

Brown County Rural Electrical Association

Sleepy Eye, MN

Articles of Incorporation and By-Laws

as revised on April 13, 2023

Articles of Incorporation for the Brown County Rural Electrical Association

We, the undersigned persons of full age, acting for ourselves as individuals, for the purpose of forming a co-operative association under and pursuant to the provisions of Chapter 326, Laws of Minnesota 1923, and laws amendatory thereof and supplementary thereto, do hereby associate ourselves as a body corporate and adopt the following Articles of Incorporation:

ARTICLE I

Section 1. The name of this Association shall be Brown County Rural Electrical Association.

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

- (a) To generate, manufacture, purchase, acquire, and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members; and to construct, erect, purchase, lease, and in any manner, acquire, own, hold, maintain, operate, sell, dispose of, lease, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any of the foregoing purposes, including the right to join in an Association with other Rural Electrical Cooperatives to carry in to effect the foregoing purposes;
- (b) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any kind and character and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and to receive, acquire, endorse, pledge, hypothecate and dispose of notes and other evidences of indebtedness; and to encourage and assist individuals and/or entities in activity deemed to benefit the economic well-being of the area served by the association; and to undertake and carry on, alone or with others, activity deemed to provide a benefit or service to its members and/or the area served by the association;
- (c) To acquire, own, hold, use, exercise, and, to the extent permitted by law to sell, mortgage, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, right-of-way and easements necessary, useful or appropriate any or all of the purposes of this Association;
- (d) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, sell, exchange and use any and all real and personal property or any interest therein necessary, useful, or appropriate to enable this Association to accomplish any and all of its purposes;
- (e) To borrow money and otherwise contract indebtedness for the purposes, or any of them, for which this Association is formed, and to issue notes, bonds and other evidences of indebtedness, and to secure any of its obligations by mortgage, pledge, or deed of trust of all or any of its property, assets, franchises and income;
- (f) To sell and convey, mortgage, pledge, lease as lessor and otherwise dispose of all or any part of its property and assets; provided, however, that if the association desires to sell more than twenty-five percent (25%) thereof it shall be done in accordance with any provisions in the By-Laws relating thereto;
- (g) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the Act under which this Association is formed; provided, however, that the conduct of the business of

this Association shall be upon the cooperative plan.

The enumeration of the foregoing powers shall not be held limit or restrict in any manner the general power of this Association, and this Association shall be authorized to exercise and enjoy all of the powers, rights, and privileges granted to or conferred upon associations of the character of this Association by the laws of the State of Minnesota now or hereafter in force.

Section 3. The principal place of transacting the business of this Association shall be in the Home Township, County of Brown, State of Minnesota, with mailing address of Sleepy Eye, Minnesota.

ARTICLE II

The period of duration of this Association shall be perpetual.

ARTICLE III

Section 1. The amount of the authorized capital stock of this Association shall be Twenty-five Thousand Dollars (\$25,000.00) divided into five thousand (5,000) shares of the par value of Five Dollars (\$5.00) each. The share of the authorized capital stock may be issued from time-to-time and shall be paid for at such time or times and in such manner as the Board of Directors of this Association shall determine; provided, however, that no share be issued for less than par value nor until the same has been paid for in full in cash or its equivalent and such payment has been deposited with the treasurer of this Association.

Section 2. The ownership of the capital stock of this Association by any individual stockholder shall not exceed the par value of Five and no/100 Dollars (\$5.00).

Section 3. Individual stockholders shall have only one vote in the affairs of this Association and the shares of stock of this Association shall not be transferable except with the approval and consent of the Board of Directors of this Association.

Section 4. No interest or dividends shall be paid upon any of the capital stock issued by this Association.

Section 5. The Association shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons with amounts received in excess of expenses being distributed on the basis of patronage in accordance with the By-Laws. No interest or dividends shall be paid or payable by the Association on any capital furnished by its patrons.

ARTICLE IV

The names and places of residence of the incorporators of this Association are:

Name	Township	Post Office
Edmund Lebert	Home	Sleepy Eye, MN
Robert Runck	Milford	New Ulm, MN
Joseph Mathiowetz	Eden	Sleepy Eye, MN
Herman Reinarts	Sigel	New Ulm, MN
Arthur Zschetsche	Leavenworth	Sleepy Eye, MN
Albert Anderson	Burnstown	Springfield, MN
Arthur M. Walser	West Newton	New Ulm, MN
Carl Olstad	Lake Hanska	Hanska, MN
George Brudelic	Lake Hanska	Hanska, MN

ARTICLE V

Section 1. The Government of this Association and the management of its affairs and business shall be vested in a Board of Directors consisting of nine (9) members who shall be elected by ballot by the stockholders for such terms as the By-Laws may prescribe at the annual meeting of the stockholders which shall be held during the months of

February, March or April of each year and on such date during February, March or April as may be designated by the Board of Directors. Said meeting shall be held at such time as may be determined by the directors and designated in the Notice of Meeting.

Section 2. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation or the By-Laws of this Association or the laws of the State of Minnesota, as it may deem advisable for the management, administration and regulations of the business and affairs of this Association.

ARTICLE VI

Section 1. The By-Laws of this Association may define and fix the duties, responsibilities, and eligibility of the stockholders or members, officers, and directors and may also contain any other provision for the regulation of the business and affairs of this Association or Cooperative not inconsistent with these Articles of Incorporation or the laws of the State of Minnesota.

ARTICLE VII

The fiscal year of this Association shall begin on the first day of January in each year and end on the last day of December in the same year.

ARTICLE VIII

To the fullest extent permitted by laws governing cooperative associations, as the same exist or may hereafter be amended, a director of this Association shall not be personally liable to the Association or its members for monetary damages for breach of fiduciary duty as a director.

ARTICLE IX

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

Bylaws of Brown County Rural Electrical Association

Article 1 – General

Section 1.1 – Usage. Within these Bylaws of Brown County Rural Electrical Association (“Cooperative”) as currently existing or as later amended (“Bylaws”), except as otherwise provided and subject to the context requiring otherwise:

- (1) words and phrases have their customary and ordinary meaning;
- (2) the singular use of a word includes the plural use and the plural use of a word includes the singular use;
- (3) the masculine use of a word includes the feminine and neutral uses, the feminine use of a word includes the masculine and neutral uses, and the neutral use of a word includes the masculine and feminine uses;
- (4) the present tense of a word includes the past and future tenses, and the future tense of a word includes the present tense;
- (5) the words “shall” and “must” are words of obligation, with “shall” meaning “has a duty to” and “must” meaning “is required to;”
- (6) the word “may” is a word of discretion meaning “has discretion to,” “is permitted to,” “is authorized to,” or “is entitled to;”
- (7) the words “may ... only” are words of limited discretion and prohibition;
- (8) the words “shall not,” “must not,” and “may not” are words of prohibition, with “shall not” meaning “has a duty not to,” “must not” meaning “is required not to,” and “may not” meaning “has no discretion to,” “is not permitted to,” “is not authorized to,” and “is not entitled to;”
- (9) an exception to a word of obligation is a word of discretion and an exception to a word of discretion is a word of prohibition;
- (10) the words “except as otherwise provided,” “subject to,” and similar words are words of limitation and exception;
- (11) the words “include,” “includes,” and “including” mean “include without limitation,” “includes without limitation,” and “including without limitation;”
- (12) the word “or” is inclusive, with “A or B” meaning “A or B or both;” and
- (13) the word “individual” means a “natural person” or “human being.”

Section 1.2 – Defined Terms. These Bylaws define certain words, phrases, and terms (“Defined Terms”). In general, Defined Terms are: (1) defined in a full sentence or part of a sentence; (2) capitalized, underlined, and enclosed within quotation marks when defined; (3) enclosed within parenthesis when defined in part of a sentence; and (4) capitalized when otherwise used in these Bylaws. Except as otherwise provided in these Bylaws and subject to the context requiring otherwise, Defined Terms have the meaning specified in the appropriate Bylaw.

The following Defined Terms are defined in the Bylaw noted in parenthesis:

- Agreement (2.9) Amended (9.2); Annual Member Meeting (3.1); Applicant (2.2); Appraisal (8.1); Articles (1.3); Assets (2.2);
- Board (2.1);; Board Committee (5.6); Board Meeting (5.3); Bylaws (1.1); Bylaw Provision (9.8);
- Capital Credits (7.2); Close Relative (4.12); Conflict of Interest Transaction (5.8); Consolidate (8.2); Consolidation Agreement (8.2); Cooperative (1.1); Cooperative Affiliate (4.3); Cooperative Equipment (2.2); Cooperative Officer (6.6); Cooperative Official (2.5); Cooperative Purpose (2.9); Cooperative Service (2.1); Cooperative Service Area (4.1); Cooperative Subsidiary (4.3);
- Defined Terms (1.2); Director (2.6); Director Districts (4.1); Director Qualifications (4.3); Director Quorum (5.5); Director Removal Petition (4.8); Director Term (4.6);
- Electing Members (4.5); Electronic (9.1); Electronically (9.1); Electronic Document (9.1); Entity (2.1);
- General Director Qualifications (4.3); Governing Documents (2.2);
- Indemnification Advance (6.12); Indemnification Director or Officer (6.12); Indemnification Director Quorum (6.12); Indemnification Expenses (6.12); Indemnification Individual (6.12); Indemnification Party (6.12); Indemnification Proceeding (6.12); Indemnification Standard of Conduct (6.12); Independence Director Qualification (4.3);

- Joint Members (2.6); Joint Membership (2.6);
- Law (1.3); Location (2.1);
- Mail Ballot (3.9); Mail Ballot With Member Meeting (3.9); Member (2.3); Member Challenge (3.14); Member Classes (2.4); Member Committee (5.7); Member Demand (3.2); Member Equipment (2.2); Member Meeting (3.3); Member Petition (4.4); Member Petition Nominations (4.4); Member Property (2.7); Member Quorum (3.10); Member Voting Document (3.13); Membership Director Qualifications (4.3); Membership List (2.12); Membership Procedures (2.2); Merge (8.2); Merger Agreement (8.2);
- New Entity (8.2); Nominating Committee (4.4); Nominating Committee Nominations (4.4); Nominating Members (4.4); Non-Member Non-Patron (7.6);
- Occupies (2.1); Officer (6.6);
- Patron (7.2); Person (2.1); Provided (2.1);
- Reasonable Reserves (7.7); Record Date (3.7); Regular Board Meeting (5.1); Regular Member Meetings (3.1); Removing Members (4.8); Required Officers (6.1);
- Special Board Meeting (5.2); Special Member Meeting (3.2); Suspension Reasons (2.10);
- Total Membership (3.2); Transfer (8.1);
- Usage Information (2.7); Uses (2.1); and
- Written Ballot (3.11).

Section 1.3 – Law and Articles. These Bylaws are subject to Law and the Articles of Incorporation of the Cooperative (“Articles”). If, and to the extent that, a Bylaw conflicts with Law or the Articles, then the Law or Articles control. “Law” includes applicable:

- (1) local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial; and
- (2) legally binding contracts enforceable by or against the Cooperative, including legally binding contracts between the Cooperative and an Applicant or Member.

Article 2 – Cooperative Membership

Section 2.1 – Member Qualifications. Except as otherwise provided in these Bylaws, an individual or Entity may become and remain a member of the Cooperative only if: (1) the individual or Entity is a person with the capacity to enter legally binding contracts (“Person”); (2) the Person is lawfully present in the United States of America; and (3) the Person consumes, receives, purchases, or otherwise uses (“Uses”), or requests or agrees to Use when available a Cooperative Service generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided (“Provided”) by the Cooperative. A “Cooperative Service” is: (1) electric energy Provided by the Cooperative; and (2) as determined by the Cooperative’s Board of Directors (“Board”), a good or service Provided by the Cooperative.

An “Entity” includes a domestic or foreign: cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government.

Except as otherwise provided in these Bylaws, a Person may not become or remain a member of the Cooperative if the Person resides at, engages in a business at, owns, controls, or otherwise occupies (“Occupies”) a residence, office, building, premise, structure, facility, or other location (“Location”), the Provision of a Cooperative Service to which Location is the basis of membership, and which Location is or was:

- (1) Occupied by a second Person, other than a landlord, tenant, or similarly related Person, who: (A) is a Member, other than a Joint Member; or (B) owes the Cooperative for a Cooperative Service Provided to or for the Location, if the first Person Occupied the Location when the Cooperative Provided the Cooperative Service; or
- (2) previously Occupied by an Entity owned or controlled by the Person, which Entity owes the Cooperative for a Cooperative Service Provided to or for the Location.

