

ARTICLES OF INCORPORATION OF ITASCA-MANTRAP CO-OP. ELECTRICAL ASS'N .

(As amended through June 11, 2020)

ARTICLE I.

NAME, PURPOSE, BUSINESS ADDRESS

Section 1. The name of this Cooperative shall be Itasca-Mantrap Co-op. Electrical Ass'n.

Section 2. The conduct of the business of this Cooperative shall be based upon the cooperative plan. The purposes for which it is formed are to sell, provide, deliver, furnish or distribute electric energy and other services to its members and patrons and to engage in any other lawful business.

Section 3. This Cooperative shall be authorized to exercise and enjoy all of the power, rights and privileges granted to or conferred upon cooperatives of the character of this Cooperative by the laws of the State of Minnesota now or hereafter in force.

Section 4. The registered office and principal place of business of this Cooperative is at 16930 County Road 6, Park Rapids, Minnesota 56470.

ARTICLE II.

DURATION

The period of duration of this Cooperative shall be perpetual.

ARTICLE III.

COOPERATIVE MEMBERSHIP AND OPERATION

Section 1. This Cooperative shall be organized on a membership basis and without capital stock. The Cooperative will maintain appropriate membership records.

Section 2. Individual members shall have only one (1) vote in the affairs of this Cooperative and membership in this Cooperative shall not be transferable except with the approval and consent of the Board of Directors of this Cooperative.

Section 3. Qualification for membership in this Cooperative shall be stated in the Bylaws.

Section 4. This 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 this Cooperative, except for amounts set aside as capital reserves or additional reserves shall be distributed on the basis of patronage. The records of this Cooperative may show the interest of members in the reserves. 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 member shall be assignable only on the books of this Cooperative pursuant to written instruction from the assignor and only to successors-in-interest or successors-in-occupancy in all or a part of such member's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

ARTICLE IV.

DIRECTORS

Section 1. The government of this Cooperative and the management of its affairs and business shall be vested in a Board of Directors as provided in the Bylaws.

Section 2. To the fullest extent permitted by laws governing Cooperatives, as the same exists or may hereafter be amended, 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.

Section 3. The Board of Directors shall have the power to do and perform, either for itself or its members and patrons, any and all acts as may be permitted by the laws of the State of Minnesota.

Section 4. The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation, the Bylaws of this Cooperative and 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.

ARTICLE V.
AMENDMENT

This Cooperative 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.

ARTICLE VI.
POWERS DELEGATED TO THE BYLAWS

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 provision for the regulation of the business and affairs of this Cooperative not inconsistent with these Articles of Incorporation and the laws of the State of Minnesota.

BYLAWS OF ITASCA-MANTRAP CO-OP. ELECTRICAL ASS'N.
(As Amended through June 11, 2020)

ARTICLE I.
MEMBERS

Section 1. Qualifications and Obligations. Any person or entity that has the legal capacity to enter into a binding contract may become a member of this Cooperative by:

- (a) completing an application for membership; and
- (b) agreeing to purchase and receive electric energy from this Cooperative.

Each member shall:

(c) by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws and any amendments thereto and such policies, rules and regulations as may from time to time be adopted by the Board of Directors shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the member are bound by such contract, as fully as though each member 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 member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

(d) 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.

(e) 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.

(f) complete any documents or provide any information required by the Cooperative to provide the service requested by the member.

Section 2. Joint Membership. Any two (2) or more natural persons or legal entities, each of whom qualifies to be a member, may jointly become a member and their application may be accepted in accordance with the provisions found in this article. The term "member" includes all those holding a joint membership. Any provisions relating to the rights and liabilities of membership apply equally to all holders of a joint membership, specifically and without limitation:

