



Articles of
Incorporation and
Bylaws of
East Central Energy

Amended and Restated on April 14, 2012

Amended and Restated

Articles of Incorporation of East Central Energy

ARTICLE I

Section 1. The name of this corporation shall be EAST CENTRAL ENERGY.

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

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

Section 4. The Cooperative shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon cooperatives of the character of this Cooperative by the laws of the State of Minnesota now or hereafter in force.

Section 5. The registered office and principal place of business of the Cooperative is at 412 Main Avenue North, Braham, Minnesota 55006.

ARTICLE II

The period of duration of this Cooperative shall be perpetual.

ARTICLE III

Section 1. This Cooperative is organized on a non-stock, membership basis.

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

Section 3. The net income of the Cooperative from providing electrical services, except for amounts set aside as capital reserves or additional reserves, shall be allocated and distributed on the basis of patronage as determined by the Directors in accordance with the Bylaws. The records of this Cooperative may show the interest of patrons and members in the reserves.

Section 4. No interest or dividends shall be paid upon capital furnished to this Cooperative by its members or patrons.

ARTICLE IV

Section 1. The government of this Cooperative and the management of its affairs and business shall be vested in a Board of Directors who shall be elected by the members for such terms as the Bylaws may prescribe.

Section 2. The Bylaws of this Cooperative may define and fix the duties and responsibilities of the members, officers and directors and may also contain any other provision for the regulation of the business and affairs of this Cooperative not inconsistent with these Articles of Incorporation or the laws of the State of Minnesota.

Section 3. This Cooperative shall have the right to create subsidiaries and/or join in a Cooperative with other cooperatives, corporations, limited liability companies, or other legal entities, to carry into effect any or all of its purposes.

Section 4. This Cooperative shall have the right to do and perform, either for itself or its members and patrons, any and all acts and things, and to have and exercise any and all powers as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the law under which this Cooperative is formed.

Section 5. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation or the Bylaws of this Cooperative or the laws of the State of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of this Cooperative.

ARTICLE V

To the fullest extent permitted by laws governing cooperative associations, as the same exists or may hereafter be amended, a director of this Cooperative shall not be personally liable to the cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for the following cases:

- (a) For acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law;
- (b) For a transaction from which the Director derived an improper personal benefit.

ARTICLE VI

The Cooperative reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner set forth in Minnesota Statutes in effect at the time of any such amendment.

Table of Contents

Article 1 - General	1
Section 1.1 - Usage.....	1
Section 1.2 - Defined Terms.....	1
Section 1.3 - Law and Articles.....	3
Article 2 - Cooperative Membership	3
Section 2.1 - Member Qualifications.....	3
Section 2.2 - Membership Procedure.....	3
Section 2.3 - Membership.....	5
Section 2.4 - Membership Agreement	5
Section 2.5 - Joint Membership.....	6
Section 2.6 - Provision of Cooperative Service.....	7
Section 2.7 - Use of Cooperative Service.....	9
Section 2.8 - Grant of Property Rights	10
Section 2.9 - Member Suspension	10
Section 2.10 - Member Termination	11
Section 2.11 - Membership List.....	11
Article 3 - Member Meetings and Member Voting.....	12
Section 3.1 - Annual Member Meetings.....	12
Section 3.2 - Special Member Meetings.....	13
Section 3.3 - Agenda, Attendance, and Action at Member Meetings	13
Section 3.4 - Notice of Member Meetings.....	14
Section 3.5 - Record Date.....	14
Section 3.6 - Member Meeting List.....	14
Section 3.7 - Member Waiver of Notice	15
Section 3.8 - Member Voting by Mail or Electronic Ballot.....	16
Section 3.9 - Member Quorum	17
Section 3.10 - Member Voting.....	17
Section 3.11 - Member Voting by Member Proxy not Permitted...	18
Section 3.12 - Accepting and Rejecting Member Voting Documents	18
Section 3.13 - Credentials and Election Committee.....	18
Article 4 - Board of Directors	20
Section 4.1 - Election of Directors	20
Section 4.2 - Temporary Vacancy	23
Section 4.3 - Meetings	23
Section 4.4 - Compensation.....	23
Section 4.5 - Bond	24
Section 4.6 - Audit	24
Section 4.7 - Loans	24
Section 4.8 - Corporate Seal	24
Section 4.9 - Conflict of Interest and Fiduciary Obligations....	24
Article 5 - Officers	24
Section 5.1 - Election of Officers	24
Section 5.2 - Removal of Officers and Agents by Board of Directors	25
Section 5.3 - The Chair of the Board.....	25
Section 5.4 - The Vice-Chair	25
Section 5.5 - The Secretary-Treasurer	25
Section 5.6 - The Assistant Secretary-Treasurer.....	25
Section 5.7 - President/Chief Executive Officer (President/CEO)	25
Section 5.8 - Reports	26
Section 5.9 - Officer Compensation.....	26
Section 5.10 - Director Conduct.....	26

Article 6 - Board Meetings and Director Voting.....	27
Section 6.1 - Regular Board Meetings.....	27
Section 6.2 - Special Board Meetings.....	27
Section 6.3 - Conduct of Board Meetings	27
Section 6.4 - Waiver of Board Meeting Notice.....	27
Section 6.5 - Board Action by Written Consent	28
Section 6.6 - Director Quorum and Voting	28
Section 6.7 - Committees.....	28
Section 6.8 - Board Executive Committee	29
Section 6.9 - Board Audit Committee.....	29
Section 6.10 - Conflict of Interest Transaction	29
Section 6.11 - Authorization to Execute Documents.....	30
Article 7 - Officers, Indemnification, and Insurance.....	30
Section 7.1 - Responsibility for Corporate Reports.....	30
Section 7.2 - Officer Resignation.....	31
Section 7.3 - Officer Standard of Conduct.....	31
Section 7.4 - Officer Compensation.....	31
Section 7.5 - Bonds.....	31
Section 7.6 - Indemnification.....	31
Section 7.7 - Insurance	33
Article 8 - Cooperative Operation.....	33
Section 8.1 - Nonprofit and Cooperative Operation	33
Section 8.2 - Allocating Capital Credits	33
Section 8.3 - Notification and Assignment of Capital Credits.....	34
Section 8.4 - Retiring Capital Credits.....	35
Section 8.5 - Patron Agreement.....	36
Section 8.6 - Non-Member Patrons and Non-Member Non-Patrons.....	36
Section 8.7 - Reasonable Reserves	37
Article 9 - Disposition of Cooperative Assets.....	37
Section 9.1 - Transfer of Cooperative Assets.....	37
Section 9.2 - Merger or Consolidation.....	38
Section 9.3 - Distribution of Cooperative Assets Upon Dissolution	38
Article 10 - Miscellaneous	39
Section 10.1 - Electronic Documents and Actions	39
Section 10.2 - Bylaw Amendment.....	40
Section 10.3 - Rules of Order	40
Section 10.4 - Fiscal Year	40
Section 10.5 - Notice and Communication.....	40
Section 10.6 - Governing Law.....	41
Section 10.7 - Titles and Headings	41
Section 10.8 - Partial Invalidity	41
Section 10.9 - Cumulative Remedies.....	42
Section 10.10 - Entire Agreement.....	42
Section 10.11 - Successors and Assigns	42
Section 10.12 - Waiver.....	42
Section 10.13 - Lack of Notice	42