A Person, either individually or through an Entity not considered legally separate from the Person, may not hold more than one membership in the Cooperative. Persons Occupying a Location to or for which the Cooperative Provides a Cooperative Service may not hold more than one membership in the Cooperative.

Section 2.2 – Membership Procedure. Except as otherwise provided in these Bylaws or by the Board, a qualified Person seeking to become or remain a Member (“Applicant”) must complete the procedures stated in this Bylaw to the Cooperative’s satisfaction (“Membership Procedures”) within 30 days of initially Using, or requesting or agreeing to Use, the first Cooperative Service Used or to be Used by the Applicant.

To become or remain a Member, an Applicant must complete and sign a written membership application provided by the Cooperative in which the Applicant agrees to:

- (1) comply with the Governing Documents;
- (2) ensure that Member Equipment connected to Cooperative Equipment, and any act or omission involving Member Equipment connected to Cooperative Equipment, complies with the Governing Documents;
- (3) be a Member;
- (4) at prices, rates, or amounts determined by the Board, pursuant to the terms, conditions, time, and manner specified by the Cooperative, and regardless of the amount or time billed, pay the Cooperative for: (A) Cooperative Services Provided to the Applicant or Provided to or for a Location Occupied by the Applicant; (B) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (C) interest, late payment fees, and collection costs, including attorney and collection fees, related to amounts owed, but not timely paid, to the Cooperative; and
- (5) voluntarily receive a subscription to a periodical newsletter and to pay an annual subscription price as determined by the board, if any, through dues, assessments, fees, deposits, contributions, prices, rates, and other amounts charged or assessed by the Cooperative for Cooperative Services Provided to the Applicant or Provided to or for a Location Occupied by the Applicant.

The “Governing Documents” are the written membership application signed by an Applicant or Member and the following documents and actions, all as currently existing or as later adopted or amended: (1) all Law regarding or affecting the Cooperative’s property, property rights, and assets (“Assets”), the Cooperative’s operation, the Cooperative’s Members and Patrons, the Provision and Use of Cooperative Services, Cooperative Equipment, and Member Equipment connected to Cooperative Equipment; (2) the Articles; (3) these Bylaws; (4) the Cooperative’s service rules and regulations; (5) the Cooperative’s rate or price schedules; and (6) all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board.

“Cooperative Equipment” is a product, equipment, structure, facility, or other goods owned, controlled, operated, or furnished by the Cooperative. “Member Equipment” is a product, equipment, structure, facility, or other good: (1) owned, controlled, operated, or furnished by an Applicant or Member; and (2) located on property owned, controlled, operated, or furnished by an Applicant or Member.

To become or remain a Member, an Applicant must: (1) give the Cooperative all information reasonably requested by the Cooperative, including the Applicant’s federal tax identification number; and (2) complete any additional or supplemental document, contract, or action required by the Board for the Cooperative Service which the Applicant is Using or requesting or agreeing to Use. Except as required by Law or otherwise provided in these Bylaws, the Cooperative will not release, disclose, or disseminate personally identifiable, proprietary, or confidential information regarding a Member.

Except as otherwise provided in these Bylaws or by the Board, an Applicant shall pay the Cooperative: (1) dues, assessments, fees, deposits, contributions, aid in construction and other amounts required by the Governing Documents; and (2) outstanding amounts owed to the Cooperative by the Applicant. An Applicant shall provide prior express consent to the Cooperative using an automatic telephone dialing system, or an artificial or prerecorded voice, to address the Cooperative’s Provision of a Cooperative Service or the Member’s Use of a Cooperative Service.

Section 2.3 – Membership. Except as otherwise provided in these Bylaws or by the Board, a qualified Person becomes a member of the Cooperative (“Member”) and consents to being a Member upon (1) Completing the Membership procedures set forth in Section 2.2 hereof; and (2) a Cooperative Service; effective the date the applicant began using, purchasing, or receiving Cooperative services

If the Board determines that a qualified Person is unable to complete the Membership Procedure, then the Board may refuse, suspend, or terminate the Person’s membership in the Cooperative. For other good cause determined by the Board, the Board may refuse a qualified Person membership in the Cooperative.

Except as otherwise provided in these Bylaws or by the Board in advance and in writing, a Cooperative membership, and a right or privilege associated with the Cooperative membership, may not be sold, purchased, assigned, disposed of, acquired, or otherwise transferred. If an individual Member, other than a Joint Member, dies without the Cooperative’s knowledge, and if a Close Relative of the deceased Member Uses a Cooperative Service at the Location previously Occupied by the deceased Member, then, until the Cooperative learns of the Member’s death or terminates the deceased Member’s membership, the deceased Member’s membership is transferred to the Close Relative.

Section 2.4 [THIS SECTION RESERVED]

Section 2.5 – Membership Agreement. A Member shall: (1) comply with the Governing Documents; (2) provide and maintain a current taxpayer identification number, mailing address and telephone number with the Cooperative; and (3) pay the Cooperative for the Cooperative’s damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member’s failure to comply with the Governing Documents. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative Service Provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (2) bring and maintain a legal action to order the Member to comply with the Governing Documents.

The Articles and these Bylaws are contracts between the Cooperative and a Member. By becoming a Member, the Member acknowledges that: (1) Every Member is a vital and integral part of the Cooperative; (2) the Cooperative’s successful operation depends upon each Member complying with the Governing Documents; and (3) Members are united in an interdependent relationship.

If a dispute arises out of, or relates to, the Governing Documents, the Cooperative’s Provision of a Cooperative Service, or a Member’s Use of a Cooperative Service, if the dispute cannot be settled through negotiation, and if requested by the Cooperative or the Member then the Cooperative and the Member shall first try in good faith to settle the dispute by mediation before resorting to arbitration, litigation, or other dispute resolute procedure.

If a controversy or claim arises out of, or relates to, the Governing Documents, the Cooperative’s Provision of a Cooperative Service, or a Member’s Use of a Cooperative Service, and if requested by the Cooperative, then the Cooperative and the Member shall settle the controversy or claim by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and the judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Controversies and claims must be settled through individual arbitration, and not through collective or class action arbitration.

A Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, liabilities, damages, costs, or expenses, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative Director, Officer, employee, agent, or representative (“Cooperative Official”), and caused by the negligence, gross negligence, or willful misconduct of the Member or a non-Member Occupying the same Location as the Member, or by the unsafe or defective condition of a Location Occupied by the Member.

In general, a Member is not liable to third parties for the Cooperative’s acts, debts, liabilities, or obligations solely because of membership in the Cooperative. A Member may become liable to the Cooperative as provided in the Governing Documents or as otherwise agreed to by the Cooperative and the Member.

A Member agrees to provide prior express consent to the Cooperative using an automatic telephone dialing system, or an artificial or prerecorded voice, to address the Cooperative's Provision of a Cooperative Service or the Member's Use of a Cooperative Service.

Section 2.6 – Joint Membership. Persons who qualify to be Members may hold a joint membership in the Cooperative ("Joint Membership"). A Joint Membership may consist only of individuals Occupying the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service, each of whom qualifies to be a Member.

(a) Creating a Joint Membership. Except as otherwise provided in these Bylaws, to become or remain joint members of the Cooperative, qualified Persons must jointly complete the Membership Procedures in accordance with section 2.2 hereof. Qualified Persons become joint members of the Cooperative ("Joint Members") and consent to being Joint Members in the same manner as Members become Members and consent to being Members. As provided by the Board, a Member may convert the Member's individual membership to a Joint Membership with a qualified Person. While a Joint Member, a qualified Person may not become or remain a separate, non-Joint Member by Using a Cooperative Service at a Location different from the Joint Membership Location.

(b) Rights and Obligations of Joint Members. Except as otherwise provided in these Bylaws, a Joint Member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a Member. Joint Members are jointly and severally liable for complying with the Governing Documents. As used in these Bylaws, and except as otherwise provided in these Bylaws, a membership includes a Joint Membership and a Member includes a Joint Member. For a Joint Membership:

- (1) notice of a meeting provided to one Joint Member constitutes notice to all Joint Members;
- (2) waiver of notice of a meeting signed by one Joint Member constitutes waiver of notice for all Joint Members;
- (3) the presence of one or more Joint Members at a meeting constitutes the presence of one Member at the meeting;
- (4) the presence of one Joint Member at a meeting waives notice of the meeting for all Joint Members;
- (5) the presence of one Joint Member at a meeting will not invalidate a Mail Ballot, electronic ballot, or other early vote deemed submitted by the Board as part of the resolution authorizing the mail ballot, electronic ballot, or other early voting procedure;
- (6) if only one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action;
- (7) if more than one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the Joint Membership and constitutes one vote, signature, or action;
- (8) except upon the failure to Occupy the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service, the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members; and
- (9) a Joint Member qualified to be a member of the Board ("Director") may be a Director, regardless of whether another Joint Member is qualified to be a Director, but if more than one Joint Member is qualified to be a Director, then only one Joint Member may be a Director.

If an individual or Entity is a Joint Member in more than one Joint Membership, then the individual or Entity may vote on a matter, and sign a petition, consent, waiver, or other document, through one Joint Membership only.

(c) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a failure to Occupy the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service. Upon determining or discovering the failure to Occupy the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service:

- (1) if one Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of this Person;
- (2) if more than one Joint Member remains qualified to be a Joint Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of these Persons;

- (3) if all Joint Members remain qualified to be Joint Members and continue to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership of Persons determined by Cooperative; and
- (4) if no Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership terminates.

Section 2.7 – Provision of Cooperative Service. A Member shall comply with any reasonable procedure required by the Cooperative regarding the Provision of a Cooperative Service. Based upon different costs of Providing a Cooperative Service to different groups of Members, the Cooperative may charge each group a different rate or price for Providing the Cooperative Service.

(a) Interruption of Cooperative Service. The Cooperative shall Provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative Providing inadequate, noncontinuous, or fluctuating electric energy or other Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative’s gross negligence or willful misconduct. The Cooperative’s responsibility and liability for Providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member. In case of emergency, or as requested by government or emergency officials or representatives, the Cooperative may interrupt the Provision of Cooperative Services to Members.

(b) Safe and Protected Operation of Cooperative. A Member shall take or omit any act required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, which act involves: (1) a Location Occupied by the Member and to or for which the Cooperative Provides or will Provide a Cooperative Service; (2) real or personal property in which the Member possesses a legal or equitable right or interest (“Member Property”); (3) Cooperative Equipment; or (4) Member Equipment connected to Cooperative Equipment. As required by the Cooperative, a Member shall correct or remedy a violation of a safety, reliability, efficiency, or similar statute, regulation, ordinance, or other requirement. A Member shall: (1) protect Cooperative Equipment and Member Equipment connected to Cooperative Equipment; and (2) install and maintain any protective device, and implement and follow any protective procedure, required by the Cooperative. As necessary to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, the Cooperative may temporarily suspend or terminate Provision of a Cooperative Service. A Member shall not tamper with, alter, interfere with, damage, or impair Cooperative Equipment. Except as otherwise provided by the Board, the Cooperative owns all Cooperative Equipment.

(c) Member Equipment Connected to Cooperative Equipment. Except as otherwise provided by the Board, before Member Equipment is connected to Cooperative Equipment, the Cooperative must approve the connection in writing. Before and while Member Equipment is connected to Cooperative Equipment, the Member:

- (1) shall comply with, and shall ensure that the Member Equipment, the connection, and any act or omission regarding the Member Equipment and the connection comply with the Governing Documents, including terms, conditions, requirements, and procedures required by the Cooperative regarding the Member Equipment and the connection;
- (2) shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative’s ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
- (3) grants the Cooperative the right to inspect the Member Equipment and the connection to determine whether the Member Equipment and connection comply with the Governing Documents;
- (4) grants the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with the Governing Documents or that adversely impacts the Cooperative’s ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service; and
- (5) shall pay the Cooperative for income not received or accrued because of the connection.

If Member Equipment is connected to Cooperative Equipment, then: (1) the Member is, but the Cooperative is not, responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment; (2) the Cooperative is not liable for damage to, or for the performance of, the Member Equipment; (3) the Cooperative is not liable for damage to Member Property; (4) the Member is responsible for knowing the

concerns, risks, and issues associated with operating the Member Equipment and connecting the Member Equipment to Cooperative Equipment; (5) the Member is liable for damage to, and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection; and (6) the Member is liable for, and must indemnify the Cooperative against, injury or death to any Person and damage to any property caused by, or resulting from, the Member Equipment or the connection.