- (a) The presence at a meeting of one or more of the joint members constitutes the presence of all joint members and is a joint waiver of notice of the meeting;
- (b) The vote of any of those holding joint membership, separately or all, jointly constitutes one joint vote;
- (c) A waiver of notice, petition, consent, or other document signed by any one of the joint members shall constitute a joint waiver or act;
- (d) Notice to any one of the joint members shall constitute notice to all;
- (e) Expulsion or withdrawal of any of those holding a joint membership terminates the joint membership;
- (f) Any one, but not more than one of the joint members, may be elected or appointed as a director, provided that the qualifications for such office are met;
- (g) Upon the death of a joint member, all capital credit rights automatically transfer to the surviving joint member or members;
- (h) Joint membership shall continue until such time as the Cooperative shall receive sufficient notice, in writing, of any change in status; and
- (i) A membership may be transferred by a joint member to the remaining holder(s) of the joint membership upon written request of such member and compliance by such remaining holder(s) of the joint membership

pursuant to the provisions of this article. Such transfer shall be made and recorded on the books of the Cooperative.

Section 3. Fee.

- (a) There shall be no membership fee, as such; but each applicant for membership shall pay into the general fund of the Cooperative a non-refundable fee as established by the Board of Directors to, in part, defray the cost of processing such application.
- (b) Any member desiring more than one service connection shall pay into the general fund of the Cooperative the fee as established by the Board of Directors for each additional service connection.

Section 4. Purchase of Electric Energy. As soon as electric energy shall become available, each member shall:

- (a) purchase from the Cooperative all purchased electric energy for use on the premises specified in the application for membership; and
- (b) pay therefor at rates and under such rules and regulations which shall from time to time be fixed by the Board of Directors; and
 - (1) The Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member.
 - (2) It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital as provided in these Bylaws.
- (c) pay to the Cooperative such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time; and
- (d) pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Board of Directors.

Section 5. 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 6. Forfeiture of Membership.

- (a) The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the entire Board, expel any member of the Cooperative, if such member has violated or refused to comply with any of the provisions of the Articles of Incorporation, the Bylaws or any rules or regulations adopted from time to time by the Board of Directors, in which case the Cooperative shall make such refunds as required by law.
- (b) The membership so forfeited and surrendered shall be retired and canceled by the Board of Directors, and such member shall thereafter have no rights, privileges, or benefits in the Cooperative.
- (c) Any member so expelled may be reinstated as a member by vote of the members at any annual or special members' meeting. The action of the members with respect to any such reinstatement shall be final.

Section 7. 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 8. Transfer and Termination of Membership.

- (a) Membership in the Cooperative shall be transferable only with the approval and consent of the Board of Directors, except as otherwise provided in these Bylaws.
- (b) 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 and liabilities of such member of the Cooperative.
- (c) The membership of a member who, after service is made available, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be canceled by and at the determination of the Board of Directors.

ARTICLE II *MEETINGS OF MEMBERS*

Section 1. Annual Members' Meeting. The annual meeting of the members shall be held each year at such hour and at the principal place of business of the Cooperative or another conveniently located place as is designated by resolution of the Board of Directors adopted prior to the issuance of the required notice of the annual meeting, for the purposes of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting.

Section 2. Notice of Annual Members' Meeting.

(a) Notice of the annual members' Meeting shall be given by:

- (1) publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among members; and
- (2) mailing the annual members' meeting notice to each member personally at the person's last known post office address.

(b) The annual members' meeting notice must be mailed at least twenty-one (21) days before the date of the meeting.

When mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of the Cooperative, with postage thereon prepaid.

(c) The notice shall include that the purposes of the meeting are to elect Directors, pass upon reports covering the previous fiscal year and transact such other business as may come before the meeting. The notice shall contain a statement of the number of Director seats, and the term length, to be elected.

Section 3. Special Members' Meeting. Special meetings of the members may be called by a majority vote of the Directors, or upon a written petition signed by at least twenty percent (20%) of the members submitted to the Chair.

Section 4. Notice of Special Members' Meetings.

(a) The Chair shall give notice of a special members' meeting by:

- (1) publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among members; and
- (2) mailing the special members' meeting notice to each member personally at the person's last known post office address.

(b) The special members' meeting notice shall state the time, place, and purpose of the special members' meeting.

(c) The special members' meeting notice shall be issued within fourteen (14) days from and after the presentation of a members' petition, and the special members' meeting must be held by forty (40) days after the date of the presentation of the members' petition.

