

WILD RICE ELECTRIC COOPERATIVE, INC.

As Amended March 28, 2009

AMENDED AND RESTATED ARTICLES OF INCORPORATION WILD RICE ELECTRIC COOPERATIVE, INC.

ARTICLE I NAME, PURPOSE, BUSINESS ADDRESS

Section 1. The name of this Cooperative shall be: WILD RICE ELECTRIC COOPERATIVE, INC.

Section 2. The business of this Cooperative shall be based upon the cooperative plan.

Section 3. The purposes of the Cooperative are to generate, manufacture, purchase, acquire, accumulate, sell, provide, deliver, furnish, transmit or distribute electric energy and other services and products to its members and patrons and to engage in any other lawful business or businesses.

Section 4. The Cooperative shall be authorized to exercise and enjoy all of the powers, rights, 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 5. The registered office and principal place of business of the Cooperative is at 502 North Main Street in Mahnomen, Minnesota 56557.

ARTICLE II DURATION

The Period of duration of this Cooperative shall be perpetual.

ARTICLE III NONSTOCK ORGANIZATION

Section 1. This Cooperative is organized on a nonstock, membership basis.

Section 2. Members shall have only one vote in the affairs of this Cooperative and the membership in this Cooperative shall not be transferable except with the approval and consent of the board of directors of the Cooperative.

Section 3. No interest or dividends shall be paid upon capital furnished to this Cooperative by its members or patrons.

Section 4. The net income of the Cooperative, except for amounts set aside as capital reserves or additional reserves, shall be distributed on the basis of patronage as provided in the bylaws.

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 who shall be elected by ballot by the members for such terms as the bylaws may prescribe.

Section 2. The board of directors shall have the power to do and perform, either for itself or its members and patrons, any and all acts and things, and to have and exercise any and all powers as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the laws under which this Cooperative is formed.

Section 3. The board of directors shall have the power to make and adopt such rules and regulations, not inconsistent with these articles of incorporation or the bylaws of this Cooperative or the laws of the state of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of this Cooperative.

ARTICLE V 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 or the laws of the state of Minnesota.

ARTICLE VI DIRECTOR LIABILITY

To the fullest extent permitted by laws governing cooperative associations, 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, except in the following cases:

- (a) for a breach of the director's duty of loyalty to the Cooperative or its members;
- (b) for acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law,
- (c) for a transaction from which the director derived an improper personal benefit.

ARTICLE VII INDEBTEDNESS

The amount of indebtedness, to which this Cooperative at any time be subject, shall be unlimited.

ARTICLE VIII AMENDMENT

The Cooperative reserves the right to amend, alter, change or repeal any provision contained in these articles of incorporation in the manner prescribed by law.

AMENDED AND RESTATED BYLAWS -of- WILD RICE ELECTRIC COOPERATIVE, INC.

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 the Cooperative by:

- (a) completing an application for membership;
- (b) agreeing to purchase from the Cooperative the amount of electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the articles of incorporation, the bylaws and the rules and regulations as may from time to time be adopted by the board of directors and any amendments to them.

Section 2. Joint Membership

Any two (2) or more potential qualified members who are residents of the same household 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 any member 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 signed by any of those holding the joint membership is a joint waiver.

- (d) Notice to any of those holding the joint membership is notice to all holding the joint membership.
- (e) Expulsion or withdrawal of any of those holding a joint membership terminates the joint membership.
- (f) No more than one of those holding a joint membership may be elected or appointed as an officer or director, provided that all of those holding the joint membership meet the qualifications for such position.
- (g) Upon the death of any of those holding a joint membership, such membership shall be held solely by the survivor(s).
- (h) Joint membership shall not be terminated by divorce or separation.
- (i) Joint membership shall continue until such time as the Cooperative shall receive sufficient notice, in writing, of any change in status, signed by all of the joint members.

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) Upon acceptance into membership, the member shall become eligible for one service connection.
- (c) 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 electric energy purchased for use on the premises specified in the application for membership; and
- (b) shall 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 shall have 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 cancelled 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 regular 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 members 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 hereinafter otherwise provided.

(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

a& liabilities of such member of the Cooperative.

(c) 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 with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative.

Section 9. Voting Privileges

(a) A member of the Cooperative is only entitled to one vote.

(b) Any member having more than one electric service shall use the service located at the member's principal place of residence, or non-natural member's principal place of business, within the service territory for voting and representation purposes.

(c) If a vote of members is taken on any matter, the spouse of the member may vote on behalf of the member, unless the member has indicated otherwise.