(d) Suspension or Termination of Cooperative Service. After providing a Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member for a Suspension Reason. Without providing a Member notice or an opportunity to comment, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member upon determining or discovering:

- (1) that Cooperative Equipment used to Provide the Cooperative Service has been tampered with, altered, interfered with, damaged, or impaired;
- (2) that Member Equipment connected to Cooperative Equipment adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
- (3) the unsafe condition of Cooperative Equipment or Member Equipment connected to Cooperative Equipment; or
- (4) an imminent hazard or danger posed by Cooperative Equipment or Member Equipment connected to Cooperative Equipment.

(e) Usage Information. Cooperative may use Cooperative Equipment to measure, collect, maintain, transmit, communicate, and store the aggregate or incremental amount, quantity, or quality of a Cooperative Service Used by a Member, and other data or information regarding the Member's use of the Cooperative Service (collectively, "Usage Information"). Cooperative may use, disclose, and transfer Usage Information if reasonably related to Providing a Cooperative Service or if reasonably related to protecting against, or responding to, death, personal injury, or property damage.

Section 2.8 – Use of Cooperative Service. Except as otherwise provided in these Bylaws or by the Board, a Member shall Use a Cooperative Service Provided by the Cooperative. In Using a Cooperative Service, a Member shall comply with the Governing Documents.

(a) Payment for Cooperative Service. At prices, rates, or amounts determined by the Board, pursuant to terms, conditions, time, and manner specified by the Cooperative, and regardless of the amount or time billed, a Member shall pay the Cooperative for: (1) Cooperative Services Provided to the Member or Provided to or for a Location Occupied by the Member; and (2) dues, assessments, fees, deposits, contributions, or other amounts required by the Governing Documents. Dues, assessments, contributions, or other amounts paid by a Member to the Cooperative may pay for periodical subscriptions received by the Member from the Cooperative or from an Entity in which the Cooperative is a member or owner.

If the Cooperative sends a Member a bill, invoice, or similar document reflecting an incorrect or inaccurate amount owed, then: (1) the Cooperative may send the Member another bill, invoice, or similar document reflecting the correct and accurate amount owed and (2) the Member shall pay the correct and accurate amount owed. The Cooperative may require a Member to pay for a Cooperative Service in advance of Using the Cooperative Service.

When determining the value or quantity of a Cooperative Service Provided to a Member or Provided to or for a Location Occupied by the Member, the Cooperative may offset a Cooperative Service Provided by the Member against the Cooperative Service Provided to the Member or Provided to or for a Location Occupied by the Member.

If another Person Provides a Member a good or service related to a Cooperative Service Provided to the Member, then, before paying the other Person: (1) the Member shall pay the Cooperative; and (2) the Cooperative shall apply amounts received from or on behalf of the Member for or toward Cooperative Services Provided to the Member or Provided to or for a Location Occupied by the Member.

Except as otherwise provided by the Board: (1) a Member shall pay interest, compounded periodically, and late payment fees for amounts owed, but not timely paid, to the Cooperative; (2) a Member shall pay all costs, including reasonable attorney and collection fees, required to collect or obtain payment of amounts owed, but not timely paid, to the Cooperative; (3) the Cooperative may transfer an amount owed, but not timely paid, on a Member's account to another account of the Member; and (4) regardless of the Cooperative's accounting procedures, the Cooperative may apply amounts paid by a Member to all of the Member's accounts on a pro rata basis.

(b) Sale of Cooperative Service. Except as otherwise provided by the Board, a Member may not sell, lease, or otherwise transfer a Cooperative Service Provided by the Cooperative or a right to a Cooperative Service Provided by Cooperative.

Section 2.9 – Grant of Property Rights. As required by the Cooperative for a Cooperative Purpose, a Member shall: (1) provide the Cooperative safe and reliable access to or use of Member Property; and (2) pursuant to terms and condition specified by the Cooperative, and without compensation from the Cooperative, grant or convey to the Cooperative a written or oral easement, right-of-way, license, or other right or interest collectively "Agreement" in Member Property, and execute a document regarding this grant or conveyance. If an oral Agreement Is given by a Member, the Member agrees to give a written Agreement where the Agreement is intended to continue for one year or more.

A "Cooperative Purpose" is at any time, and in a manner determined by the Cooperative: (1) purchasing, installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading, or replacing Cooperative Equipment or Member Equipment connected to Cooperative Equipment; (2) through physical, chemical, herbicide, or other means, clearing, trimming, removing, or managing any trees, bushes, brush, or other vegetation; (3) Providing a Cooperative Service to a Member or one or more other Members; (4) monitoring, measuring, or maintaining a Cooperative Service Provided to a Member or one or more other Members; (5) Providing electric energy to a Person or one or more other Persons; (6) monitoring, measuring, or maintaining electric energy Provided to a Person or one or more other Persons; (7) authorizing, permitting, satisfying, or facilitating an obligation incurred, or right granted, by the Cooperative regarding use of Cooperative Equipment; or (8) safely, reliably, and efficiently operating the Cooperative or Providing a Cooperative Service. If reasonably needed for safety, reliability, efficiency, or similar reasons, a Cooperative Purpose includes clearing, trimming, removing, or managing any trees, bushes, brush, or other vegetation located outside an easement, right-of-way, license, or other right or interest in Member Property.

Section 2.10 – Member Suspension. The Cooperative may suspend a Member for the following reasons ("Suspension Reasons"):

- (1) as provided in the Governing Documents;
- (2) as determined by the Board for good cause;
- (3) the Member is no longer qualified to be a Member;
- (4) the Member does not timely pay an undisputed amount due the Cooperative;
- (5) the Member violates or does not timely comply with the Governing Documents;
- (6) the Member ceases Using a Cooperative Service for a period as may be determined by the Board in the Board's discretion
- (7) the Member requests suspension.

Except as otherwise provided in these Bylaws or by the Board, a Member is suspended upon:

- (1) the Member's request for suspension; or
- (2) the Cooperative: (A) providing the Member written notice of the Member's possible suspension and the applicable Suspension Reason at least 10 days before the possible suspension; (B) notifying the Member that the Member has a right to, and allowing the Member an opportunity to, comment upon the Suspension Reason orally or in writing at least 20 days after the Cooperative provides the notice; and (C) determining to suspend the Member.

The Cooperative must provide any written suspension notice to the Member's most current address shown on the Membership List.

Upon a Member's suspension:

- (1) other than the Cooperative's obligation to retire and pay Capital Credits, and other than the Cooperative's obligations regarding dissolution, the Cooperative's duties, obligations, and liabilities imposed by the Governing Documents for the Member cease and the Cooperative may cease Providing a Cooperative Service to the Member; and
- (2) other than the Member's right to receive retired and paid Capital Credits, and other than the Member's rights upon the Cooperative's dissolution, the Member forfeits and relinquishes rights provided in the Governing Documents, but remains subject to obligations imposed by the Governing Documents. In particular, a suspended Member may not receive notice, nominate, vote, remove, demand, request, petition, consent, or otherwise act as provided in the Governing Documents.

Unless the Cooperative determines otherwise, a Member's suspension is lifted upon the Member rectifying the applicable Suspension Reason within 30 days of the suspension. The Cooperative may lift a Member suspension for good cause determined by the Board.

Section 2.11 – Member Termination. Except as otherwise provided by the Board, after 60 days, a suspended Member is terminated. Except as otherwise provided in these Bylaws, a Member is terminated upon: (1) the Cooperative learning of the Member's death, legal dissolution, or legal cessation of existence; (2) the Member requesting termination; or (3) the Cooperative learning that the Member has permanently ceased Using a Cooperative Service. Except as otherwise provided by the Board, a partnership Member continuing to Use a Cooperative Service is not suspended or terminated upon the death of a partner or following any other alteration in the partnership. A partner departing a partnership Member remains liable to the Cooperative for Cooperative Services Provided to or for the Member before, and amounts owed to the Cooperative by the Member at the time of, the partner's departure.

Termination of a Member does not: (1) release the Member from debts, liabilities, or obligations owed to the Cooperative; or (2) release the Cooperative from the obligation to retire and pay Capital Credits to the former Member or obligations to the former Member regarding the Cooperative's dissolution. Upon a Member's termination from the Cooperative, and after deducting amounts owed to the Cooperative, the Cooperative must return to the Member any amount provided in the Governing Documents.

Section 2.12 – Membership List. The Cooperative shall maintain a written or Electronic record of current Members in a form permitting the Cooperative to alphabetically list the names and addresses of all Members.

Except as otherwise provided by these Bylaws, statute, regulation or the Board, a Person may not inspect, copy, or receive a copy of all or part of the Membership List or a similar list of Members.

Pursuant to this Bylaw, upon delivery to the Cooperative at least five days in advance of a written notice or request signed by a Member who at the time of the request is not under suspension, the Member, or the Member's agent or attorney, may: (1) inspect and copy the Membership List during regular business hours at a reasonable location specified by the Cooperative; or (2) pay the Cooperative a reasonable charge determined by the Cooperative covering the labor and material costs of producing, reproducing, copying, or transmitting the Membership List, which charge may not exceed the estimated costs of producing, reproducing, copying, or transmitting the Membership List, and the Cooperative must provide the Member a written copy of the Membership List.

A Member, Member's agent, or Member's attorney, however, may inspect, copy, or receive a copy of the Membership List only if, as determined by the Cooperative: (1) the Member's notice or request is made in good faith and for a proper purpose; (2) the Member describes with reasonable particularity the purpose for which the Member will use the Membership List; and (3) the Membership List is directly connected with the Member's purpose.

Except as otherwise provided by the Board, a Person may not: (1) obtain or use all or part of the Membership List for a purpose unrelated to a Member's interest as a Member; (2) use all or part of the Membership List to solicit money or property; (3) use all or part of the Membership List for a commercial purpose; or (4) sell or purchase all or part of the Membership List.

Except as otherwise provided by the Board, a Person shall comply with any reasonable terms, conditions, or requirements imposed by the Cooperative to protect against use of all or part of the Membership List for improper purposes or prohibited uses.

Instead of making the Membership List available for inspection or copying, or providing a copy of the Membership List, the Cooperative may, within five days of receiving a notice or request from a Member, offer the Member an alternative method for reasonably and timely accomplishing the purpose identified by the Member without providing access to or a copy of the Membership List.

Except as otherwise provided by these Bylaws or the Board, the Cooperative may transfer, disclose, distribute, or otherwise dispose of all or part of the Membership List or a similar list or record of Members or Member information.

Article 3 – Member Meetings and Member Voting

Section 3.1 – Annual and Regular Member Meetings. At a conveniently located place as determined by the Board, the Cooperative: (1) shall annually hold a meeting of Members (“Annual Member Meeting”); and (2) may regularly hold meetings of Members (“Regular Member Meetings”).

The Board must determine the date, time, and location of an Annual or Regular Member Meeting. Unless the Board determines otherwise, the President or the President’s designee presides over the Annual or Regular Member Meeting. The Cooperative’s failure to hold an Annual or Regular Member Meeting does not affect an action taken by the Cooperative.

At the Annual Member Meeting: (1) the President shall provide or have provided a written or oral report regarding the activities of the Cooperative; and (2) the Treasurer or Treasurer’s designee shall provide or have provided a written or oral report regarding the financial condition of the Cooperative.

Section 3.2 – Special Member Meetings. In a location reasonably central to the majority of Members, the Cooperative shall hold a special meeting of Members (“Special Member Meeting”) upon receiving: (1) a written or oral request from the Board or President; (2) one or more written requests signed by a majority of the Board; or (3) one or more written demands signed and dated within 60 days after the first signature by at least ten percent of the total number of unsuspended Members (“Total Membership”), with each page of each written demand requesting and describing the purpose of the meeting (“Member Demand”).

The Board shall determine the date, time, and location of a Special Member Meeting. Unless the Board determines otherwise, the President or the President’s designee presides over the Special Member Meeting.

If the Cooperative does not notify Members of a Special Member Meeting within 10 days of receiving a Member Demand, then a Member signing the Member Demand may: (1) set a reasonable time, place, and location for the Special Member Meeting; and (2) notify Members of the Special Member Meeting.

Section 3.3 – Agenda, Attendance, and Action at Member Meetings. Except as otherwise provided in these Bylaws, before or at an Annual, Regular, or Special Member Meeting (“Member Meeting”), the Board: (1) shall determine the agenda, program, or order of business for the Member Meeting; and (2) may limit attendance at the Member Meeting to Members, and such guests as the Board may determine from time to time.