Section 5. Quorum.

(a) The quorum for a member's meeting to transact business is fifty (50) members.

(b) In determining a quorum at a meeting, on a question submitted to a vote by mail, members present in person or represented by mail vote shall be counted. The attendance of a sufficient number of members to constitute a quorum at any meeting of the members shall be established and verified by the Chair and Secretary of this Cooperative. Such registration shall be reported in the minutes of such meeting. No action at any meeting of the members shall be valid and legal unless a quorum is present at the meeting at which such action may be taken.

Section 6. 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 7. Voting by Mail or Electronically. Any member may vote by mail or electronically (if authorized by the Board) on the ballot herein prescribed upon any motion, resolution, amendment or director position vote 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, amendment or director position vote to be acted upon at such meeting. The ballot shall also contain spaces opposite the text of such motion, resolution, amendment or director position vote 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 8. Order of Business. The Board of Directors shall determine the agenda and order of business for member meetings; provided, however, that the order of business at any meeting may be amended by motion and majority vote of the members at such meeting.

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. The directors shall be elected at large at each annual members' meeting.

Section 2. Districts. The service area of the Cooperative shall be divided into seven (7) Director districts as designated by the Board of Directors from time to time. The boundaries of said districts shall be along geographic township lines with a practical proportional number of members in each district. It shall be the responsibility of the Board of Directors to establish an election schedule for the seven (7) Directors that shall lend itself to fair representation and easy administration.

Section 3. Nomination.

(a) Any ten (10) or more members who maintain their primary membership in any one Director district may nominate an eligible member for a Director candidate position in that district. Such nomination shall be in writing and shall include the legible printed names, addresses and signatures of the nominating members, which shall be delivered to a representative of the Secretary at the Cooperative's headquarters offices by the close of scheduled business hours at least sixty (60) days before the members' meeting. In the event the aforementioned sixty (60) day deadline falls on a day when the Cooperative's headquarters offices are closed to business, the deadline shall be extended to the close of the next following business day.

(b) In the event that no nominees via petition are received at least sixty (60) days before the members' meeting, the seated Board of Directors may nominate one or more candidates per district to be elected; provided, however, that such candidates be designated as Board-nominated on the ballot(s).

(c) No member may be elected to a Director position unless nominated in the manner provided by this section. No write-in ballots shall be accepted.

(d) All Director nominees shall submit to a criminal background check to verify that said nominees have "never been convicted of a felony" in accordance with Article III, Section 4.

(e) In the event there is only one candidate duly nominated for election to a Director position for a district, the single candidate nominated for such district shall be deemed elected by acclamation as an unopposed candidate, ballots need not be provided by mail or electronically and no member voting shall be required for such uncontested Director position. The official notice of the Annual Meeting of the members shall state the name of any candidate elected by acclamation, and the individual presiding at the Annual Meeting will announce that the uncontested candidate was elected by acclamation, and that no vote was required. Each elected Director shall take office as of the end of such Annual Meeting.

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. The nominee receiving the highest number of votes cast shall be elected, and in case of a tie vote, the winner shall be determined by a flip of a coin.

Section 4. Qualifications.

(a) Persons eligible to become or remain a Director of the Cooperative shall:

(1) be a member in good standing of the Cooperative, receiving electric service at the member's primary residence in the district from which the Director is nominated; provided, further that "primary residence" is defined as the residence that is the chief or main residence of the person and where the person actually occupies the residence for more than nine (9) months of the year;

(2) not be, nor within three (3) years preceding a Director candidate's nomination, have been an employee of the Cooperative;

(3) not be, become, nor shall have been at any time during the five (5) years preceding a Director candidate's nomination, employed by a labor union which represents, or has represented, or has endeavored to represent any employees of the Cooperative;

(4) not be a close relative of an employee or Director, as defined in these Bylaws. "Close relative" means any individual who is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling, or principally resides in the same residence;

(5) not be employed by, materially affiliated with, or have a material financial interest in, any Director, individual or entity which either is:

