cooperative association within the meaning of the Rural Electrification Act of 1936; or dissolve the Cooperative; or file for bankruptcy with the United States Bankruptcy Court unless any such act is authorized at a meeting of the members thereof by the affirmative vote of not less than

two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed act shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative. For purposes of this Article, a merger with or consolidation into another rural electric cooperative association shall not be deemed a sale, lease or other disposal of property. 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 majority vote of all members of the Cooperative.

ARTICLE XII

Fiscal Year

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

ARTICLE XIII

Seal

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

ARTICLE XIV

Electronic Records and Signatures

To the extent permitted or required by law and subject to reasonable policies of the Cooperative, any signature required or document required to be in writing by these Bylaws will be effective and enforceable if it is in electronic form.

ARTICLE XV

Amendments

These Bylaws may be altered, amended or repealed by the members at any regular or special meeting if approved by a majority of the votes cast, provided the notice of such meeting shall have contained either a copy of the proposed alteration, amendment or repeal or a summary statement thereof. Any repeal, amendment, or alteration of Article X or of this sentence of this Article XIV of these Bylaws, however, that results, directly or indirectly, in a change in the member approval requirements for acts described in Article X, must be approved by a majority of all members of the Cooperative.