Except as otherwise provided by the Board before or at a Member Meeting, the President or an individual designated by the President: (1) shall preside at the Member Meeting; (2) may remove a Person from the Member Meeting for unruly, disruptive, or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, Members attending the Member Meeting may consider, vote, or act only upon a matter for which: (1) except as otherwise provided in these Bylaws, the Board and Members were notified and (2) the Members are authorized to consider, vote, or act. Members attending

a Special Member Meeting may consider, vote, or act only upon a matter described in the notice of the Special Member Meeting.

The Board or President may establish rules for conducting a Member Meeting, which rules must be: (1) fair to the Members; and (2) communicated or made available to the Members at the time Notice is given to the Members of the Member Meeting.

Section 3.4 [THIS SECTION RESERVED]

Section 3.5 – Notice of Member Meetings. The Secretary shall give notice of members' meetings in a form complying with Minnesota Statutes section 308A.611, Subd. 5, and any amendments or replacements thereof.

Except as otherwise provided in these Bylaws, a mailed notice of a Member Meeting is delivered when deposited in the United States mail with prepaid postage affixed and addressed to a Member at the Member's address shown on the Membership List. Except as otherwise provided in these Bylaws, an Electronically transmitted notice of a Member Meeting is delivered when Electronically sent to a Member at the Member's Electronic mail address shown in the Cooperative's records. Failure of a member to receive a special or regular members' meeting notice does not invalidate an action that is taken by the members at a members' meeting.

Except as otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location unless: (1) the meeting is adjourned to another date occurring within 120 days following the original Member Meeting date; and (2) the new date, time, or location is announced at the Member Meeting prior to adjournment.

Unless a Member objects to considering, or voting or acting upon, a matter at a Member Meeting; the Member's attendance in person, or representation by Member Proxy at the Member Meeting waives the Member's objection to considering, or voting or acting upon, the matter at the Member Meeting.

Section 3.6 [THIS SECTION RESERVED]

Section 3.7 – Record Date. A "Record Date" is the date for determining the Total Membership and the Members entitled to: (1) sign a Member petition, request, demand, consent, appointment, or similar document; (2) receive a ballot, notice of a Member Meeting, or similar document; or (3) vote or otherwise act. If a Member is suspended after the Record Date, then the Member may not sign a document, receive a document, or vote or otherwise act.

The Board may fix the Record Date, but the Record Date must not be more than 70 days before the: (1) date the first Member signs a Member petition, request, demand, consent, appointment, or similar document; (2) date a ballot, notice, or similar document is due or required; or (3) date of a Member Meeting. Except as otherwise provided by the Board, the Record Date: (1) for signing a Member petition, request, demand, consent, appointment, or similar document is the date the Cooperative receives the signed document; (2) for receiving a ballot, notice, or similar document is the date 20 days before the document is due or required; and (3) for voting or otherwise acting at a Member Meeting is the date of the Member Meeting.

The Record Date for determining the Total Membership and the Members entitled to notice of, or to vote at, a Member Meeting is effective for a Member Meeting adjourned to a date not more than 120 days after the original Member Meeting date.

Section 3.8 [THIS SECTION RESERVED]

Section 3.9 – Member Voting by Mail or Electronic Ballot. Except as otherwise provided in these Bylaws or by the Board, a Member may vote or act by mail or Electronic transmission only as provided in this Bylaw and in a manner determined by the Board.

(a) Mail or Electronic Ballot With Member Meeting. A Member may vote or act by mail or Electronic transmission only on an action that may be taken at the Member Meeting in conjunction with a Member Meeting by the

Cooperative delivering or providing access to a written or Electronic mail ballot (“Mail Ballot With Member Meeting”) to each Member entitled to vote on the matter. A Member submitting a completed Mail Ballot With Member Meeting may not vote at the Member Meeting regarding a matter described in the Mail Ballot With Member Meeting. The Cooperative shall count completed Mail Ballots With Member Meeting received before the Member Meeting in determining whether a Member Quorum exists at the Member Meeting. The Cooperative must count as a Member’s vote a properly completed Mail Ballot With Member Meeting received on, or before, the time and date stated in the Mail Ballot With Member Meeting. As determined by the Board, the Cooperative may require that all votes be cast, or action be taken, by completed Mail Ballot With Member Meeting submitted before the Member Meeting. As determined by the Board, the Cooperative may limit voting to Mail Ballot with Member Meeting voting to less than all actions to be taken at a Member Meeting and require attendance at the Member Meeting to vote on other actions.

Section 3.9 – Member Voting by Mail or Electronic Ballot. Except as otherwise provided in these Bylaws or by the Board, a Member may vote or act by mail or Electronic transmission only as provided in this Bylaw and in a manner determined by the Board.

- (b) Mail or Electronic Ballot. Mail Ballot With Member Meeting (“Mail Ballot”) must:
- (1) set forth and describe a proposed action, identify a candidate, and include the language of a motion, resolution, Bylaw Amendment, or other written statement, upon which a Member is asked to vote or act;
 - (2) state the date of a Member Meeting at which Members are scheduled to vote or act on the matter;
 - (3) provide an opportunity to vote for or against, or to abstain from voting on, the matter;
 - (4) instruct the Member how to complete, return, or cast the Mail Ballot; and
 - (5) state the time and date by which the Cooperative must receive the completed Mail Ballot.

Except as otherwise provided in these Bylaws or by the Board, a Member may not revoke a completed Mail Ballot received by the Cooperative. A Member’s failure to receive a Mail Ballot does not affect a vote or action taken by Mail Ballot.

Material soliciting approval or rejection of a matter by Mail Ballot must: (1) contain, or be accompanied by, a copy or summary of the matter; (2) state the Member Quorum required to vote on the matter; (3) for all matters other than the election of Directors, state the percentage of approvals necessary to approve the matter; and (4) state the time and date by which the Cooperative must receive a completed Mail Ballot.

A Mail Ballot may not be procured or cast through fraud or other improper means. As determined by the Cooperative, a Mail Ballot procured or cast through fraud or other improper means is invalid.

Section 3.10 – Member Quorum. A quorum of Members is 75 Members entitled to vote on a matter that are present in person or represented by Member Proxy at a Member Meeting or deemed present by submission of a Mail Ballot with Member Meeting pursuant to section 3.9(a).

If less than the Member Quorum are present in person or represented by Member Proxy at a Member Meeting or deemed present by submission of a Mail Ballot with Member Meeting pursuant to section 3.9(a) then a majority of Members attending the Member Meeting in person or represented by Member Proxy may adjourn the Member Meeting to a later date provided reasonable notice is given to the members specifying the time and place when such meeting will be reconvened.

Upon a Member being present or represented for any purpose at a Member Meeting, the Member is deemed present for Member Quorum purposes for the remainder of the Member Meeting and for any adjourned Member Meeting, unless a new Record Date is, or must be, set for that adjourned Member Meeting.

Section 3.11—Member Voting. If a Member presents identification or proof of Cooperative membership as reasonably required by the Cooperative, and if the Member is not suspended on the Record Date and remains unsuspended after the Record Date, then, regardless of the value or quantity of Cooperative Services Used, the Member may cast one (1) vote on a matter for which the Member is entitled to vote. To vote for an Entity Member, an individual must present evidence requested by and satisfactory to the Cooperative that the individual is authorized to vote for the

Entity Member. Unless an Entity Member authorizes another individual to vote for the Entity Member, the Entity Member's chief executive officer, managing owner, or majority owner is authorized to vote for the Entity Member. If more than one individual is authorized to vote for an Entity Member, then the first vote cast is the Entity Member's vote.

Except as otherwise provided in these Bylaws, Members approve a matter if: (1) a Member Quorum is present in person or represented by Member Proxy or voting by Mail Ballot; and (2) a majority of Members voting in person or voting by Member Proxy or voting by Mail Ballot, who are entitled to vote on the matter, vote in favor of the matter.

At a Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a voice vote is not sufficient to accurately determine the vote results, then the Members shall vote by written ballot ("Written Ballot"), or in any other reasonable manner determined by the Board. Members may not cumulate votes. Agreements signed by Members providing the manner in which a Member will vote are not valid.

Section 3.12 – Member Voting by Member Proxy. The spouse of the Member may vote on behalf as a Member Proxy of the Member unless the Member has indicated otherwise. Proxy voting shall not otherwise be permitted. The spouse voting on behalf of the Member shall send to the Cooperative a form prepared by the Cooperative stating that the spouse and Member are spouses married to each other.

Section 3.13 – Accepting and Rejecting Member Voting Documents. For a Member Mail Ballot or other document allegedly executed by, or on behalf of, a Member, including an affidavit of a member spouse pursuant of section 3.12, (collectively, "Member Voting Document"):

- (1) the Cooperative may accept, and give effect to, the Member Voting Document if: (A) the name signed on the Member Voting Document corresponds to a Member's name, and the Cooperative acts in good faith; or (B) the Cooperative reasonably believes the Member Voting Document is valid and authorized;
- (2) the Cooperative may reject, and not give effect to, the Member Voting Document if the Cooperative: (A) acts in good faith; and (B) has a reasonable basis for doubting the validity of the signature on the Member Voting Document or the validity of the signatory's authority to sign on behalf of the Member; and
- (3) the Cooperative, and a Cooperative Member or Official, are not liable to a Member for accepting or rejecting a Member Voting Document as provided in this Bylaw.

Article 4 – Board of Directors

Section 4.1 – Director Districts. Based upon geographic, regional, population, membership, subdivision, economic development, permanent or full residency, seasonal or partial residency, or other equitable consideration determined by the Board, the Board may divide the general area in which the Cooperative Provides Cooperative Services ("Cooperative Service Area") into a number of districts between five and nine that equitably represent the individual Members ("Director Districts"). Director Districts should provide equitable representation on the Board from throughout the Cooperative Service Area.

If a Member Uses a Cooperative Service at Locations in more than one Director District, then (1) if the Member is an individual and resides within the Cooperative Service Area, the Member Uses a Cooperative Service at a Location in the Director District in which the Member resides; and (2) if the Member is an individual and does not reside within the Cooperative Service Area, or if the Member is an Entity, the Member Uses a Cooperative Service at a Location in the Director District in which the Member first Used, and continues to Use, a Cooperative Service.

Based upon geographic, regional, population, membership, subdivision, economic development, permanent or full residency, seasonal or partial residency, or other equitable consideration determined by the Board the Board may revise the Director Districts to ensure that the Director Districts equitably represent the individual Members. Within thirty days following a Director District revision, and at least thirty days before the next Annual Member Meeting, the Cooperative must notify, in writing or Electronically, Members affected by the Director District revision. Director District revisions are effective on the date the Cooperative releases written or Electronic notice of the Director District revision. A Director District revision may not increase an existing Director's Director Term; but may shorten a

Director's Director Term. If a Director District revision would result in two Directors from a new, single Director District, then the revision will take effect following a special election for Director of that Director District at the next Annual Meeting of the Members. The term of the Director elected at such special election shall be determined by the Board to reconcile with staggered Director terms.

Section 4.2 – Board. The Cooperative shall have a Board that equitably represents the Members and is composed of Members: (A) Residing within each Director District, if the Cooperative is utilizing Director Districts; and if not, within the Cooperative Service Area; (B) nominated by or from the Members Using a Cooperative Service at a Location within the Cooperative Service Area; and (C) elected by the Members Using a Cooperative Service at a Location within the Cooperative Service Area.

Except as otherwise provided in these Bylaws:

- (1) Cooperative powers must be exercised by the Board, or under the Board's authority;
- (2) Cooperative activities and affairs must be managed under the Board's direction and subject to the Board's oversight; and
- (3) the Board shall reasonably administer and enforce these Bylaws, or shall ensure that these Bylaws are reasonably administered and enforced.

To the extent the Governing Documents authorize a Person to exercise a power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

Section 4.3 – Director Qualifications. A Director or Director candidate must comply with this Bylaw. The Cooperative may conduct an investigation, or require information, to determine whether a Director or Director candidate complies with this Bylaw.