(d) A member may exercise voting rights on any matter that is before the members at a members' meeting from the time the member arrives at the members' meeting until the voting closes.

(e) A member's vote at a members' meeting must be in person or by mail and not by proxy except as provided above for a vote by a spouse.

(f) A member who is absent from a members' meeting may vote by mail on a ballot (an "Absentee Ballot") as prescribed in this section on any motion, resolution, or amendment, and/or for the election of directors.

(g) Request for and form of the Absentee Ballot shall be prescribed by the board and the form shall contain:

(1) The exact text of the proposed motion, resolution, or amendment to be acted on at the meeting; or

(2) The names of the candidates, submitted by the committee on nominations and by the members via petition, for the director position(s) to be filled; and

(3) Spaces opposite the text of the motion, resolution or amendment, or candidate's name, in which the member may indicate an affirmative or negative vote.

(h) The member may express a choice by marking an "X" in the appropriate space on the Absentee Ballot and mail or deliver the Absentee Ballot to the Cooperative in a plain, sealed envelope inside another envelope bearing the member's name.

(i) Any material soliciting approval of any action by Absen-

tee Ballots must:

- (1) contain, or be accompanied by, a copy or summary
Of such proposed action;
- (2) indicate the number of responses needed to meet the
Member quorum;
- (3) state the percentage of approvals necessary to ap-
prove the action; and
- (4) specify the time by which the Cooperative must receive
the completed mailed Absentee Ballot.

(j) A properly executed Absentee Ballot received on or before
the date of the members' meeting shall be accepted
by the board of directors and counted as the vote of the
absent member at the meeting.

(k) A member who is other than a natural person must designate
a natural person to represent it by giving the Co-
operative a written notice at or before the member meet-
ing, which shows that the named representative has been
authorized by the managing board of such member to
represent it at the meeting of this Cooperative. An individual
may represent no more than one such member,
but may also vote as an individual if he is a member indi-
vidually.

(l) A majority of the member votes cast, either in person or
by mail, shall determine the passage of any motion, resolution
or amendment submitted to the membership. The
candidate receiving a plurality of the votes cast, either in
person or by mail, for each directorship shall be elected.
A coin flip shall resolve any tie.

Section 10. Member Grants of Property Rights

Each member shall acute and deliver to the Cooperative
grants of easement of right-of-way on or over such lands
owned by members, in accordance with such reasonable
terms and conditions as the Cooperative shall require for the
furnishing of electrical services to himself/herself or other
members or for the construction, operation and maintenance
of the Cooperative's electric facilities.

Section 11. Newsletter

One (\$1.00) Dollar of the amount accruing to the member
each year is for a year's subscription to the Cooperative's
newsletter.

ARTICLE II

MEETINGS OF MEMBERS

Section 1. Annual Meetings

- (a) A regular members' meeting must be held annually at a

time determined by the board of directors.

(b) The regular members' meeting shall be held at the principal place of business of the Cooperative or at another conveniently located place within the Cooperative's service territory, as determined by the board of directors, 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.

(c) If the election of directors shall not be held on the day designated for any regular members' meeting or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

(d) Failure to hold the regular members' meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings

Special members' meetings may be called by:

- (a) a majority vote of the board of directors; or
- (b) a written petition of at least 20% of the members submitted to the chairman.

Special meetings of the members may be held at any place within the service territory of the Cooperative and as specified in the notice of the meeting.

Section 3. Notice

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

- (1) publication in a legal newspaper published in the county of the principal place of business of the Cooperative;
- (2) 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; or
- (3) mailing the members' meeting notice to each member personally at the person's last known post office address.

(b) The regular members' meeting notice must be published at least two (2) weeks before the date of the meeting or mailed at least fifteen (15) days before the date of the meeting.

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

- (1) publication in a legal newspaper published in the county of the principal place of business of the Cooperative;
- (2) 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; or
- (3) mailing the members' meeting notice to each member personally at the person's last known post office address.

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

(e) The special members' meeting notice shall be issued within ten (10) days from and after the date of the presentation of a members' petition, and the special members' meeting must be held by thirty (30) days after the date of the presentation of the members' petition.

(f) If mailed, the regular or special members' meeting notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid.

(g) The regular or special members' meeting notice shall contain language regarding the availability of Absentee Ballots for members that are unable to attend. The acceptable methods of requesting the Absentee Ballot shall be in a manner determined by the board.

(h) Any member may waive, in writing, any notice of meetings required to be given by law, the articles of incorporation or these bylaws.