Amended and Restated Bylaws of East Central Energy

Article 1 – General

Section 1.1 - Usage. Within these Bylaws of East Central Energy (“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:

- Amended (10.2); Annual Election Date (3.1); Annual Member Meeting (3.1); Applicant (2.2); Appraisal (9.1); Articles (1.3); Assets (2.2);
- Board (2.1); Board Audit Committee (6.9); Board Committee (6.7); Board Executive Committee (6.8); Board Meeting (6.3); Bylaws (1.1); Bylaw Provision (10.8);
- C&E Committee (3.13); Capital Credits (8.2); Close Relative (4.1); Conflict of Interest Transaction (6.10); Consolidate (9.2); Consolidation Agreement (9.2); Cooperative (1.1); Cooperative Equipment (2.2); Cooperative Officer (7.2); Cooperative Official (2.4); Cooperative Purpose (2.8); Cooperative Service (2.1); Cooperative Subsidiary (3.1);
- Defined Terms (1.2); Director (2.5); Director Quorum (6.6); Director Term (4.1e); Director Written Consent (6.5);
- Electronic (10.1); Electronically (10.1); Electronic Document (10.1); Entity (2.1);
- General Director Qualifications (4.1b); Governing Documents (2.2);
- Indemnification Advance (7.6); Indemnification Director or Officer (7.6); Indemnification Director Quorum (7.6); Indemnification Expenses (7.6); Indemnification Individual (7.6); Indemnification Party (7.6); Indemnification Proceeding (7.6); Indemnification Standard of Conduct (7.6);
- Joint Members (2.5); Joint Membership (2.5);
- Law (1.3); Location (2.1);
- Mail Ballot (3.8); Mail Ballot With Member Meeting (3.8); Mail Ballot Without Member Meeting (3.8); Member (2.3); Member Challenge (3.13); Member Committee (6.7); Member Demand (3.2); Member Equipment (2.2); Member Meeting (3.3); Member Meeting, Election and Campaign Issues (3.13); Member Meeting List (3.6); Member Meeting. Waiver of Notice (3.7); Member Property (2.6); Member Proxy (3.11); Member Quorum (3.9); Member Voting Document (3.12); Membership List (2.11); Membership Procedures (2.2); Merge (9.2); Merger Agreement (9.2);
- New Entity (9.2); Nominating Committee (4.1c); Non-Member Non-Patron (8.6); Non-Member Patron (8.6);
- Occupies (2.1); Officer (7.2);
- Patron (8.2); Person (2.1); Provided (2.1);
- Reasonable Reserves (8.7); Record Date (3.5); Regular Board Meeting (6.1); Required Officers (5.1)
- Special Board Meeting (6.2); Special Member Meeting (3.2); Suspension Reasons (2.9);
- Total Membership (3.2); Transfer (9.1);
- Uses (2.1); and
- Written Ballot (3.10).

Section 1.3 – Law and Articles. These Bylaws are subject to Law and the Articles of Incorporation of East Central Energy (“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 into legally binding contracts (“Person”); and (2) the Person consumes, receives, purchases, or otherwise uses (“Uses”), or requests or agrees to Use when available, electric energy 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 a reasonable time after 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, and pursuant to the terms, conditions, time, and manner specified by the Cooperative, 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.

Said membership application creates a contract between the Member and the Cooperative.

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. A copy of these Bylaws must be available at the Cooperative’s office and on the Cooperative’s website.

“Cooperative Equipment” is a product, equipment, structure, facility, or other good 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 requested by the Cooperative, including the Applicant’s photographic identification satisfactory to the Cooperative and 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 without the express written authorization of said Member.

Except as otherwise provided in these Bylaws or by the Board, an Applicant shall pay the Cooperative: (1) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (2) outstanding amounts owed to the Cooperative by the Applicant.

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) Using, or requesting or agreeing to Use, electric energy Provided by the Cooperative; (2) within thirty (30) days of this Use, request, or agreement, receiving written notice that the Person is a Member and consents to being a Member unless the Person notifies the Cooperative in writing within seven (7) days of receiving the notice that the Person does not consent to being a Member; and (3) failing to notify the Cooperative in writing within seven (7) days of receiving the notice that the Person does not consent to being a Member. To remain a Member, the Person must complete the Membership Procedure. The Cooperative must provide each new Member a copy of these Bylaws.

If the Board determines that a qualified Person is unable or unwilling 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 - Membership Agreement. A Member shall: (1) comply with the Governing Documents; (2) provide and maintain a current 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.

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 Member’s negligence, gross negligence, or willful misconduct, 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.

Section 2.5 - 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 joined in a legally recognized relationship and 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. If a husband and wife each qualifies to be a Member, and unless or until the husband or wife notifies the Cooperative otherwise in writing, then the husband and wife hold a Joint Membership.

(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 within a reasonable time. If a husband or wife completes the Membership Procedures, then the husband and wife are joint members. 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 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) 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;
- 6) 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;
- 7) except upon the cessation of marriage, cessation of the legally recognized relationship, failure to Occupy the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service, the suspension or termination of Joint Member constitutes the suspension or termination of all Joint Members; and

8) 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.

(c) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a cessation of the legally recognized relationship. Upon determining or discovering the cessation of the legally recognized relationship:

- 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 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 2.6 - 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. 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.

Section 2.7 Use of Cooperative Service. Except as otherwise provided in these Bylaws or by the Board: (1) a Member shall Use electric energy Provided by the Cooperative electric energy generated, marketed, or sold, and transmitted or distributed, by the Cooperative for substantially all of the electric energy Used by the Member; and (2) a Member shall not participate in a non-Cooperative program, activity, or event regarding the Member's Use of a Cooperative Service or the value or quantity of a Cooperative Service Used by the Member. 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, and pursuant to terms, conditions, time, and manner specified by the Cooperative, 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. When determining the value or quantity of electric energy Provided to a Member or Provided to or for a Location Occupied by the Member, the Cooperative may offset electric energy Provided by the Member against the electric energy 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 but in accordance with Law, 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) Reduction of Cooperative Service. Except as otherwise provided in these Bylaws, unless the Cooperative receives ninety (90) days prior written notice from a Member that the Member intends to substantially reduce or cease the Member's Use of a Cooperative Service, and as provided by the Board, if a Member substantially reduces or ceases the Member's Use of a Cooperative Service, either singly or in combination, then the Cooperative may charge the Member, and the Member shall pay the Cooperative, the costs and

expenses incurred by the Cooperative in relying upon the Member's pre-reduction or pre-ceasing Use of the Cooperative Service.