(a) General Director Qualifications. To become and remain a Director, a Person must comply with the following general qualifications ("General Director Qualifications"):

- (1) be an individual;
- (2) have the capacity to enter legally binding contracts;
- (3) be lawfully present in the United States of America;
- (4) not have been previously removed or disqualified as a Director;
- (5) while a Director, and during the five years immediately before becoming a Director, not be convicted of, or plead guilty to, a felony;
- (6) except as otherwise provided by the Board for good cause, receive a Credentialed Cooperative Director designation, Director's Certificate, or similar designation or certification from the National Rural Electric Cooperative Association within six years of becoming a Director;
- (7) before becoming a Director, graduate from high school or earn an equivalent degree or certification;
- (8) miss no more than three regular Board Meetings, unless excused by the Board for good cause, during any twelve (12) month period; and
- (9) comply with any other reasonable qualifications determined by the Board.

(b) Membership Director Qualifications. To become and remain a Director, an individual must comply with the following membership qualifications ("Membership Director Qualifications"):

- (1) while a Director and during the one year immediately before becoming a Director:
 - (A) be a Member and not commit a Suspension Reason, regardless of suspension;
 - (B) for at least nine months each calendar year reside, and Use a Cooperative Service, at the individual's driver's license residence within from which the Director is nominated or elected if the Cooperative is utilizing Director Districts; and if not, the Cooperative Service Area; and

- (2) while a Director, be a Member and not commit a Suspension Reason, regardless of suspension and before becoming a Director and while a Director, and during the one year immediately before becoming a Director:
 - (A) has not committed a Suspension Reason; and
 - (B) for at least nine months each calendar year Occupies and Uses a Cooperative Service at a Location within the Director District from which the Director is nominated or elected if the Cooperative is utilizing Director Districts; and if not, the Cooperative Service Area; and

- (3) Notwithstanding the foregoing, an individual who is not a Member but is a partner, member, shareholder or principal owning no less than ten percent (10%) in a Member Entity who is a Member may be Director; provided, however, that the individual must meet and comply with the General Director Qualifications, Membership Director Qualifications and Independence Director Qualifications as if the individual, and not the Member Entity through which the individual's directorship derives, is or were the Member. If Director Districts are utilized, the individual must reside in and Use a Cooperative Service, at the individual's driver's license residence, which must be in the same Director District as the Member Entity for Membership determination. For purposes of Section 4.3(b)(1)(A), the individual must have been a partner, member, shareholder or principal owning no less than ten percent (10%) in a Member Entity for at least one year prior to becoming a Director.

(c) Independence Director Qualifications. To become and remain a Director, an individual must comply with the following independence qualifications ("Independence Director Qualifications"):

- (1) while a Director and during the three years immediately before becoming a Director, not be an employee of the Cooperative or an employee of an entity controlled by the Cooperative or in which the Cooperative owns a majority interest ("Cooperative Subsidiary");
- (2) while a Director and during the one year immediately before becoming a Director, not be an employee of an entity in which the Cooperative is a member or owner ("Cooperative Affiliate");
- (3) while a Director and during the five year immediately before becoming a Director, not have been a director, officer, employee, or agent of a union or other entity representing, or seeking to represent, Cooperative employees regarding the terms and conditions of employment with the Cooperative;
- (4) while a Director, not receive or have a Close Relative that receives more than ten percent of annual gross income, other than insurance or Director compensation or retirement income, directly or indirectly from the Cooperative, a Cooperative Subsidiary, a Cooperative Affiliate, or an employee of the Cooperative or a Cooperative Subsidiary;
- (5) while a Director and during the one year immediately before becoming a Director, not advance or have a Close Relative that advances the individual's pecuniary interest by Providing a good or service similar to a good or service Provided by the Cooperative or a Cooperative Subsidiary or a Cooperative Affiliate;
- (6) while a Director, not be a Close Relative of a Director or Cooperative employee;
- (7) while a Director, not be employed by another Director or close relative of their Director, or be employed by, or receive more than ten percent of annual gross income from, an entity for which another Director controls, owns more than ten percent, or is a director or officer;
- (8) while a Director and during the five years immediately before becoming a Director, not be a party in a mediation, arbitration, lawsuit, or other legal action against or by the Cooperative or a Cooperative Subsidiary;
- (9) agree not to become an employee of the Cooperative or a Cooperative Subsidiary during the one year immediately after ceasing to be a Director; and
- (10) while a Director and during the one year immediately before becoming a Director, not be employed by, control, own more than ten percent of, serve as a director or officer of, or receive more than ten percent of annual gross income from an entity that:
 - (A) advances the entity's pecuniary interest by Providing a good or service similar to a good or service Provided by the Cooperative or Providing a good or service similar to a good or service Provided by a Cooperative Subsidiary or a Cooperative Affiliate within the same geographic area as the Cooperative Subsidiary or Cooperative Affiliate;
 - (B) employs more than five percent of Members;
 - (C) is a party in a mediation, arbitration, lawsuit, or other legal action against or by the Cooperative or a Cooperative Subsidiary; or

(D) receives more than ten percent of its annual gross income directly or indirectly from the Cooperative or a Cooperative Subsidiary or Cooperative Affiliate.

(d) Director Disqualification. After being elected, designated, or appointed, if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications") then, except as otherwise provided by the Board for good cause, the Board may by two-thirds vote disqualify the Director and the individual is no longer a Director if:

- (1) the Board notifies the Director in writing or Electronically of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and
- (2) within 10 days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.

Section 4.4 – Director Nominations. For each Director position nominated by or from Members Using a Cooperative Service at a Location within a Director District ("Nominating Members") and scheduled for election by Members at a Member Meeting, the Nominating Members or Members shall nominate individuals as provided in this Bylaw.

(a) Nominating Committee Nominations. At least forty-five days before the Member Meeting, the Board shall appoint a Committee consisting of at least two Nominating Members from each Director District ("Nominating Committee"). Nominating Committee members may not be an existing, or a Close Relative of an existing, Cooperative Official or known Director candidate.

At least thirty days before the Member Meeting at which Members are scheduled to elect Directors, the Nominating Committee shall:

- (1) Diligently and in good faith attempt to nominate at least two individuals to run for election for each Director position nominated by or from the Nominating Members and scheduled for election by Members at the Member Meeting ("Nominating Committee Nominations"); and
- (2) display the Nominating Committee Nominations at the Cooperative's principal office.

A failure by a Nominating Committee to nominate two individuals to run for election will not invalidate the election.

If, before the scheduled election, a Nominating Committee Nominee dies, becomes incapacitated, or ceases to be qualified to be a Director, then the Nominating Committee may nominate another individual. As determined by the Board, the Cooperative may reasonably compensate or reimburse Nominating Committee members.

(b) Member Petition Nominations. In addition to Nominating Committee Nominations, Nominating Members may nominate, through petition, individuals to run for election for a Director position scheduled for election by Members at the Member Meeting ("Member Petition Nominations"). Nominating Members make Member Petition Nominations by delivering to the Secretary at least twenty business days before the Member Meeting a writing for each Member Petition Nomination ("Member Petition"):

- (1) listing, on each page of the Member Petition, the name of the Member Petition Nominee;
- (2) indicating, on each page of the Member Petition, the Director position for which the Member Petition Nominee will run; and
- (3) containing the printed names, addresses, and telephone numbers, and original dated signatures signed within sixty days of the first signature, of at least ten Nominating Members.

After verifying that a Member Petition complies with this Bylaw, the Cooperative shall display the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.

(c) Nominations from the Floor. Nominating Members may not nominate at, or from the floor of, a Member Meeting an individual to run for election to a Director position scheduled for election at the Member Meeting. Write in candidacy is not permitted.

(d) Notice of Director Nominations. At least ten days before a Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall post on its webpage the:

- (1) director positions scheduled for election by Members;
- (2) names and corresponding Director positions of all Nominating Committee Nominations; and
- (3) names and corresponding Director positions of all Member Petition Nominations.

Section 4.5 – Director Elections. At each Member Meeting at which a Director position is scheduled for election by Members Using a Cooperative Service at a Location within the Cooperative Service Area (“Electing Members”), the Electing Members shall elect the Director from the Nominating Committee Nominations or Member Petition Nominations by a plurality of votes cast by Electing Members with a Member Quorum present in person or represented by Member Proxy or voting by Mail Ballot. In the case of a tie vote, the winner shall be determined by a flip of a coin with rules therefor determined by the individual presiding at the election. Electing Members may not vote for write-in candidates. As determined by the individual presiding at the Member Meeting, the number of votes received by each nominee will or will not be announced. If only one individual is nominated to run for election for a Director position scheduled for election by Members at the Member Meeting, then the individual presiding at the Member Meeting may announce that the nominated individual is elected by acclamation and no vote is required.

In campaigning or soliciting support for nomination or election as a Director, an individual shall comply with any reasonable rules, requirements, or procedures prescribed by the Board, which rules, requirements, and procedures must apply equally to all nominated individuals.

In campaigning or soliciting support for nomination or election as a Director, and unless offered and made equally available to any individual campaigning or soliciting support for nomination or election as a Director, an individual may not: (1) request or receive assistance, promotion, support, or endorsement from a Cooperative or Cooperative Subsidiary employee within the employee’s scope of employment; (2) request public support or endorsement from a Cooperative or Cooperative Subsidiary employee; or (3) use Cooperative resources, facilities, or assets.

Section 4.6 – Director Terms. Except as otherwise provided in these Bylaws, a Director’s term is three years or until a successor Director is elected, designated, or appointed (“Director Term”). A Director’s term begins: (1) after the individual consents to being elected, designated, or appointed as a Director; and (2) at the beginning of the first Board Meeting, including a reorganizational meeting held subsequent to the Annual Meeting of Members, held after the Director is elected, designated, or appointed. A Director’s term ends after: (1) a successor Director consents to being elected, designated, or appointed as a Director; and (2) at the beginning of the first Board Meeting, including a reorganizational meeting held subsequent to the Annual Meeting of Members, held after a successor Director is elected, designated, or appointed.

The Cooperative shall stagger Director Terms by dividing the total number of authorized Directors into groups of approximately equal number. Members must annually elect an approximately equal number of Directors. If a Director is not elected before or at the Annual Member Meeting immediately following the Member Meeting at which a Director election was scheduled, then the Director position becomes vacant. A Director’s term may be shortened, but not increased, as a result of a decrease in the number of Director’s Districts

Section 4.7 – Director Resignation. A Director may resign at any time. To resign, a Director must sign and deliver a written or Electronic notice of resignation to the Board, President, or Secretary. Except as a later date is otherwise provided in a written or Electronic notice of resignation, a Director’s resignation is effective when the Board, President, or Secretary receives the written or Electronic notice of resignation. If a Director’s resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director’s resignation, then the pending Director vacancy may be filled before the effective date of the Director’s resignation.

Section 4.8 – Director Removal. Except as otherwise provided in these Bylaws, the Board may remove a Director designated or appointed by the Board for any reason. As provided in this Bylaw, and for cause, the Members Using a Cooperative Service at a Location within the Cooperative Service Area (“Removing Members”) may remove a Director.

(a) Director Removal Petition. For a Director for whom removal is requested, the Removing Members must deliver to the President or Secretary a dated written petition (“Director Removal Petition”):

- (1) identifying the Director on each page;
- (2) explaining, on each page, the basis for the Director’s removal; and
- (3) as Removing Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty days following the Director Removal Petition date, of at least ten percent of the Removing Members.

Within thirty days after the President or Secretary receives a Director Removal Petition: (1) the Cooperative shall forward a copy of the Director Removal Petition to the implicated Director; and (2) the Board shall meet to review the Director Removal Petition.

(b) Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty days following the Board’s determination. Notice of the Member Meeting must state that: (1) a purpose of the Member Meeting is to consider removing a Director; and (2) evidence may be presented, and a Member vote taken, regarding removing the Director.

If a Member Quorum is present in person at the Member Meeting, then for the Director named in a Director Removal Petition:

- (1) before a Member vote, evidence must be presented supporting the basis for removing the Director;
- (2) the Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and
- (3) after the Director’s presentation and Member discussion, the Removing Members must vote whether to remove the Director.

If two-thirds of Removing Members present vote to remove the Director, then the Director is removed effective the time and date of the Member vote. A Director Removal Petition or Director removal does not affect a Board action. Members may not vote to remove a Director by Member Written Consent, Mail Ballot or Member Proxy.

Removing Members may not remove a Director for lawfully opposing a Transfer of Cooperative Assets or a Cooperative dissolution.

If a Director is removed, that Director position becomes vacant.

Section 4.9 – Director Vacancy. Except as otherwise provided in these Bylaws:

- (1) by an affirmative vote of the majority of remaining Directors, the Board may fill a vacant Director position, including a vacant Director position resulting from increasing the number of Directors; and
- (2) a Director elected, designated, or appointed by the Board to fill a vacant Director position serves the unexpired Director Term of the vacant Director position until the next Annual Member Meeting, at which time the Members must elect a new Director to fill the unexpired Director Term of the previously vacant Director position.