Section 4. Certification of Mailed Meeting Notice

- (a) After mailing special or regular members' meeting notices, the secretary shall execute a certificate containing:
 - (1) a correct copy of the mailed or published notice;
 - (2) the date of mailing or publishing the notice; and
 - (3) a statement that the special or regular members' meeting notices were mailed or published as prescribed by Section 3 above.
- (b) The certificate shall be made a part of the record of the meeting.

Section 5. Failure to Receive Meeting Notice and/or Absentee Ballot

Failure of a member to receive a special or regular members' meeting notice and/or Absentee Ballot does not invalidate an action that is taken by the members at a members' meeting.

Section 8. Quorum

- (a) The quorum for a members' 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 shall be established by a registration of the members of the Cooperative present at the meeting. The registration shall be verified by the chairman and secretary of the Cooperative and shall be reported in the minutes of the meeting.
- (c) An action by the Cooperative is not valid or legal in the absence of a quorum at the meeting at which the action was taken.
- (d) If an insufficient number of members is present to constitute a quorum, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 7. 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

The business and affairs of the Cooperative shall be managed by a board of nine (9) directors, which shall exercise all 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.

Section 2. Qualifications

Persons eligible to become or remain a director of the Cooperative shall:

- (a) 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 elected prior to being nominated for director; provided further that "primary residence" is defined as the residence that is the chief or main residence of the member and where the member actually lives for the most substantial portion of the year;

- (b) have voting rights within the district from which the director is to be elected;

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

(1) directly or substantially competing with the Cooperative; or

(2) selling goods and services in substantial quantity to the Cooperative; or

(3) possessing a substantial conflict of interest with the Cooperative;

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

(e) not be an employee or not have been an employee of the Cooperative within the last three (3) years;

(f) not be a close relative of an employee, where as found 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;

(g) 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 hereinabove set forth;

(h) if a representative or agent of a member that 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 residing within the external boundaries of the district from which (s)he is nominated

(i) never have been convicted of a felony; and

(j) agree to regularly attend all board, regular and special meetings.

Nothing contained in this section shall, or be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

Section 3. Director Districts and Election

The Cooperative's service territory shall be divided into three (3) director districts by the board of directors. The boundaries of said districts shall follow geographic township lines. Each of said districts shall be represented by three (3) directors, who are qualified members and reside within the district to be represented.

One director from each district shall be elected at each regular members' meeting, and shall serve 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 by-

laws with respect to the removal of directors.

Section 4. Nominations

- (a) It shall be the duty of the board of directors to appoint, not less than forty-five (45) days nor more than ninety (90) days before the date of a members' meeting at which directors are to be elected, a committee on nominations consisting of nine (9) members in good standing, whereby three (3) members shall be selected from each district of the Cooperatives so as to give equitable representation on the committee to the geographical area served by the Cooperative.
- (b) No officer or member of the board of directors nor employee of the Cooperative shall be appointed a member of such committee.
- (c) The committee shall nominate one or more qualified member(s) from each district for each office of director slated for election to be elected by the membership at large at said meeting, and shall prepare and post at the principal office of the Cooperative at least thirty (30) days before said meeting, a list of said nominations.
- (d) Any fifteen (15) or more members may make other nominations in writing over their signatures not less than twenty (20) days prior to the meeting, and the secretary shall post the same at the same place where the list of nominations made by the committee is posted.
- (e) The members may, at any meeting at which a director(s) shall be removed, as heretofore provided, elect a successor(s) thereto without compliance with the provisions found herein with respect to nominations.
- (f) If a member is absent from any meeting, the member may vote by mail for the election of directors as provided in these bylaws, or as may be permitted by law.
- (g) Directors may only be nominated by the committee on nominations or by petition. Write-in ballots shall not be accepted.
- (h) Failure to comply with any of the provisions of this section shall not affect in any manner whatsoever validity of any election of directors.

Section 5. Filling Vacancies

Subject to the provisions of the bylaws with respect to the removal of directors, vacancies occurring in the board of directors shall be filled by a majority vote of the remaining directors, and directors thus elected shall serve until the next regular members' meeting or until their successors shall have been elected or shall have qualified.

Section 6. Removal

By Members:

- (a) Members may remove a director for cause related to the duties of the position of director and fill the vacancy caused by the removal.
- (b) Any member may bring charges against a director by filing them in writing with the secretary, together with a petition signed by ten (10%) percent of the members, requesting the removal of the director in question.
- (c) The removal shall be voted upon at the next regular or special members' meeting, and any vacancy created by such removal may be filled by the members at such meeting.
- (d) The director 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 him shall have the same opportunity.

By Directors:

- (a) Upon a director's absence from three (3) consecutive meetings, the board of directors may remove a director at a board of director's meeting and fill the vacancy caused by the removal pursuant to Section 5.
- (b) 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 director's meeting and fill the vacancy caused by the removal pursuant to Section 5.