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

Section 2.8 - 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 conditions 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 in Member Property, and execute a recordable document regarding this grant or conveyance.

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) 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.

Section 2.9 - 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 twenty-four (24) consecutive months; or
- 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 fourteen (14) 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 seven (7) 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 in accordance with the terms of these Bylaws, 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 fourteen (14) days of the suspension. The Cooperative may lift a Member suspension for good cause determined by the Board.

Section 2.10 - Member Termination. Upon approval by the Board, 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 2.11 - Membership List. The Cooperative shall maintain a written or Electronic record of current Members in a form permitting the Cooperative to: (1) alphabetically list the names and addresses of all Members; and (2) indicate the number of votes each Member is entitled to cast ("Membership List").

Except as otherwise provided by these Bylaws 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 and in a manner determined by the Board, upon delivery to the Cooperative at least five (5) days in advance of a written or Electronic notice or request signed by a Member who has been unsuspended during the immediately preceding six (6) months, 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 and the Cooperative must provide the Member a written or, if requested, Electronic 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. The Member, Member's agent, or Member's attorney shall sign an affidavit at the time of the request for the purpose of verifying to the Cooperative the accuracy of the information furnished with the request.

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, unless the money or property is used solely to solicit Member votes in a Cooperative election or vote; (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 (5) 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.

Article 3 - Member Meetings and Member Voting

Section 3.1 - Annual Member Meetings. Within a county in which the Cooperative Provides electric energy, the Cooperative may annually hold a meeting of Members ("Annual Member Meeting"). To the extent authorized by the Board, however, and subject to guidelines and procedures adopted by the Board, an Annual Member Meeting may be held without a geographic location if the Meeting is held through the Internet or other Electronic communications technology in a manner: (1) permitting the Cooperative to verify that each Person participating in the Meeting is a Member; and (2) permitting Members the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the Members, ask questions, and make comments.

The Board must determine the date, time, and location or manner of any such Annual Member Meeting and shall also establish a date and time to serve as a deadline for the receipt of all ballots for the election of Directors ("Annual Election Date"). The Cooperative's failure to hold an Annual Member Meeting does not affect an action taken by the Cooperative.

At the Annual Member Meeting: (1) the President/CEO may provide or have provided a written and/or oral report regarding the activities of the Cooperative; and (2) the Treasurer may provide or have provided a written and/or oral report regarding the financial

condition of the Cooperative and any Cooperative Subsidiary and the amount of Capital Credits allocated and retired during or for the preceding fiscal year. Within sixty (60) days before or after the Annual Member Meeting, the Cooperative shall mail the Members a copy or summary of the reports provided by or for the President/CEO and Treasurer at the Annual Member Meeting.

Section 3.2 - Special Member Meetings. Within a county in which the Cooperative Provides electric energy, the Cooperative shall hold a special meeting of Members (“Special Member Meeting”) upon receiving: (1) one or more written requests signed by at least fifty-one percent (51%) of the Board; or (2) one or more written demands signed and dated within thirty (30) days after the first signature by at least twenty 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”). A Special Member Meeting, however, does not need to be held at a geographic location if the Meeting is held through the Internet or other Electronic communications technology in a manner permitting Members the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the Members, ask questions, and make comments.

The Board shall determine the date, time, and location or manner of a Special Member Meeting.

If the Cooperative does not notify Members of a Special Member Meeting within sixty (60) 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; (2) notify Members of the Special Member Meeting; and (3) shall notify the Cooperative in writing of the time, place and location of said 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 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 one legal representative per Member. By a vote of fifty-one percent (51%) of unsuspended Members attending a Member Meeting, Members may modify an agenda, program, or order of business determined by the President.

Except as otherwise provided by the Board before or at a Member Meeting, the President/CEO or an individual designated by the President/CEO: (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.

Resolutions. Any member may introduce a resolution at an Annual Meeting of the Cooperative, or at any Special Meeting of the Cooperative, so long as said Resolution is submitted in written form to the Cooperative’s principal office at least seventy-two (72) hours prior to the meeting. Any such Resolution that is approved by the Members at any such meeting shall not be binding upon the Cooperative and shall be advisory only.

Members attending a Special Member Meeting may consider, vote, or act only upon a matter described in the notice of the Special Member Meeting and any such vote shall not be binding upon the Cooperative and shall be advisory only.

The Board or President/CEO 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 Member Meeting.

Section 3.4 - Notice of Member Meetings. As directed by the President/CEO, Secretary, or any other Officer or Member properly calling the Member Meeting, the Cooperative shall deliver written or Electronic notice of a Member Meeting personally or by mail or by Electronic transmission, either with or without other documents, to all Members entitled to vote at the meeting. This notice must indicate the date, time, and location of the meeting and must be delivered at least fifteen days, but no more than sixty days, before the meeting. For a Special Member Meeting, this notice must state the purpose of the meeting and describe any matter to be considered or voted or acted upon at the meeting.

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. The good faith, inadvertent, and unintended failure of a Member to receive notice of a Member Meeting does not affect an action taken at the Member 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 one hundred twenty (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.

Section 3.5 - Record Date. The Board may fix a date for determining the Total Membership ("Record Date") and the members entitled to: (1) Sign a member written consent; (2) Receive a mailed ballot; (3) Notice of a member meeting.

No Board-determined Record Date may be more than forty-five (45) days prior to the date of the election and/or vote on the proposed action. 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 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 one hundred twenty (120) days after the original Member Meeting date.

Section 3.6 - Member Meeting List. For a Member Meeting, the Cooperative shall prepare and maintain a written or Electronic alphabetical list stating the name and address of each Member entitled to receive notice of and to vote at the Member Meeting and the number of votes each Member is entitled to cast ("Member Meeting List").

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

In a manner determined by the Board, the Cooperative shall make the Member Meeting List available for inspection beginning two (2) business days after the Cooperative provides notice of the

meeting, and continuing until the meeting, at the Cooperative's principal office. In a manner determined by the Board, upon written or Electronic demand and during regular business hours during the period a Member Meeting List is available for inspection, a Member or the member's agent may: (1) inspect the Member Meeting List; (2) copy the Member Meeting List at the Member's expense; or (3) pay the Cooperative a reasonable charge determined by the Cooperative covering the labor and material costs of producing, reproducing, copying, and transmitting the Member Meeting List, and the Cooperative must provide the Member a written or, if requested, Electronic copy of the Member Meeting List.

A Member or Member's agent, however, may copy or receive a copy of the Member Meeting List only if as determined by the Cooperative: (1) the Member's demand 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 Member Meeting List; and (3) the Member Meeting List is directly connected with the Member's purpose. The Member, Member's agent, or Member's attorney shall sign an affidavit at the time of the request for the purpose of verifying to the Cooperative the accuracy of the information furnished with the request.