If a Director vacancy will occur at a later specified date, then the Board may fill the vacancy before the vacancy occurs and the new Director takes office when the vacancy occurs. An individual elected, designated, or appointed to fill a vacant Director position must comply with the Director Qualifications. Except as otherwise provided in these

Bylaws, and as used in this Bylaw, “vacant Director position” and “Director vacancy” do not include Director positions vacated due to an expired Director Term.

Section 4.10 – Director Compensation. A Director is not an employee of the Cooperative. As determined or approved by the Board, however, the Cooperative may reasonably reimburse, compensate, pay a salary to, or provide insurance or other benefits to Directors. The Board must determine or approve the manner, method, and amount of any Director reimbursement, compensation, salary, or benefits.

Section 4.11 – Director Conduct. A Director shall discharge the Director’s duties in accordance with Minnesota Statute §308A.328.

Section 4.12 – Close Relative. The term “Close Relative” means an individual who:

- (1) through blood, law, or marriage, is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law; or
- (2) resides in the same residence (collectively, “Close Relative”).

An individual qualified and elected, designated, or appointed to a position does not become a Close Relative while serving in the position because of a marriage or legal action to which the individual was not a party.

Article 5 – Board Meetings and Director Voting

Section 5.1 – Regular Board Meetings. The Board shall regularly meet at the date, time, and location determined by the Board (“Regular Board Meeting”). Except as otherwise provided in these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of a Regular Board Meeting. A Director not attending a Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change at least five days before the next Regular Board Meeting. All Directors are entitled to receive notice of a President’s change in a Regular Board Meeting date, time, or location at least five days before the changed Regular Board Meeting.

Section 5.2 – Special Board Meetings. The Board, the President, or at least three Directors may call a special meeting of the Board (“Special Board Meeting”) by providing each Director at least five days’ prior written, oral, or Electronic notice indicating the date, time, and location and purpose of the Special Board Meeting.

Section 5.3 – Conduct of Board Meetings. Except as otherwise provided in these Bylaws, a Regular Board Meeting or Special Board Meeting (“Board Meeting”) may be:

- (1) held in, or out of, a state in which the Cooperative Provides a Cooperative Service; and
- (2) conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting.

If a Director Quorum is present at a Board Meeting, then:

- (1) in descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary, and Treasurer; and
- (2) if no Officer is present or desires to preside at a Board Meeting, then the Directors attending the Board Meeting must elect a Director to preside over the Board Meeting.

The Board may promulgate or approve rules, policies, and procedures regarding:

- (1) attendance at, participation in, or presentation during Board Meetings by Persons other than Directors;
- (2) the right to access, inspect, or copy minutes, records, or other documents relating to a Board Meeting by Persons other than Directors; or

- (3) the conduct of Board Meetings.

If approved by the Board, Members and non-Members may attend Board Meetings.

Section 5.4 – Waiver of Board Meeting Notice. At any time before, during, or after a Board Meeting, a Director may waive notice of a Board Meeting by delivering to the Cooperative a written or Electronic waiver of notice signed by the Director and later filed with the Board Meeting minutes or the Cooperative’s records. A Director’s attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting, unless the Director:

- (1) at the beginning of the Board Meeting, objects to holding or transacting business at the Board Meeting because the meeting is not lawfully called or convenes; and
- (2) does not participate thereafter in the meeting.

Section 5.5 – Director Quorum and Voting. A quorum of Directors is a majority of the Directors in office immediately before a Board Meeting begins (“Director Quorum”). If a Director Quorum is present when a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, then the affirmative vote of a majority of Directors voting is the act of the Board. An interested Director is not counted in determining whether a Director Quorum is present to vote or act upon a matter in which the Director is interested.

Section 5.6 – Committees. The Board may create a committee of the Board (“Board Committee”) and appoint Directors to serve on the Board Committee. A Board Committee must consist of two or more Directors and serves at the Board’s discretion. The Board may create a committee of the Members (“Member Committee”) and appoint Members, including Directors, to serve on the Member Committee. The Board may appoint one or more Directors or Members, respectively, as alternate members of any Board or Member Committee to replace any absent or disqualified Committee member during the Committee member’s absence or disqualification. The Board may create a special litigation committee (“Special Litigation Committee”) and appoint one or more committee members who may be, but need not be, Directors or Members.

(a) Creation and Appointment of Committees. Except as otherwise provided in these Bylaws, at least a majority of Directors currently in office must approve the: (1) creation of a Board Committee or Member Committee; (2) appointment of Directors to a Board Committee; and (3) appointment of Members to a Member Committee.

(b) Conduct of Committee Meetings. To the same extent as the Board and Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees, and to Member Committees and Members serving on Member Committees.

(c) Committee Authority. A Member Committee may act as specified by the Board, but may not exercise Board authority. Except as otherwise provided in this Bylaw, the Board may authorize a Board Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act, to: (1) retire and pay Capital Credits; (2) approve the Cooperative’s dissolution or merger, or the sale, pledge, or Transfer of all, or substantially all, Cooperative Assets; (3) elect, appoint, disqualify, or remove a Director, or fill a Board or Board Committee vacancy; or (4) adopt, amend, or repeal Bylaws.

Section 5.7 – Audit. The Board shall establish procedures for: (1) the receipt, retention, and treatment of complaints received by the Cooperative regarding accounting, internal accounting controls, or auditing matters; and (2) the confidential, anonymous submission by employees of the Cooperative of concerns regarding questionable accounting or auditing matters. The Board may engage independent counsel and other advisers, as it determines necessary to carry out its duties.

The Cooperative shall provide for appropriate funding, as determined by the Board for compensating: (1) the registered public accounting firm employed by the Cooperative for the purpose of rendering or issuing an audit report; and (2) any advisers employed by the Board.

Section 5.8 – Conflict of Interest Transaction. A conflict of interest transaction is a contract or transaction with the Cooperative in which a Director has a direct or indirect interest (“Conflict of Interest Transaction”).

(a) Indirect Interest. A Director has an indirect interest in a contract or transaction with the Cooperative if at least one party to the contract or transaction is another Entity: (1) in which the Director has a material or financial interest, or is a general partner; or (2) of which the Director is a director, officer, or trustee.

(b) Approval of Conflict of Interest Transaction. Regardless of the presence or vote of a Director interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and a Board Quorum or Member Quorum satisfied, if the material facts regarding the Conflict of Interest Transaction and the Director’s interest, are:

- (1) disclosed or known to the Board or Board Committee, and a majority of more than one Director or Board Committee member with no interest in the Conflict of Interest Transaction votes in good faith to approve the Conflict of Interest Transaction; or
- (2) disclosed or known to the Members, and a majority of Members not voting under the control of a Director or Entity interested in the Conflict of Interest Transaction votes in good faith to approve the Conflict of Interest Transaction.

(c) Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is approved pursuant to this Bylaw, or that is fair to the Cooperative when entered or approved pursuant to this Bylaw, is not, solely by reason of being a Conflict of Interest Transaction: (1) void or voidable; or (2) the basis for imposing liability on a Director interested in the Conflict of Interest Transaction.

Article 6 – Officers, Indemnification, and Insurance

Section 6.1 – Required Officers. The Cooperative must have the following officers: President, Vice-President, Secretary, and Treasurer (“Required Officers”). The Board shall elect Required Officers: (1) at the reorganizational meeting immediately after the Annual Member Meeting and if not possible or convenient, then at the first Regular Board Meeting following the Annual Member Meeting; (2) by affirmative vote of a majority of Directors in office; and (3) by secret written ballot without prior nomination.

A Required Officer must be a Director. One Director may simultaneously be Secretary and Treasurer. Except as otherwise provided by Law, this Director may not execute, acknowledge, or verify a document in more than one capacity. Subject to removal by the Board, a Required Officer holds office until the Required Officer’s successor is elected. The Board shall fill a vacant Required Officer’s position for the unexpired portion of the Required Officer’s term. A Required Officer may delegate duties and responsibilities to a non-Director Cooperative Official.

Section 6.2 – President. Except as otherwise provided by the Board or these Bylaws, the President:

- (1) shall preside, or designate another individual to preside, at all Board and Member Meetings;
- (2) on the Cooperative’s behalf, may sign a document properly authorized or approved by the Board or Members; and
- (3) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.3 – Vice-President. Except as otherwise provided by the Board or these Bylaws, the Vice-President: (1) upon the President’s death, absence, disability, improper refusal, or inability to act, shall perform the duties, and have the powers, of the President; and (2) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.4 – Secretary. Except as otherwise provided by the Board or these Bylaws, the Secretary:

- (1) shall be responsible for preparing, or supervising the preparation of, minutes of Board and Member Meetings;

- (2) shall be responsible for maintaining and authenticating the Cooperative's records;
- (3) may affix the Cooperative's seal to a document authorized or approved by the Board or Members; and
- (4) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.5 – Treasurer. Except as otherwise provided by the Board or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

Section 6.6 – Officer Resignation and Removal. At any time, a Required Officer (collectively, “Officer” or “Cooperative Officer”) may resign. To resign, an Officer elected or appointed by the Board must deliver to the Board an oral or written or Electronic resignation. Except as a later effective date is otherwise provided in the Officer resignation, an Officer resignation is effective when received. If an Officer resignation states a future effective date, and if, as appropriate, the Board accepts the future effective date, then, as appropriate, the Board may fill the vacant Officer position before the future effective date, but the successor Officer may not take office until the future effective date.

At any time, the Board may remove for any reason an Officer elected or appointed by the Board.

Section 6.7 – Officer Standard of Conduct. An Officer shall discharge the Officer's duties: (1) in good faith; (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) in a manner the Officer reasonably believes to be in the Cooperative's best interests.

An Officer shall: (1) inform the Board, or the superior Officer or Board Committee to whom or which the Officer reports, of information regarding the Cooperative's affairs known to the Officer, within the scope of the Officer's duties and functions, and known to the Officer to be material to the superior Officer or Board; and (2) inform the Board, the superior Officer to whom the Officer reports, or another appropriate person within Cooperative of any actual or probable material violation of law involving the Cooperative, or material breach of duty to the Cooperative by a Cooperative Officer, employee, or agent, that the Officer believes has occurred or is likely to occur.

Section 6.8 – Officer Contract Rights. The election, appointment, retention, or employment of an Officer, by itself, does not create a contract between the Cooperative and the Officer. An Officer's resignation or removal does not affect the Cooperative's contract rights, if any, with the Officer.

Section 6.9 – Authority to Execute Documents. On the Cooperative's behalf, two Required Officers may sign, execute, and acknowledge a document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Officials to sign, execute, and acknowledge a document on the Cooperative's behalf.

Section 6.10 – Officer Compensation. Except as otherwise provided by the Board or in a Bylaw addressing Director compensation, reimbursement, salaries, or benefits, the Cooperative may reasonably compensate, reimburse, pay a salary to, or provide insurance or other benefits to, an Officer.

Section 6.11 – Bonds. At the Cooperative's expense, the Cooperative may purchase a bond covering a Cooperative Official.

Section 6.12 – Indemnification. As determined by the Board:

(a) Indemnification Director or Officer. The Cooperative shall indemnify: (1) an individual who is or was a Director or Officer; (2) an individual who, while a Director or Officer, is or was serving at the Cooperative's request as a director, officer, partner, trustee, employee, or agent of another Entity; or (3) the estate or personal representative of such an individual (collectively, “Indemnification Director or Officer”) who was successful, on the merits or otherwise, in defending a threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal (“Indemnification Proceeding”) to which the Indemnification Director or Officer was, is, or is threatened to be made a named defendant or respondent (“Indemnification Party”) because the Indemnification Director or Officer is or was a Director or Officer.

This indemnification is against reasonable expenses, including attorney fees (“Indemnification Expenses”) actually incurred by the Indemnification Director or Officer in connection with the Indemnification Proceeding.

(b) Indemnification Individual. The Cooperative may indemnify an individual who is or was a Cooperative Official (“Indemnification Individual”) and was made, because the Indemnification Individual is or was a Cooperative Official, an Indemnification Party to an Indemnification Proceeding other than an Indemnification Proceeding: (1) by or in the right of the Cooperative in which the Indemnification Individual was adjudged liable to the Cooperative; or (2) charging, and in which the Indemnification Individual was adjudged liable for receiving, improper personal benefit, whether or not involving action in the Indemnification Individual’s official capacity.