- a) directly or substantially competing with the Cooperative; or
- b) selling goods and services in substantial quantity to the Cooperative; or
- c) possessing a substantial conflict of interest with the Cooperative;

For purposes of this section, the terms "material" or "substantially" shall be interpreted as constituting a minimum of five percent (5%) of a member's total hours of employment, sales, or income on an annual basis;

(6) not be or become the full-time employee or agent of, or be or become the full-time employer or principal of, another Director;

(7) not be absent without being excused by the Board, it being the intent that Board Members attend all meetings;

(8) be only one, and not more than one, member of a joint membership; provided, however, that none shall be eligible to become or remain a Director or to hold a position of trust in the Cooperative unless all shall meet the qualifications herein above set forth;

(9) if a representative or agent of a member is not a natural person, i.e. a corporation, partnership, limited liability company, or similar, then the representative or agent designated as a nominee for Director shall be an individual otherwise qualified for nomination; and

(10) never have been convicted of a felony.

(b) Exceptions. In regard to the restrictive provisions of this section that are based upon close relative relationships, no incumbent Director shall lose eligibility to remain a Director or to be re-elected a Director if, during a Director's incumbency, a Director becomes a first kindred relative of another incumbent Director or of a Cooperative employee because of a marriage or an adoption to which the Director was not a party.

(c) Disqualification. After the Board of Directors determines that a Director or a 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 person 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 from such person or to cause a Director to be removed therefrom, as the case may be.

(d) Actions of the Board of Directors. Nothing contained in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board unless such action is taken with respect to a matter in which one or more of the Directors has a personal interest in conflict with that of the Cooperative.

Section 5. Elections. The Directors to be elected at each annual members' meeting shall serve at large and for a term of three (3) years, or until their successors shall have been elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of Directors.

Section 6. Vacancies. If a Director's position is vacant, the Board may appoint a member of the Cooperative to fill the Director's position until the next annual or special members' meeting. At the next annual or special members' meeting, the members must elect a Director to fill the unexpired term of the vacant Director's position.

Section 7. Removal.

(a) By Members: 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 at a special meeting of the members to be held within 60 days of the removal. The members 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 II, Section 4.

(b) By Directors: Upon failure of a Director to meet or maintain the qualifications described in these Bylaws,

the Board of Directors shall remove a Director at a Board of Directors meeting and fill the vacancy caused by the removal pursuant to Article III, Section 6.

Section 8. Compensation.

(a) Directors shall receive reasonable compensation for service to the Cooperative as determined by resolution of the Board of Directors.

(b) Except in emergencies, no Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative (as defined herein above at Article III, Section 4 (a)(4)) of a Director receive compensation for serving the Cooperative unless such compensation shall be specifically authorized by a vote of the Directors.

Section 9. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the Articles of Incorporation of this Cooperative, these Bylaws and 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 10. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which shall conform to Generally Accepted Accounting Principles. The Board of Directors shall arrange for a full and complete audit of the books, accounts, and financial condition of the Cooperative as of the end of each fiscal year. Such audit reports shall be submitted to the members at the following annual members' meeting.

ARTICLE IV. *MEETINGS OF DIRECTORS*

Section 1. Meetings. A reorganization 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 in Park Rapids, 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 thereof.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chair 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 shall be given by electronic means at least seven (7) days before the date 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.

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. No action at any meeting of the Directors shall be valid and legal unless a quorum is present at the meeting at which such action may be taken.

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.

ARTICLE V. *OFFICERS*

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

Section 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 the Bylaws with respect to the removal of officers.

Section 3. 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 4. Chair. The Chair:

- (a) shall be the principal executive officer of the Cooperative and preside at all meetings of the members and of the Board of Directors except the reorganization meeting;
- (b) shall sign, with the Secretary or any other proper officer of this Cooperative authorized by the Board of Directors so to do, any deeds, mortgages, 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 this Cooperative, or shall be required by law to be otherwise signed or executed;
- (c) in general shall perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board of Directors 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 restrictions upon the Chair and shall perform such other duties as from time to time may be assigned to the Vice Chair by the Board of Directors.