Except as otherwise provided by the Board, a Person may not: (1) obtain or use all or part of the Member Meeting List for a purpose unrelated to a Member's interest as Member; (2) use all or part of the Member Meeting List to solicit money or property, unless the money or property is used solely to solicit Member votes in a Cooperative election or vote; (3) use all or part of the Member Meeting List for a commercial purpose; or (4) sell or purchase all or part of the Member Meeting 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 Member Meeting List for improper purposes or prohibited uses.

Instead of making the Member Meeting List available for inspection or copying, or providing a copy of the Member Meeting List, and as stated in the notice of a Member Meeting, the Cooperative may, within ten (10) days of receiving a demand from a Member stating a proper purpose for inspection, 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 Member Meeting List.

Section 3.7 - Member Waiver of Notice. A Member may waive notice of a Member Meeting, or of a matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written or electronic waiver of notice ("Member Meeting, Waiver of Notice") either before the Member Meeting or within three (3) days after the Member Meeting.

Unless a Member objects to holding a Member Meeting, or to transacting business at the Member Meeting, the Member's attendance in person or voting by Mail Ballot on a matter considered at the Member Meeting waives the Member's objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering, or voting or acting upon, a matter at a Member Meeting, the Member's attendance in person or voting by Mail Ballot on the matter considered at the Member Meeting waives the Member's objection to considering, or voting or acting upon, the matter at the Member Meeting.

Section 3.8 - 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 Without Member Meeting. A Member may vote or act by mail or Electronic transmission only on an action that may be taken at a Member Meeting without a Member Meeting by the Cooperative delivering or providing access to a written or Electronic mail ballot ("Mail Ballot Without Member Meeting") to each Member entitled to vote on the matter. A proposed action is approved if: (1) the number of completed Mail Ballots Without Member Meeting timely received by the Cooperative equals or exceeds the Member Quorum; and (2) the number of votes favoring the proposed action equals or exceeds the number of votes required to approve the action at a Member Meeting at which the total number of votes cast equaled the total number of votes cast by Mail Ballot Without Member Meeting.

(b) Mail or Electronic Ballot With Member Meeting. A Member may vote or act by mail or Electronic transmission on any matter 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 must 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.

(c) Mail or Electronic Ballot. A Mail Ballot Without Member Meeting or a 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 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, as determined by the Board.

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 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 3.9 - Member Quorum. A quorum necessary to the transaction of business at any meeting of the members shall be at least fifty (50) members (“Member Quorum”). In determining a quorum on a question submitted to a vote by mail, members present in person or represented by Mail Ballots shall be counted. The quorum shall be established by a registration of the members present at such meeting, which registration shall be verified by the Chairman and Secretary and shall be reported in the minutes of the meeting.

If less than the Member Quorum are present in person at a Member Meeting, then a majority of Members attending the Member Meeting in person may adjourn the Member Meeting to a date no more than one hundred twenty (120) days following the original Member Meeting.

Upon a Member being present 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 3.10 - 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. If an individual Member, other than a Joint Member, dies without the Cooperative’s knowledge, then, until the Cooperative learns of the Member’s death or terminates the Member’s membership, a Close Relative of the Member Using a Cooperative Service at the Location previously Occupied by the Member may cast the Member’s vote.

Except as otherwise provided in these Bylaws, Members approve a matter if: (1) a Member Quorum is present in person or voting by Mail Ballot; and (2) a majority of Members 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 individual presiding over the Member vote. Members may not cumulate votes. Agreements signed by Members providing the manner in which a Member will vote are not valid.

Section 3.11 - Member Voting by Member Proxy not Permitted. A Member entitled to vote may not appoint another individual Person (“Member Proxy”) to vote on any matter for the Member.

Section 3.12 - Accepting and Rejecting Member Voting Documents. For a Mail Ballot or other document allegedly executed by a Member (“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.

Section 3.13 - Credentials and Election Committee. Prior to any member election, the Board shall appoint a Credentials and Election Committee (“C&E Committee”) consisting of a number of members between three and nine.

(a) C&E Committee Members. A C&E Committee Member may not be:

- 1) a Director of the Cooperative;
- 2) a member of the Nominating Committee; or
- 3) an existing, or a Close Relative of an existing: (A) Cooperative director, officer, employee, representative, or agent; or (B) a known Director candidate. Close Relative shall be as defined in Article 4 of these Bylaws.

Further, a C&E Committee Member should recognize that he or she functions as a person occupying a place of trust and should not accept an appointment to the C&E Committee if he or she has a conflict of interest, or can reasonably foresee any conflict of interest, with any duty the C&E Committee Member owes to the Cooperative. In the event that a C&E Committee Member is appointed and subsequently becomes aware of a conflict of interest, or a potential conflict of interest, then that C&E Committee Member has a continuing obligation to disclose the same to the Chair of the C&E Committee or to legal counsel for the C&E Committee for a determination by the latter as to whether such conflict of interest, or potential conflict of interest, should necessitate the resignation of the C&E Committee Member from the C&E Committee, or abstention from voting on a particular issue or such other appropriate action(s) as is necessary to protect the best interests of the Cooperative.

As allowed by the organic documents of the Cooperative, and as determined by the Board, the Cooperative may reasonably compensate or reimburse C&E Committee members.

(b) C&E Committee Duties. Following appointment, the C&E Committee shall:

- 1) elect a chairperson and secretary;
- 2) establish, or approve, the manner or method of member registration and voting;

- 3) oversee or supervise member registration and voting, and the tabulation of member votes; and
- 4) consider and decide all questions, issues, or disputes regarding:
 - (A) member registration and voting;
 - (B) the tabulation of member votes;
 - (C) Director nomination;
 - (D) whether a Director nominee or newly elected Director satisfies the Director qualifications; and
 - (E) campaign ethics and/or practice complaints (collectively, "Member Meeting, Election and Campaign Issues").

The C&E Committee may meet, consider or decide Member Meeting, Election and Campaign Issues, or otherwise act, only if a majority of the C&E Committee members are present. Any C&E Committee decision or action requires a vote of at least a majority of the C&E Committee members present and voting. Unless properly challenged under this Bylaw, all C&E Committee's decisions prior to, at, or within a reasonable time following, a Member Meeting, are final.

At the Cooperative's expense, the Cooperative shall make available legal counsel to the C&E Committee. As used in this Bylaw, member voting includes voting by mail ballot or any other manner of voting by the members.

(c) Member Challenge. Any member may:

- 1) Comment upon a Member Meeting, Election and Campaign Issue; or
- 2) Challenge the C&E Committee's decision regarding a Member Meeting, Election and Campaign Issue by filing a written description of the member's comments or challenge ("Member Challenge") with the Cooperative within three (3) business days following the member meeting and/or election addressed by the Member Challenge.

Within thirty (30) days of receiving any Member Challenge, the C&E Committee shall:

- 1) As determined by the C&E Committee, meet and receive oral or written evidence from any member, or legal counsel representing any member, directly and substantially implicated in, or affected by, the Member Challenge; and
- 2) consider, decide and rule upon the Member Challenge.