This indemnification is against reasonable Indemnification Expenses incurred in connection with an Indemnification Proceeding by or in the right of the Cooperative; or against the obligation to pay a judgment, settlement, penalty, fine, or reasonable expense, including attorney fees, actually incurred in connection with any other Indemnification Proceeding, if the Indemnification Individual:

- (1) acted in good faith;
- (2) reasonably believed: (A) for conduct as a Cooperative Official, that the Indemnification Individual’s conduct was in the Cooperative’s best interest; and (B) for all other conduct, that the Indemnification Individual’s conduct was not opposed to the Cooperative’s best interests; and
- (3) in the case of any criminal Indemnification Proceeding, had no reasonable cause to believe the Indemnification Individual’s conduct was unlawful (collectively, “Indemnification Standard of Conduct”)

To provide this indemnification, a majority vote of the Director Quorum, excluding Directors currently Indemnification Parties to the Indemnification Proceeding (“Indemnification Director Quorum”), must determine: (1) that the Indemnification Individual met the Indemnification Standard of Conduct; and (2) reasonable Indemnification Expenses.

(c) Advance for Expenses. Before the final disposition of an Indemnification Proceeding, the Cooperative may pay for, or reimburse, the reasonable Indemnification Expenses incurred by an Indemnification Director, Officer, or Individual who is an Indemnification Party to the Indemnification Proceeding (“Indemnification Advance”) if:

- (1) the Indemnification Director, Officer, or Individual furnishes the Cooperative a written or Electronic: (A) affirmation of the Indemnification Director, Officer, or Individual’s good faith belief that the Indemnification Director, Officer, or Individual has met the Indemnification Standard of Conduct; and (B) unlimited general obligation of the Indemnification Director, Officer, or Individual, which need not be secured, may be accepted without reference to financial ability to repay, may be executed personally or on the Indemnification Director, Officer, or Individual’s behalf, and obligates the Indemnification Director, Officer, or Individual to repay the Indemnification Advance if a majority of the Indemnification Director Quorum ultimately determines that the Indemnification Director, Officer, or Individual did not meet the Indemnification Standard of Conduct; and
- (2) a majority of the Indemnification Director Quorum determines that the facts then known to them would not preclude indemnification for the Indemnification Director, Officer, or Individual under this Bylaw.

Section 6.13 – Insurance. Regardless of indemnification authority or requirement, the Cooperative may purchase and maintain insurance on behalf of an individual who is or was a Cooperative Official. This insurance is against a liability, including judgment, settlement, or otherwise, or reasonable expenses, including reasonable attorney fees, asserted against or incurred by the Cooperative or the individual in his or her individual capacity, or arising from the individual’s status, as a Cooperative Official.

Article 7 – Cooperative Operation

Section 7.1 – Nonprofit and Cooperative Operation. The Cooperative: (1) shall operate on a nonprofit and cooperative basis for the mutual benefit of all Members; and (2) may not pay interest or dividends on capital furnished by Patrons.

Section 7.2 – Allocating Capital Credits. The Cooperative shall allocate Capital Credits as provided in this Bylaw. The Cooperative must allocate Capital Credits in a Patron’s name as shown in the Cooperative’s records, regardless of the Patron’s marital status.

(a) Patron. The term “Patron” means, during a fiscal year, a Member to whom the Cooperative is obligated to allocate Capital Credits, which obligation existed before the Cooperative received payment for the Cooperative Service.

(b) Allocating Earnings. For each Cooperative Service Provided during a fiscal year, the Cooperative shall equitably allocate to each Patron, in proportion to the quantity or value of the Cooperative Service Used by the Patron during the fiscal year, and timely paid for by the Patron, the Cooperative’s patronage earnings from Providing the Cooperative Service during the fiscal year. Patronage earnings mean the amount by which the Cooperative’s patronage sourced revenues from Providing a Cooperative Service exceed the Cooperative’s patronage sourced expenses of Providing the Cooperative Service, all as determined under federal cooperative tax law.

For each fiscal year, the Cooperative shall allocate to each Patron, in proportion to the quantity or value of Cooperative Services Used by the Patron during the fiscal year may, as determined by the Board, use, retain, or equitably allocate the Cooperative’s nonpatronage earnings. Nonpatronage earnings mean the amount by which the Cooperative’s nonpatronage sourced revenues during a fiscal year exceed the Cooperative’s nonpatronage sourced expenses during the fiscal year, less any amount needed to offset a patronage loss.

(c) Capital Credits. For each amount allocated to a Patron, the Patron shall contribute a corresponding amount to the Cooperative as capital. The Cooperative must credit all capital contributions from a Patron to a capital account for the Patron. The Cooperative shall maintain books and records reflecting the capital contributed by each Patron. At the time of receipt by the Cooperative, each capital contribution is treated as though the Cooperative paid the amount allocated to the Patron in cash pursuant to a pre-existing legal obligation and the Patron contributed the corresponding amount to the Cooperative as capital. The term “Capital Credits” means the amounts allocated to a Patron and contributed by the Patron to the Cooperative as capital.

Consistent with this Bylaw, the allocation of Capital Credits is in the discretion of the Board and the Board must determine the manner, method, and timing of allocating Capital Credits. The Cooperative may use or invest unretired Capital Credits as determined by the Board. To secure a Patron’s obligation to pay amounts owed to the Cooperative, including any compounded interest and late payment fee, and in return for the Cooperative providing a Cooperative Service to the Patron, the Cooperative has a security interest in Capital Credits allocated to the Patron. Through a security agreement signed or authenticated by a Patron, the Patron may grant the Cooperative a security interest in Capital Credits allocated to the Patron and authorize the Cooperative to perfect the security interest.

(d) Different and Separate Allocations. As reasonable and fair, the Cooperative may allocate Capital Credits to classes of similarly situated Patrons under different manners, methods, and timing, provided the Cooperative allocates Capital Credits to similarly situated Patrons under the same manner, method, and timing. If the Cooperative is a member, patron, or owner of an Entity from which the Cooperative Uses a good or service in Providing a Cooperative Service and from which the Cooperative is allocated a capital credit or similar amount, then, as determined by the Board and consistent with this Bylaw, the Cooperative may separately identify and allocate to the Cooperative’s Patrons this capital credit or similar amount allocated by the Entity.

(e) Joint Memberships. Upon receiving written notice and sufficient proof of the termination, conversion, or alteration of a Joint Membership: (1) through the death of a Joint Member, the Cooperative shall assign and transfer to each surviving Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership; or (2) other than through the death of a Joint Member, and except as otherwise provided by a court or administrative body of competent jurisdiction, and except as otherwise provided by the Joint Members, the Cooperative shall assign and transfer to each Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership.

Section 7.3 – Notification and Assignment of Capital Credits. Within eight and one-half months after the end of each fiscal year, the Cooperative shall notify each Patron in writing or Electronically of the stated dollar amount of Capital Credits allocated to the Patron for the preceding fiscal year.

Except as otherwise provided by the Board or these Bylaws, to assign or transfer a Patron's Capital Credits: (1) the Cooperative must receive a written request signed by the Patron to assign or transfer the Capital Credits; (2) the Patron and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and (3) the Board must approve the assignment or transfer. Except as otherwise ordered by a court or instructed by a deceased individual Patron's legal representative, the Cooperative may assign or transfer the Patron's Capital Credits to a Close Relative Using a Cooperative Service at the Location previously Occupied by the Patron. Except as otherwise ordered by a court or instructed by a dissolved or liquidated Entity Patron's legal representative, the Cooperative may assign or transfer the Patron's Capital Credits to the Patron's owners based upon ownership. Except as otherwise ordered by a court or instructed by a dissolved, liquated, sold, or transferred Entity Patron's legal representative, the Cooperative may assign or transfer the Patron's Capital Credits to the successor Entity.

Section 7.4 – Retiring Capital Credits. The Cooperative may retire and pay Capital Credits allocated to Patrons and former Patrons as provided in this Bylaw. If the Cooperative retires and pays Capital Credits, then the Cooperative must retire and pay Capital Credits in a Patron's name as shown in the Cooperative's records, regardless of the Patron's marital status. If the Cooperative mails a retired Capital Credit payment, then the Cooperative shall mail the payment to the Patron or former Patron's address as shown in the Cooperative's records.

(a) General Capital Credit Retirements. At any time before the Cooperative's dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay some or all Capital Credits allocated to Patrons and former Patrons.

(b) Special Capital Credit Retirements. The Cooperative may specially retire and pay some or all Capital Credits allocated to an Entity Patron or former Entity Patron: (1) during or after the Entity's dissolution, liquidation, or other cessation of existence; (2) after receiving a written or Electronic request from the Entity or the Entity's legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the Entity or the Entity's legal representative.

(c) Capital Credit Recoupment and Offset. Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by the Patron or former Patron, including any compounded interest and late payment fee, by reducing the allocated or net present value amount of retired Capital Credits paid to the Patron or former Patron by the amount owed to the Cooperative.

(d) Capital Credit Retirement Discretion. The Cooperative may retire and pay Capital Credits only if the Board determines that the retirement and payment will not adversely impact the Cooperative's financial condition. Consistent with this Bylaw, the retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments. The manner, method, and timing of retiring and paying Capital Credits may be determined only by the Board.

(e) Different and Separate Capital Credit Retirements. As reasonable and fair, the Cooperative may retire and pay Capital Credits to classes of similarly situated Patrons and former Patrons under different manners, methods, and timing, provided the Cooperative retires and pays Capital Credits to similarly situated Patrons and former Patrons under the same manner, method, and timing. If the Cooperative separately identified and allocated Capital Credits representing capital credits or similar amounts allocated to the Cooperative by an Entity in which the Cooperative is or was a member, patron, or owner, then the Cooperative may retire and pay these Capital Credits before or after the Entity retires and pays the capital credits or similar amounts to the Cooperative.

(f) Discounted Capital Credit Payments. As determined by the Board, before the time the Cooperative anticipates normally retiring and paying Capital Credits, the Cooperative may retire some or all Capital Credits and pay the net present value of the retired Capital Credits. If the Cooperative retires and pays the net present value of Capital

Credits to a Patron or former Patron before the time the Cooperative anticipates normally retiring and paying the Capital Credits, then the amount of Capital Credits not paid must be used or retained as permanent, unallocated equity.

(g) Unclaimed Capital Credits. The Cooperative may regularly impose a reasonable dormancy or service charge for each year a Patron or former Patron fails to claim Capital Credits retired and paid to the Patron or former Patron. Notwithstanding the provisions of Minnesota Statutes §345.43 and any successor statute thereto, the Cooperative may, in lieu of paying or delivering to the Commissioner of Commerce the Unclaimed Capital Credits specified in its reports of unclaimed property, distribute the unclaimed property to the Brown County Rural Electric Trust or any successor thereto, meeting the specifications of Minnesota Statutes §345.43, subdivision 1.

Section 7.5 – Patron Agreement. Each Patron and former Patron agrees that:

- (1) Capital Credits are not securities under state or federal Law;
- (2) The Patron’s right to Capital Credits vests, accrues, becomes redeemable, and becomes payable only upon the Cooperative retiring the Capital Credits as provided in these Bylaws, and not upon the Cooperative allocating the Capital Credits; and
- (3) As required by Law, each Patron will: (A) report to the appropriate Entity all allocated or retired Capital Credits; and (B) pay the appropriate Entity any tax or similar amount on allocated or retired Capital Credits.

Section 7.6 – Non-Member Non-Patrons. Except as otherwise provided by the Board:

- (1) To the same extent as a Member, a Person Using a Cooperative Service who is not a Member or Patron (“Non-Member Non-Patron”) must abide by and be bound to the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members;
- (2) A Non-Member former Patron has none of the rights granted by the Governing Documents to Members, other than the rights to: (A) be allocated Capital Credits; and (B) be paid retired Capital Credits; and
- (3) A Non-Member Non-Patron has none of the rights granted by the Governing Documents to Members.

Section 7.7 – Reasonable Reserves. Regardless of a contrary Bylaw, and to meet the Cooperative’s reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses (“Reasonable Reserves”). The Cooperative must keep records necessary to determine, at any time, each Member’s rights and interest in Reasonable Reserves.