Section 6. Secretary. The Secretary shall:

- (a) be responsible for preparing, or supervising the preparation of, the minutes of meeting 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;
- (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) keep on file at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall be open to the inspection of any member during regular business hours, and at the expense of the Cooperative, forward a copy of the Bylaws and of all amendments thereto to each member upon request;
- (f) have general charge of the membership records of the Cooperative; 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 and to the extent that the Board delegates those duties and responsibilities, the officer whose duties and responsibilities are delegated shall be released from such duties and responsibilities.

Section 7. 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 and to the extent that the Board delegates those duties and responsibilities, the officer whose duties and responsibilities are delegated shall be released from such duties and responsibilities.

Section 8. President-CEO. The Board of Directors shall appoint a President-CEO who may be, but who shall not be required to be, a member of the Cooperative. The President-CEO shall have general charge and management of the business of the Cooperative and shall perform such duties as the Board of Directors may from time to time require and shall have authority as the Board of Directors may from time to time vest in the position. The Board of Directors shall determine and fix the President-CEO compensation.

Section 9. Director and Officer Liability Insurance. The Board of Directors shall require the purchase by the Cooperative of Officers' and Directors' liability insurance to cover the acts and/or omissions of such persons while working in their capacity on behalf of the Cooperative.

Section 10. Reports. The officers of this Cooperative shall submit at each annual meeting of the members reports covering the business of this Cooperative for the previous fiscal year and showing the condition of this Cooperative at the close of such fiscal year.

ARTICLE VI.
EARNINGS - DISTRIBUTION

Section 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative not-for-profit basis for mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 2. Capital Furnished by Members. The Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative.

For each Cooperative service provided during a fiscal year, the Cooperative shall equitably allocate to each member, in proportion to the quantity or value of the Cooperative service used by the member during the fiscal year, the Cooperative's earnings (loss) from providing that service during the fiscal year. Earnings means the amount by which the Cooperative's revenues from providing a Cooperative service exceed the Cooperative's expenses of providing that service. Loss means the amount by which the Cooperative's expenses of providing a Cooperative service exceed the revenues from providing that service. All as determined under Federal Cooperative Tax Law.

The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member.

All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.

Section 3. Repayment of Capital. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis 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 members' 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 furnished as capital.

All capital furnished through patronage shall have been 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 bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution.

Section 4. Assignment or Transfer. Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors-in-interest or successors-in-occupancy in all or a part of such member's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Section 5. Right to Offset. The Cooperative shall at no time be required to retire the equity account of any member or the membership capital of any member who has not paid the member's obligations to the Cooperative, and the Board may, at its discretion, apply any member's capital pursuant to section 2 of this article against the unpaid obligations to the Cooperative.

Section 6. Early Repayment. Provided the financial condition of the Cooperative will not be impaired, the Board of Directors, at its discretion and acting under policies of general application, shall have the power to retire Capital Credits to:

(a) the representative of a deceased member, who was a natural person, if the legal representative requests in writing that the Capital Credits allocated to any such deceased member be retired or;

(b) the representative of a dissolved entity who was a member, if the legal representative requests in writing that the Capital Credits allocated to the entity be retired.

The legal representative must provide the Cooperative with the proper paperwork to substantiate either a member death or the dissolution of an entity.

Section 7. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be considered non-operating margins, and treated as shown in Section 8.

Section 8. Non-operating Margins. At the discretion of the Board of Directors, 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 members; or
- (b) retained or used by the Cooperative as non-allocated capital.

ARTICLE VII.
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 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. Other provisions of the 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 VIII.
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 Hubbard County, Minnesota. The arbitration shall take place in Hubbard 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 IX.
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 X.
AMENDMENTS

These Bylaws may be altered, amended, or repealed by the affirmative majority vote of the members, at any annual or special members' meeting; provided, however, that the Bylaws of this Cooperative 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 the notice of each meeting.

/signed/ Tim Kivi, Secretary

/signed/ Nancy M. Utke, Chair