The C&E Committee's decision regarding any Member Challenge is final. Upon written request by any member received by the C&E Committee within thirty (30) days of a C&E Committee decision, the C&E Committee shall prepare a written report summarizing and explaining the C&E Committee's decision. The failure of the Cooperative or C&E Committee to act as required by this Bylaw shall not, by itself, affect any vote, director election, or other action taken.

The C&E Committee must determine the order, listing, and placement of names on a Mail Ballot, Written Ballot, or similar ballot. Names must be listed randomly on a Mail Ballot, Written Ballot, or similar ballot. A nominated individual may not be identified as an incumbent on a Mail Ballot, Written Ballot, or similar ballot.

In campaigning or soliciting votes for election, a nominated individual shall comply with any reasonable rules, requirements, or procedures prescribed by the Board and/or the C&E Committee, which rules, requirements, and procedures must apply equally to all nominated individuals.

Article 4 - Board of Directors

Section 4.1 - Election of Directors.

a) Districts. For voting purposes in the elections of Directors, the members shall be grouped in districts on the basis of the places where they reside, provided that if a Member does not reside within the territory served by this Cooperative, then on the basis of the place where such Member received the most electric energy from this Cooperative. Two (2) directors shall be elected from each of six (6) districts, the geographical boundaries of which shall be determined by the Board of Directors, with the additional authority hereby vested in the Board of Directors to: (i) increase the number of districts up to nine (9) so long as said increase complies with the requirements of Minnesota Statutes § 308A.313; and/or (ii) reduce the number of Directors from each district to one (1).

Representation on the Board of Directors shall be apportioned substantially equally among the districts in proportion to the number of Members residing in each district and in accordance with Law.

b) Eligibility. Any Member shall be eligible to be nominated or elected or to remain a director, provided that said applicant first provides an Affidavit to the Cooperative verifying that: (i) they are a natural person; (ii) have the capacity to enter legally binding contracts; (iii) they have been and shall remain a resident of the district for which they are or were nominated or elected for at least one (1) year prior to nomination; and (iv) continue to reside therein during their entire term as director; (v) while a director and during the five years immediately prior to becoming a director, they have not been convicted of a felony; and (vi) they are not employed by, materially affiliated with, or have a material financial interest in, any individual or entity which either is:

(A) Directly and substantially competing with the Cooperative and/or any subsidiary thereof; or

(B) Selling goods and services in substantial quantity to the Cooperative and/or any subsidiary thereof; or

(C) Possessing a substantial conflict of interest with the Cooperative and/or any subsidiary thereof;

(D) In any way employed by the Cooperative and/or any subsidiary thereof, nor have they been so employed by the Cooperative and/or any subsidiary thereof within three years of the Director's nomination; and

(E) A Close Relative of any existing Director or existing employee of the Cooperative and/or any subsidiary thereof. For the purposes of the Bylaws, "Close Relative" shall mean: (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")

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

The qualifications set forth above shall be collectively referred to as "General Director Qualifications".

Upon establishment of the fact that a Director, or a candidate for a director position, is in violation of any of the foregoing eligibility/qualification provisions, the Board shall remove such director from office or the C & E Committee shall remove such candidate from the ballot.

c) Nominations. Any twenty-five (25) or more Members who reside in any one district may nominate an eligible member for a director position for that district. Such nomination shall be in writing and signed by said twenty-five Members, or more, and delivered to the Secretary at least eight (8) weeks before the Annual Election Date. The Secretary shall promptly post the list of qualified nominees in the principal office of the Cooperative. If the Members in any district shall have failed to nominate a nominee(s) in writing as above provided, then a Nominating Committee of this Cooperative shall nominate one (1) or more Members who reside in said district for said director position(s). Said Nominating Committee shall be appointed by the Board of Directors on an annual basis, said appointment to be made not less than one hundred thirty-five (135) days before the Annual Election Date. Said Nominating Committee shall be selected from the resident Members of the districts of the Cooperative, so that each such district shall have one (1) Member on said Nominating Committee.

A Nominating Committee Member may not be:

- 1) a Director of the Cooperative;
- 2) a member of the C&E Committee; or
- 3) an existing, or a Close Relative of an existing: (A) Cooperative director, officer, employee, representative, or agent; or (B) a known Director candidate. Close Relative shall be as defined in Article 4 of these Bylaws.

Further, a Nominating Committee Member should recognize that he or she functions as a person occupying a place of trust and should not accept an appointment to the Nominating Committee if he or she has a conflict of interest, or can reasonably foresee any conflict of interest, with any duty the Nominating Committee Member owes to the Cooperative. In the event that a Nominating Committee Member is appointed and subsequently becomes aware of a conflict of interest, or a potential conflict of interest, then that Nominating Committee Member has a continuing obligation to disclose the same to the Chair of the Nominating Committee or to legal counsel for the Nominating Committee for a determination by the latter as to whether such conflict of interest, or potential conflict of interest, should necessitate the resignation of the Nominating Committee Member from the Nominating Committee, or abstention from voting on a particular issue or such other appropriate action(s) as is necessary to protect the best interests of the Cooperative.

It shall be the duty of the Nominating Committee to nominate one or more nominees for each district that is scheduled for an election but for which no candidates have been nominated by the petition process eight (8) weeks prior to said Annual Election Date. The Nominating Committee shall submit their nomination or nominations to the Secretary, in writing and signed by at least two (2) members of said Committee, and the Secretary shall then promptly post the same at the principal office of the Cooperative at least thirty (30) days before the Annual Election Date.

No Member may be elected to a Director position unless nominated in the manner provided by this subsection. No write-in ballots shall be accepted.

When only one nominee is put up, and that nominee has been certified by the Credentials & Election Committee as having satisfied the General Director Qualifications, the Chair can take a voice vote, or can declare that the nominee

is elected, thus effecting the election by unanimous consent or “acclamation”. If only one individual is nominated, then this Bylaw authorizes, but does not require, election by acclamation.

- d) Elections. At least two (2) weeks before the Annual Election Date of this Cooperative, the Secretary shall mail to each Member in a district for which a director is to be elected and in which there are two or more nominees, a Ballot for Directors listing by districts the names and the cities of residence of all nominees who have been nominated as above provided, together with a notice that any such Member may vote for a director by marking the appropriate space on said ballot. Said ballot shall be returned by mail or Electronically, but if by mail then in a sealed envelope marked “ballot” and bearing that Member’s signature, on or before the Annual Election Date. When such ballot has been received by the Cooperative or its agents, it shall be accepted and counted as the vote of such Member for the election of a director. Directors shall be elected only by those Members who reside in the district for which a director is elected.

Drawing by lot shall resolve, where necessary, any tie vote. Said drawing by lot shall take place within ten (10) business days of the election and shall be supervised by the chair of the Credentials & Election Committee from that election.