Article 8 – Disposition of Cooperative Assets

Section 8.1 – Transfer of Cooperative Assets. Except for a sale, lease, exchange, disposition, conversion, or other transfer (“Transfer”) of Cooperative Assets: (1) to secure indebtedness; (2) pursuant to condemnation or threat of condemnation; (3) pursuant to an existing legal obligation; (4) associated with a Consolidation or Merger; (5) consisting of the Cooperative’s ownership in an Entity; (6) to an Entity operating on a cooperative basis and Providing electric energy; or (7) to a Cooperative Subsidiary, the Cooperative may Transfer, including Transfer as part of a dissolution or liquidation, all or substantially all the Cooperative’s Assets only if:

- (1) At the expense of the Person seeking to purchase, lease, or acquire the Cooperative’s Assets, the Board appoints three independent appraisers, each of whom, within a reasonable time of appointment, evaluates and renders an appraisal valuing the Cooperative’s Assets specified in the proposed Transfer (“Appraisal”);
- (2) The Person seeking to purchase, lease, or acquire the Cooperative’s Assets provides to the Cooperative any information requested by the Cooperative;
- (3) Within a reasonable time of receiving the Appraisals, the Cooperative invites any other Entity operating on a cooperative basis, Providing electric energy, and primarily located within the same state as, or within a state adjacent to, the state in which the Cooperative is primarily located, to submit proposals to purchase, lease, or acquire the Cooperative’s Assets specified in the proposed Transfer, or to Merge or Consolidate with the Cooperative;
- (4) The Board approves the proposed Transfer;
- (5) Other than by Member Written Consent or Mail Ballot, at least two-thirds of the Total Membership approves the proposed Transfer;

- (6) Notice of a Member Meeting at which Members will consider the proposed Transfer states that one of the purposes of the Member Meeting is to consider the Transfer, and includes a copy or summary of the proposed Transfer;
- (7) No Director will benefit from the Transfer, financially or otherwise, in a manner unrelated to the Director's membership interest different from other Members;
- (8) Except for a Transfer to an Entity operating on a cooperative basis and Providing electric energy, all allocated Capital Credits are retired and paid at full and nondiscounted value; and
- (9) The Cooperative allocates Capital Credits to Members and others holding Capital Credits in proportion to said Capital Credits any consideration received for the Cooperative's Assets that exceeds the amount paid for the Cooperative Assets.

Except as otherwise provided by the Members, after the Members approve a Transfer, the Board may abandon the Transfer. To secure indebtedness by the Cooperative, the Board may Transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative Asset. As used in this Bylaw, a Transfer includes the conversion of the Cooperative to another form of business.

Section 8.2 – Merger or Consolidation. The Cooperative may consolidate or merge only with an Entity operating on a cooperative basis that Provides a Cooperative Service ("Consolidate or Merge"). To Consolidate or Merge, the Cooperative must comply with this Bylaw.

(a) Board Approval. To Consolidate or Merge, the Board must approve an agreement or plan to Consolidate or Merge ("Consolidation or Merger Agreement") stating the:

- (1) terms and conditions of the Consolidation or Merger;
- (2) name of each Entity Consolidating or Merging with the Cooperative;
- (3) name of the new or surviving Consolidated or Merged Entity ("New Entity");
- (4) manner and basis, if any, of converting memberships or ownership rights of each Consolidating or Merging Entity into memberships or ownership rights of, or payments from, the New Entity;
- (5) number of directors of the New Entity,
- (6) names of New Entity directors who will serve until the New Entity's first annual meeting; and
- (7) other information required by Law.

(b) Member Approval. To Consolidate or Merge: after the Board approves a Consolidation or Merger Agreement, two-thirds of the Total Membership must approve the Consolidation or Merger Agreement. Members may approve the Consolidation or Merger Agreement by Mail Ballot.

(c) Notice. The Cooperative shall notify Directors of a Board Meeting, and Members of a Member Meeting, at which Directors or Members may consider a Consolidation or Merger Agreement. This notice must contain, or be accompanied by, a full text of the Consolidation or Merger Agreement and the time and place of the meeting at which the plan will be considered.

(d) Other Requirements. The New Entity directors named in the Consolidation or Merger Agreement must sign and file articles of Consolidation or Merger in a manner, and stating the information, required by Law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by Law. After a Consolidation or Merger Agreement is approved, and before articles of Consolidation or Merger are filed, the Board or Members may abandon the Consolidation or Merger.

Section 8.3 – Distribution of Cooperative Assets Upon Dissolution. Upon the Cooperative's dissolution: (1) the Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities; (2) the Cooperative shall retire and pay all Capital Credits allocated to Patrons and former Patrons; and (3) after paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities, and after retiring and paying all Capital Credits, and to the extent practical:

- (A) the Cooperative shall first distribute gains from selling an appreciated Cooperative Asset to Members and former Members who Used Cooperative Services during the period in which the Cooperative owned the Cooperative

- Asset in proportion to the value or quantity of Cooperative Services Used by the Member or former Member during the period the Cooperative owned the Cooperative Asset;
- (B) the Cooperative shall then distribute nonoperating earnings used by the Cooperative as permanent, unallocated equity to Members who Used Cooperative Services during the period in which the Cooperative received the earnings in proportion to the value or quantity of Cooperative Services Used by the Member during the period the Cooperative received the earnings; and
 - (C) the Cooperative shall then pay or distribute any remaining Cooperative Assets, and any amounts received from selling any remaining Cooperative Assets, to the Members and former Members in proportion to the value or quantity of Capital Credits before the Cooperative's dissolution.

Article 9 – Miscellaneous

Section 9.1 – Electronic Documents and Actions. If a Member or Director owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, regardless of a contrary Bylaw, as determined by the Board, and as allowed by Law:

- (1) the Member or Director consents and agrees to: (A) use, accept, send, receive, and transmit an Electronic signature, contract, record, notice, vote, communication, comment, and other document regarding an action, transaction, business, meeting, or activity with, for, or involving the Cooperative (“Electronic Document”); (B) Electronically conduct an action, transaction, business, meeting, or activity with, for, or involving the Cooperative; and (C) Electronically give or confirm this consent and agreement;
- (2) an Electronic Document sent or transmitted to, or received or transmitted from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, comment, or other document be in writing;
- (3) Electronically sending or transmitting an Electronic Document to, or receiving or transmitting an Electronic Document from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, comment, or other document be sent or received personally or by mail; and
- (4) the Member or Director Electronically taking an action provided in these Bylaws satisfies a requirement imposed by the Governing Documents regarding the form or manner of taking the action.

Except as otherwise provided in these Bylaws, an Electronic Document Electronically sent or transmitted to a Member or Director or former Member at the Member or Director or former Member's last known Electronic address is considered sent, received, transmitted, and effective on the date sent by the Cooperative. An Electronic Document Electronically received or transmitted from a Member or Director or former Member is considered sent, received, transmitted, and effective on the date received by the Cooperative.

As used in these Bylaws, subject to the context requiring otherwise, and as determined by the Board:

- (1) “Electronic” and “Electronically” mean relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
- (2) To sign an Electronic Document means, with present intent to authenticate or adopt the Electronic Document, to attach to, or logically associate with, the Electronic Document an Electronic sound, symbol, or process; and
- (3) Electronic transmission includes transmission through: (A) Electronic mail; (B) the Cooperative's website; or (C) a website or information processing system that the Cooperative has designated or uses to send, receive, or transmit Electronic Documents or Electronic information, or to Electronically conduct an action, transaction, business, meeting, or activity.

Section 9.2 – Bylaw Amendment. Except as otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed (“Amended”) only by the vote of a majority of Members voting at a Member Meeting. Except as otherwise provided in a Bylaw Amendment, the Amendment is effective immediately after the vote approving the Amendment. The Cooperative must notify Members of Amended Bylaws.

- (a) Sponsorship of Bylaw Amendment. The Board may sponsor or propose a Bylaw Amendment. Except as otherwise provided by the Board, Members may sponsor or propose a Bylaw Amendment. Except as otherwise

provided by the Board, to be considered at a Member Meeting, a Bylaw Amendment sponsored or proposed by Members must be:

- (1) sponsored by, and accompanied by a dated petition containing the printed names, addresses, and original dated signatures obtained within sixty days of the petition date for, at least ten percent of the Total Membership entitled to vote on the Bylaw Amendment;
- (2) delivered to, and received by, the Cooperative at least 60 business days before the Member Meeting at which the Members will consider the proposed Bylaw Amendment;
- (3) after review by the Board, determined lawful and approved by the Board; and
- (4) not altered or modified after delivery to the Cooperative.

(b) Notice of Bylaw Amendment. Notice of a Member Meeting at which Members will consider a proposed Bylaw Amendment must: (1) state that the purpose, or one of the purposes, of the Member Meeting is to consider the proposed Bylaw Amendment; and (2) contain, or be accompanied by, a copy or summary of the proposed Bylaw Amendment. After notice of a proposed Bylaw Amendment, the proposed Bylaw Amendment may not be amended to increase the Amendment or to propose a new Amendment. If Members may vote on a proposed Bylaw Amendment by Mail Ballot with Member Meeting, then the proposed Bylaw Amendment may not be amended at the Member Meeting.

Section 9.3 – Rules of Order. The Board at any time, may adopt special rules of order or parliamentary procedure.

Section 9.4 – Fiscal Year. The Board may determine and modify the Cooperative's fiscal year. Except as otherwise provided by the Board, the Cooperative's fiscal year is the calendar year.

Section 9.5 – Notice and Communication. In these Bylaws:

(a) Notice and Communication Type. Except as otherwise provided in these Bylaws, a notice or communication may be: (1) oral or written or Electronic; and (2) communicated: (A) in person; (B) by telephone, telegraph, teletype, facsimile, Electronic communication or transmission, or other form of wire or wireless communication; (C) by mail or private carrier; or (D) if the above-listed forms of communicating are impractical, then by newspaper of general circulation in the area where published, or radio, television, or other form of public broadcast communication.

If addressed or delivered or transmitted to an address shown in the Membership List or Cooperative records, then a written or Electronic notice, communication, or report delivered or transmitted as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written or Electronic notice, communication, or report to all Members: (1) residing at the address; or (2) having the same address shown in the Membership List or Cooperative records.

(b) Notice and Communication Effective Date. Except as otherwise provided in these Bylaws:

- (1) an oral notice or communication is effective when communicated, if communicated in a comprehensible manner; and
- (2) a written notice or communication is effective upon the earliest of: (A) when received; (B) with the postmark evidencing deposit in the United States Mail, and if correctly addressed and mailed with first class postage affixed, then five days after deposit in the United States Mail, or if correctly addressed and mailed with other than first class, registered, or certified postage affixed, then thirty days after deposit in the United States Mail; or (C) if sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

A written notice or communication is correctly addressed to a Member if addressed to the Member's address shown in the Membership List.

If: (1) the Cooperative sends or transmits two written or Electronic notices or communications to a former Member or former Patron at the address shown in the Cooperative's records; (2) both notices or communications are sent or transmitted to the same address; and (3) both notices or communications are returned to the Cooperative as undeliverable or the Cooperative is informed that neither notice or communication was deliverable, then, until the Cooperative receives a different address from the former Member or former Patron, the Cooperative is not required to send or transmit additional notices or communications to the former Member or former Patron.

Section 9.6 – Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the state in which the Cooperative is incorporated.

Section 9.7 – Titles and Headings. Titles and headings of Bylaw articles, sections, and subsections are for convenience and reference, and do not affect the interpretation, construction, or application of a Bylaw article, section, or subsection.

Section 9.8 – Partial Invalidity. When reasonably possible, every Bylaw article, section, subsection, paragraph, sentence, clause, or provision (collectively, "Bylaw Provision") must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of a Bylaw Provision by an Entity possessing proper jurisdiction and authority, which invalidation does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

Section 9.9 – Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or a Member asserting a right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

Section 9.10 – Entire Agreement. Between the Cooperative and a Member, the Governing Documents: (1) constitute the entire agreement; and (2) supersede and replace a prior or contemporaneous oral or written or Electronic communication or representation.

Section 9.11 – Successors and Assigns. Except as otherwise provided in these Bylaws: (1) the duties, obligations, and liabilities imposed upon, and the rights granted to, the Cooperative by these Bylaws are binding upon, and inure to the benefit of, the Cooperative's successors and assigns; and (2) the duties, obligations, and liabilities imposed upon a Member by these Bylaws are binding upon the Member's successors and assigns. The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative or a Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws.

Section 9.12 – Waiver. The failure of the Cooperative to assert a right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

Section 9.13 – Lack of Notice. The failure of a Member or Director to receive notice of a Meeting, action, or vote does not affect, or invalidate, an action or vote taken by the Members or Board.