Section 7. Compensation

- (a) Directors, as such, shall not receive any salary for their services, but by resolution of the board, a fixed sum and reasonable expenses for attendance may be allowed for each meeting of the board, and such other meetings and conferences as may be approved by resolution of the board from time to time.
- (b) Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative (as defined hereinabove at Section 2) of a director receive compensation for serving the Cooperative unless such compensation shall be specifically authorized by a vote of the members.

Section 8. Rules and Regulations

The board of directors shall have 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 9. Accounting System and Reports

- (a) The board of directors shall cause to be established and maintained a complete accounting system which, among other things subject to the 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 Service of the United States of America.
- (b) The board of directors shall cause to be made and submitted periodically for their review a detailed financial report.
- (c) The board of directors shall also, within ninety (90) days after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative. As of the end of such fiscal year, such audit reports shall be made available to the members at the Cooperative's headquarters.

Section 10. Change in Rates

Written notice of any proposed change in the rates charged by the Cooperative for electric energy shall be given pursuant to the rules and regulations of any regulatory body.

ARTICLE IV

MEETINGS OF DIRECTORS

Section 1. Regular Meetings

- (a) A regular meeting of the board of directors shall be held, without notice other than these bylaws, immediately after and at the same place as the members' meeting.
- (b) A regular meeting of the board of directors shall also be held monthly at such time and place as the board of directors may provide by resolution.
- (c) Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings

- (a) Special meetings of the board of directors may be called by the chairman or any three (3) directors.
- (b) 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.
- (c) The matters that may be acted upon at a special meeting are restricted to those stated in its call and notice.

Section 3. Notice

- (a) Notice of the time, place and purpose of any special meet-

ing of the board of directors shall be given at least five (5) days previous thereto, by written notice, delivered personally, electronically or mailed to each director at his last known address.

(b) If mailed, such notice shall be deemed to be delivered When deposited in the United States mail so addressed, With postage thereon prepaid.

(c) The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in a case where 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.

(d) Any director may waive, in writing, any notice of meetings required to be given by law, the articles of incorporation or these bylaws.

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. Emergencies

Any or all directors may participate in any meeting of the board of directors by any means of communication through which the directors may simultaneously hear and speak to each other during such meeting. For purposes of establishing a quorum and taking any action, such directors participating pursuant to this section shall be deemed present in person at the meeting. This section is intended to be utilized only in unusual or emergency situations and not to replace normal attendance at board of director's meetings.

ARTICLE V OFFICERS

Section 1. Number

Annually the following officers shall be elected by ballot by and from the board at its first meeting following the regular members' meeting:

- (a) Chairman;
- (b) Vice-Chairman;
- (c) Secretary; and

(d) Treasurer.

The secretary and treasurer may be combined, and the person filling the office shall be termed "secretary-treasurer".

If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.

Section 2. Vacancies

Each officer shall hold office until the first board meeting following the next members' meeting or until the officer's successor has been elected and qualified. Except as otherwise provided by law, a vacancy in any office may be filled by the board for the unexpired portion of the term. Any officer elected by the board may be removed by the board whenever in its sole judgment the best interests of the Cooperative will be served.

Section 3. Chairman

The chairman shall:

- (a) be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the board of directors;
- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and executing 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 perform all duties incident to the office of chairman and such other duties as may be prescribed by the board of directors from time to time.

Section 4. Vice-Chairman

In the absence of the chairman, or in the event of his inability or refusal to act, the vice-chairman shall perform the duties of the chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman and shall perform such other duties as from time to time may be assigned to him by the board of directors.

Section 5. Secretary

The secretary shall, through the employees of the Cooperative:

- (a) keep the minutes of meetings of the members and the board of directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with

these bylaws or as required by law;

- (c) execute certifications of mailed or published meeting notices in accordance with these bylaws or as required by law;
- (d) be custodian of the corporate records and the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (e) keep a register of the post office address of each member which shall be furnished to the secretary by such member;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) 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 at the expense of the Cooperative, forward a copy of the bylaws and of all amendments thereto to each member upon request; and
- (h) 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.

Section 6. Treasurer

The treasurer shall, through the employees of the Cooperative:

- (a) have charge and custody of, and be responsible for, all funds and securities of the Cooperative;
- (b) receive and give receipts for monies due and payable to the Cooperative from any source whatever, and deposit all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with these bylaws; and
- (c) in general perform all the duties incident to the office and such other duties as may be assigned by the board.