- e) Terms. Directors shall be elected for regular terms of four (4) years each, and until their respective successors shall have been duly elected (“Director Term”). Said four-year terms shall be staggered so that an equal or nearly equal number of directors’ terms will expire on each Annual Election Date, or when their successor is duly elected and seated, whichever last occurs.
- f) Removal of Directors by Members. Any Member of that board member’s district may bring charges, for cause, against that board member by filing with the Secretary such charges in writing, together with a petition signed by twenty percent (20%) of the Members of that board member’s district, thereby requesting the removal of such board member by reason(s) thereof. Such board member shall be informed in writing of the charges at least twenty-five (25) days prior to the meeting of the Members of that district at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence with respect to the charges. The person or persons bringing the charges against that board member shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the Members of that district. It is expressly understood, however, that the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him or her shall have been presented during the meeting through oral statements, documents or otherwise. If a simple majority of the votes cast are for removal of such board member, then that board member’s seat shall be determined to be immediately vacant and an election shall be conducted in that district with the vacancy for the purpose of electing a new director to fulfill the unexpired term of the removed director. Provided, however, that if there are less than twelve (12) months

remaining on the unexpired term of the removed director, then the position shall remain vacant until a new director is elected in the next annual election. The nomination and election of the new director shall conform substantially to the procedure set forth in subsections a) Nominations and b) Elections of this Section. The timing of the nominations and election shall not be governed by said subsections a) and d), however, but shall rather be determined by the C & E Committee in such a manner so as to ensure that the nominations and election is concluded within ninety (90) days of the date that the vacancy was created.

- g) Removal of Directors by the Board of Directors. Any director may be removed from the Board of Directors by a vote of three-fourths of the directors at a duly constituted and conducted meeting of the Board of Directors. Such removal must be for cause, and the person(s) subject to such removal shall be informed in writing of the charges at least twenty-five (25) days prior to the meeting of the Board of Directors at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence with respect to the charges. The director(s) bringing the charges against that board member shall have the same opportunity.
- h) Resignation. Any director may resign his or her position at any time. Such resignation shall be made in writing, shall be submitted to the Secretary, and shall take effect at such time as is specified therein. Any director who is absent from six (6) out of twelve (12) consecutive regular meetings of the board of directors shall be deemed to have so tendered his or her resignation from the board of directors, but such resignation shall not be considered effective unless and until a majority of the remaining board of directors accepts such resignation and declares that director's seat vacant.

Section 4.2 – Temporary Vacancy. Each vacancy occurring on the Board of Directors, other than by the removal of a director by the members or by the expiration of a term, may be filled until the next Annual Election Date by a vote of the remaining directors. The replacement shall act as director only for the unexpired term of that replaced director, with that seat to be filled by director election at the next Annual Election.

Section 4.3 – Meetings. The Board of Directors shall meet regularly at such times and places as the board may determine. Special meetings may be called by the Chair or a majority of the directors. All meetings shall be held on such notice, if any, as the board may prescribe. Any business may be transacted at any meeting without mention of such business in the notice, if any, of the meeting. Parliamentary procedure for all Board of Directors meetings shall be governed by the latest edition of Robert's Rules of Order Newly Revised.

Section 4.4 – Compensation. Board members are not employees of the Cooperative and shall not receive any salary for their services as such, except that board members by Policy approved by the Board of Directors may receive a reasonable per diem allowance for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, reviewing the monthly board report and other correspondence in preparation for monthly board of director

meetings, or performing committee assignments when authorized by the Board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business, or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. In addition, the Cooperative may provide insurance or other benefits to Directors.

Section 4.5 – Bond. The Board of Directors shall require each officer, agent, and employee having control or custody of any of this Cooperative’s funds or property to furnish a surety bond or appropriate insurance coverage satisfactory to said board and the cost thereof shall be paid by this Cooperative.

Section 4.6 – Audit. The Board of Directors shall have the books of this Cooperative audited by a certified public accountant at least once each fiscal year. The report of such audit shall be made to the membership in the following year.

Section 4.7 – Loans. The Board of Directors shall have power, which may be exercised only by a vote of a majority of all the directors, to authorize and approve the borrowing of money and the pledging and mortgaging of any or all of the assets of this Cooperative as security for the sums so borrowed.

Section 4.8 – Corporate Seal. The Board of Directors may adopt, alter or abandon the use of a corporate seal.

Section 4.9 – Conflict of Interest and Fiduciary Obligations. Each director should recognize that he or she functions as a person occupying a place of trust and should not put himself or herself in a position in which self-interest conflicts with any duty the director owes to those for whom he or she acts. As a general rule, no director shall be permitted to make a profit from any self-dealing transaction, whether individually or acting as an agent, without affirmatively showing full disclosure and fair dealing. Any director who actually or potentially is involved with a self-dealing matter due to his or her position as director shall make a full disclosure of his or her interest, shall not vote on the matter, and shall leave the room during the discussion and not vote on the issue unless requested to stay by the Board of Directors to respond to questions or provide information to the Board of Directors on the matter under discussion. Further, such individuals shall not be counted in the quorum for a vote on the matter. The minutes of such meeting shall reflect that a disclosure was made and that the director having a conflict of interest did not participate in the discussion and abstained from voting.

Article 5 - Officers

Section 5.1 - Election of Officers. Within thirty (30) days following each Annual Election Date of this Cooperative, the Board of Directors shall elect from among the directors a Chair of the Board, and one or more Vice-Chairs, and shall at the same time elect a Secretary-Treasurer and an Assistant Secretary-Treasurer who must be directors (“Required Officers”). The Board of Directors may appoint additional officers with such title, powers and duties, and for such terms, as said board may determine. All of said Officers, including the President / Chief Executive Officer (see below), may on the Cooperative’s behalf execute any and all documents properly approved by the Board and/or Members.

Section 5.2 – Removal of Officers and Agents By Board of Directors. Any Officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges, for cause, against an Officer and, by filing with the Secretary-Treasurer such charges in writing together with a petition signed by twenty percent (20%) of the members of the Cooperative and may request the removal of such Officer by reason thereof. The Officer against whom such charges have been brought shall be informed in writing of the charges at least twenty-five (25) days prior to the Board of Directors meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel, and to present evidence with respect to the charges. The person or persons bringing the charges against that Officer shall have the same opportunity.

Section 5.3 – The Chair of the Board. The Chair of the Board shall:

- 1) Preside over all meetings of the members and of the Board of Directors and of the Executive Committee; and
- 2) Have all authority ordinarily held by the Chair of a corporation, but shall not be obligated either to devote full time to the business of this Cooperative or to actively supervise all of its ordinary course of business; and
- 3) The Chair may cast a ballot for the purpose of creating a tie or breaking a tie in any matter being voted upon.

Section 5.4 - The Vice-Chair. The Vice-Chair, in the absence or disability of the Chair of the Board or at the request of the Chair of the Board, shall perform the duties of the Chair of the Board.

Section 5.5 – The Secretary-Treasurer (may be referred to as Secretary-Treasurer, Secretary, or Treasurer). The Secretary-Treasurer shall:

- 1) Take or supervise the taking and retention of complete minutes of all meetings of the members and of the Board of Directors and of the Executive Committee; and
- 2) Give or cause to be given, all notices as required by law or these Bylaws; and
- 3) Perform such additional duties as may be required of him/her by the Board of Directors.

Section 5.6 - The Assistant Secretary-Treasurer (may be referred to as Assistant Secretary-Treasurer, Assistant Secretary, or Assistant Treasurer). The Assistant Secretary-Treasurer, in the absence or disability of the Secretary-Treasurer, or at the request of the latter shall perform the duties of the Secretary-Treasurer.

Section 5.7 – President/Chief Executive Officer (may be referred to as President/Chief Executive Officer (CEO), President, or Chief Executive Officer (CEO)). The Board of Directors shall employ an individual to serve as President/CEO and fix his/her compensation and all other terms of his/her employment. The President/CEO shall actively supervise all of the ordinary course of business of this Cooperative. The President/CEO shall employ and discharge all other employees of this Cooperative, and shall perform such additional duties and have such additional powers as the Board of Directors may require of or may delegate to him/her.

Section 5.8 – Reports. The officers of the Cooperative shall annually submit reports covering the business and condition of the Cooperative for the previous fiscal year.

Section 5.9 – Officer Compensation. Board of Director Officers shall not receive any salary for their services as such, except that some or all of the officers may, by Policy of the Board of Directors, receive a reasonable dollar amount for the additional obligations imposed upon them by virtue of their respective office(s).

Section 5.10 - Director Conduct.

(a) Director Standard of Conduct. A Director is not deemed a trustee regarding the Cooperative, Capital Credits, or property held or administered by the Cooperative, including property potentially subject to restrictions imposed by the property's donor or transferor. A Director shall discharge the Director's duties, including duties as a Board Committee member:

- 1) in good faith;
- 2) in a manner the Director reasonably believes to be in the Cooperative's best interests;
- 3) when becoming informed in connection with the Director's decision-making function or devoting attention to the Director's oversight function, with the care that an individual in a like position would reasonably believe appropriate under similar circumstances; and
- 4) in a manner in which the Director discloses or causes to be disclosed to other Directors or Board Committee members information not known by them, but known by the Director to be material to discharging his/her decision-making or oversight functions, except that disclosure is not required to the extent that the Director reasonably believes that disclosure would violate a duty imposed under law, a legally enforceable obligation of confidentiality, or a professional ethics rule.

(b) Director Reliance on Others. Unless a Director has knowledge making reliance unwarranted, then in discharging the Director's duties, including duties as a Board Committee member, the Director may rely: (1) on the performance by any of the following individuals listed in (A) or (C) to whom the Board has formally or informally delegated the authority or duty to perform one or more of the Board's delegable functions; and (2) upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by any of the following:

- (A) one or more Cooperative Officers or employees whom the Director reasonably believes to be reliable and competent in the functions performed or the information, opinions, reports, or statements provided;
- (B) legal counsel, public accountants, or other individuals retained by the Cooperative regarding matters involving skills or expertise the Director reasonably believes are matters within the individual's professional or expert competence and as to which the individual merits confidence; and
- (C) a Board Committee of which the Director is not a member if the Director reasonably believes the Board Committee merits confidence.

Article 6 - Board Meetings and Director Voting

Section 6.1 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 (5) 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 (5) days before the changed Regular Board Meeting.

Section 6.2 - 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 (5) days prior written, oral, or Electronic notice indicating the date, time, location and purpose of the Special Board Meeting.

Section 6.3 - 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: Chair, Vice-Chair, Secretary-Treasurer, and Assistant Secretary-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.

Section 6.4 - 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, or promptly upon arrival, objects to holding or transacting business at the Board Meeting; and
- 2) does not vote for, or assent to, action taken at the Board Meeting.

Section 6.5 - Board Action by Written Consent. Without a Board Meeting, the Board may take an action required or permitted to be taken at a Board Meeting if the action is: (1) taken by all Directors; and (2) evidenced by one or more written or Electronic consents (“Director Written Consent”): (A) describing the action taken; (B) signed by each Director; (C) delivered to the cooperative; and (D) included with the Cooperative’s Board Meeting minutes. Except as a different effective date is provided in the Director Written Consent, action taken by Director Written Consent is effective when the last Director signs the Director Written Consent. A Director Written consent has the effect of, and may be described as, a Board Meeting vote.

Section 6.6 - 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. A Director may not vote by proxy. An agreement signed by Directors providing the manner in which a Director must vote is not valid.

Section 6.7 - 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.

(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, Board Action by Written Consent, 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 6.8 - Board Executive Committee. Except as otherwise provided by the Board:

- 1) The Board executive committee is composed of the Chair, Vice-Chair(s), Secretary-Treasurer and Assistant Secretary-Treasurer (“Board Executive Committee”); and
- 2) When impracticable or inconvenient for the Board to timely meet to consider a matter, and except as otherwise provided in these Bylaws, the Board Executive Committee may exercise all Board authority regarding a matter.

The Board Executive Committee: (1) is a Board Committee; (2) may exercise all Board authority granted by the Board and permitted under these Bylaws; and (3) at the next Board Meeting Following an exercise of Board authority, must report to the Board regarding the Board Executive Committee’s exercise of Board authority.

Section 6.9 - Board Audit Committee. The Board shall have an audit committee that is directly responsible for appointing, compensating, and overseeing the work of any registered public accounting firm employed by the Cooperative, including resolving disagreements between management and the auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or related work, and each registered public accounting firm must report directly to the audit committee (“Board Audit Committee”). Each member of the Board Audit Committee: (1) must be a Director; and (2) other than in the capacity as a Member, Director, or member of a Board Committee, must not accept any consulting, advisory, or other compensatory fee from the Cooperative.

The Board Audit Committee 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 Audit Committee 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 Audit Committee in its capacity as a committee of 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 Audit Committee. The Board Audit Committee is a Board Committee.

Section 6.10 - 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.

Section 6.11 – Authorization to Execute Documents. The Board may authorize additional Cooperative Officers and/or Officials to sign, execute and acknowledge documents properly authorized or approved by the Board or Members.