Section 7. President and CEO

The board of directors shall appoint a president and CEO who may be, but who shall not be required to be, a member of the Cooperative. The president and CEO 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.

Section 8. Director and Officer Liability Insurance

The board of directors shall require the purchase by the Co-operative 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 9. Compensation

The compensation, if any, of any officer or agent who is also a director or close relative of a director shall be determined by the members as provided elsewhere in these bylaws, and powers, duties and compensation of any other officers, agents and employees shall be fixed by the board of directors.

Section 10. Reports

The officers of the Cooperative shall submit at each regular members' meeting reports covering the business of the Co-operative for the previous fiscal year showing the condition of the Cooperative at the close of such fiscal year.

Section 11. Additional Officers

The board may appoint such additional officers that may be directors or members, but shall not be required to be, as the board determines is in the best interests of the Cooperative. Such officers shall serve for a term not exceeding the term of the chairman and shall have such power and duties as the board determines.

Section 12. Delegation of Duties

If the board delegates any responsibilities and duties of the officers to employees or agents of the Cooperative, 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.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

Section 1. Contracts

Except as otherwise provided in these bylaws, the board of directors may authorize any officer(s), agent(s), or employee(s) 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.

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(s) of the Cooperative or such other employee(s) of the Cooperative and in such a manner as shall be determined by resolution of the directors. All notes, bonds or other evidences of indebtedness shall from time to time 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 bank(s) or other financial institution(s) as the board of directors may select.

ARTICLE VII **DISTRIBUTION OF EARNINGS**

Section 1. Interest or Dividends Prohibited

The Cooperative shall at all times be operated on a cooperative nonprofit 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. Capital Furnished by Members

(a) In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative.

In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account, on a patronage basis, to all its members 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 receivable with the understanding that they are furnished by the members as capital.

(b) 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.

(c) 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 patron, is clearly reflected and credited in an appropriate record to the capital account of each member; and

(d) The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital credited to his account.

(e) 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.

(f) All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be:

(1) used to offset any losses incurred during the current

or any prior fiscal year;

(2) to the extent not needed for that purpose, allocated to its patrons on a patronage basis; and

(3) any amount so allocated shall be included as a part of the capital credited to the accounts of members, as herein provided.

Section 3. Repayment of Capital Furnished

(a) in the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid and the membership fee, if any, paid by each member returned, outstanding capital credits shall be retired without priority on a pro rata basis.

(b) 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 the patrons' accounts may be retired in full or in part.

(c) 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.

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 mid the member's obligations to the Cooperative and the board may, in its discretion, apply any member's capital pursuant to Section 2 of this article then credited against the unpaid obligations for electric service of the member in the same manner as if the member were deceased.

Section 6. Early Repayment

The board of directors, at its discretion, shall have the power at any time upon the death of any member who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these articles, to retire capital credited to any such member immediately upon such terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

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 mar

(b) used by the Cooperative as permanent, non-allocated capital.

Section 9. Article and Bylaw Provisions are a Contract

The members 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 member, and both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this article shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE VIII DISPOSITION OF PROPERTY

- (a) The Cooperative may at any meeting of its board of directors sell, mortgage, lease or exchange its property, rights, privileges and franchises upon such terms and conditions as the board of directors deems expedient and for the best interests of the Cooperative;
- (b) If such sale or transfer contemplates a sale of more than twenty-five (25%) percent of the property, rights, privileges and franchises of the Cooperative with no offsetting exchange of facilities, authorization therefor must be obtained by the affirmative vote of two-thirds (2/3) of the members, given at a members' meeting duly called for that purpose;
- (c) Notwithstanding anything herein contained, the board of directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof, or from any other lending institution approved by the United States of America or any agency or instrumentality thereof, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and deliverance of a mortgage or mortgages, or deed or deeds of trust, upon the pledging or encumbrancing 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, all upon such terms and conditions as the board of directors shall determine.

ARTICLE IX MERGER OR CONSOLIDATION APPROVAL

A plan of merger or consolidation shall be adopted If the plan

is approved by two-thirds (2/3) of the votes cast by the members.

**ARTICLE X
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 XI
SEAL**

The corporate seal of the Cooperative shall be in the form of a circle and have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Minnesota."

**ARTICLE XII
AMENDMENTS**

These bylaws may be altered, amended or repealed by the members at any regular or special members' meeting, provided:

- (a) the notice of such meeting shall have contained a summary statement of the proposed alteration, amendment or repeal;
- (b) a quorum is registered as being present or represented by mail vote if authorized by the board; and
- (c) the alteration, amendment or repeal is approved by a majority of the votes cast.