Article 7 – Officers, Indemnification, and Insurance

Section 7.1 - Responsibility for Corporate Reports. The Cooperative's principal executive officer or officers and the principal financial officer or officers, or persons performing similar functions, must certify in each annual or quarterly report filed or submitted to the Members or a lender or government agency:

- 1) the signing officer has reviewed the report;
- 2) based on the officer's knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading;
- 3) based on the officer's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the Cooperative as of and for, the periods presented in the report;
- 4) the signing officers: (A) are responsible for establishing and maintaining internal controls; (B) have designed the internal controls to ensure that material information relating to the Cooperative and its consolidated subsidiaries is made known to the officers by others within those entities, particularly during the period in which the periodic reports are being prepared; (C) have evaluated the effectiveness of the Cooperative's internal controls as of a date within ninety (90) days prior to the report; and (D) have presented in the report their conclusions about the effectiveness of their internal controls based on their evaluation as of that date;
- 5) the signing officers have disclosed to the Cooperative's auditors and the Board Audit Committee (or persons fulfilling the equivalent function): (A) all significant deficiencies in the design or operation of internal controls which could adversely affect the Cooperative's ability to record, process, summarize, and report financial data and have identified for the Cooperative's auditors any material weaknesses in internal controls; and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Cooperative's internal controls; and

- 6) the signing officers have indicated in the report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Section 7.2 - Officer Resignation. At any time, a Required Officer or Other Officer (collectively, "Officer" or "Cooperative Officer") may resign. To resign: (1) an Officer elected or appointed by the Board must deliver to the Board a written or Electronic resignation; and (2) an Officer elected, appointed, retained, or employed by the Cooperative's Chief Executive Officer must deliver to the Chief Executive Officer a 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 or Chief Executive Officer accepts the future effective date, then, as appropriate, the Board or Chief Executive Officer may fill the vacant Officer position before the future effective date, but the successor Officer may not take office until the future effective date.

Section 7.3 - 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 7.4 - 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 7.5 - Bonds. At the Cooperative's expense, the Cooperative may purchase a bond covering a Cooperative Official.

Section 7.6 - 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 substantially 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 shall 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 except for reasonable expenses incurred in connection with the Indemnification Proceeding if it is determined that the indemnification Individual met the Indemnification Standard of Conduct; or (2) charging, and in which the Indemnification Individual was adjudged liable for receiving, improper personal benefit and/or financial benefit to which the Indemnification Individual was not entitled, 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 7.7 - 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 8 - Cooperative Operation

Section 8.1 - 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 8.2 - 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: (1) a Member; and (2) any other Person Using a Cooperative Service 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, the Cooperative's patronage earnings from Providing the Cooperative Service during the fiscal year. Patronage earnings means 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 tax law.

For each fiscal year, the Cooperative may, as determined by the Board, use, retain, or equitably allocate the Cooperative's nonpatronage earnings. Nonpatronage earnings means 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) Allocating Losses. For each Cooperative Service Provided during a fiscal year, the Cooperative shall: (1) equitably allocate to each Patron, in proportion to the quantity or value of the Cooperative Service Used by the Patron during the fiscal year, the Cooperative's patronage loss from Providing the Cooperative Service during the fiscal year; or (2) offset the Cooperative's patronage loss from Providing the Cooperative Service during the fiscal year against the Cooperative's patronage earnings from providing the Cooperative Service during the most recent past fiscal year(s) or the next succeeding future fiscal year(s); Patronage loss means the amount by which the Cooperative's patronage sourced expenses of Providing

a Cooperative Service during a fiscal year exceed the Cooperative's patronage sourced revenues from Providing the Cooperative Service during the fiscal year, all as determined under federal tax law.

For each fiscal year, the Cooperative may: (1) allocate to each Patron, in proportion to the quantity or value of Cooperative Services Used by the Patron during the fiscal year, the Cooperative's nonpatronage loss; or (2) offset the Cooperative's nonpatronage loss against the Cooperative's nonpatronage earnings during any fiscal year(s). Nonpatronage loss means the amount by which the Cooperative's nonpatronage sourced expenses during a fiscal year exceed the Cooperative's nonpatronage sourced revenues during, the fiscal year.

(d) Capital Credits. For each amount allocated to a Patron, the Patron shall be deemed to 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. The Patron authorizes the Cooperative to perfect this security interest by filing a financing statement.

(e) 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.

Section 8.3 - Notification and Assignment of Capital Credits. Within eight and one-half (8½) 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 or Electronic 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, or the Patron's legal representative, the Cooperative may assign or transfer equal portions of the Patron's Capital Credits to the Patron's owners.

Section 8.4 - 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 individual Patron or former Patron: (1) after the death of the individual; (2) after receiving a written or Electronic request from the deceased individual's legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the deceased individual's legal representative. 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. The Cooperative may not specially retire and pay Capital Credits allocated to an Entity Patron or former Entity Patron during or after the Entity's reorganization, transfer, merger, or consolidation. The Cooperative may specially retire and pay Capital Credits only as provided in this Bylaw.

(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 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 retained in the name of the Patron or former Patron and paid to the Patron or former Patron upon the Cooperative's dissolution, liquidation, or other cessation of existence.

(g) Unclaimed Capital Credits. Through a voluntary written or Electronic assignment signed by a Patron or former Patron, which assignment is revocable and is not a condition of the Cooperative Providing a Cooperative Service to the Patron, the Patron or former Patron may assign or transfer to the Cooperative any past, present, or future Capital Credits retired and paid to the Patron or former Patron, but not claimed by the Patron or former Patron within seven (7) years of retirement and payment, provided the Cooperative undertook or undertakes reasonable measures to notify the Patron or former Patron of the retired and paid Capital Credits. As allowed by Law, the Cooperative may retain Capital Credits retired and paid to a Patron or former Patron, but not claimed by the Patron or former Patron within seven (7) years of retirement and payment.

Section 8.5 - 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 8.6 - Non-Member Patrons and Non-Member Non-Patrons. As a condition of Using a Cooperative Service, and except as otherwise provided by the Board:

- 1) To the same extent as a Member, a Patron who is not a Member ("Non-Member Patron") and 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 Patron or 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 8.7 - 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 Patron's rights and interest in Reasonable Reserves.

Article 9 - Disposition of Cooperative Assets

Section 9.1 - 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 all or substantially all of the Cooperative's Assets only if:

- (A) At the expense of the Person seeking to purchase, lease, or acquire the Cooperative's Assets, the Board appoints three (3) 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");
- (B) The Person seeking to purchase, lease, or acquire the Cooperative's Assets provides to the Cooperative any information requested by the Cooperative;
- (C) Within a reasonable time of receiving the Appraisals, the Cooperative invites at least one 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;
- (D) The Board approves the proposed Transfer;
- (E) At least a majority of the Total Membership approves the proposed Transfer;
- (F) 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;
- (G) No Director will benefit from the Transfer, financially or otherwise, in a manner different from other Members; and
- (H) In reasonable proportion to the value or quantity of Cooperative Services Used by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates to Members as 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 9.2 - Merger or Consolidation. The Cooperative may consolidate or merge only with an Entity operating on a cooperative basis that Provides electric energy (“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) date of the New Entity’s annual meeting;
- 7) names of New Entity directors who will serve until the New Entity’s first annual meeting; and
- 8) other information required by Law.

(b) Member Approval. To Consolidate or Merge, after the Board approves a Consolidation or Merger Agreement, two-thirds (2/3) of the Members voting must approve the Consolidation or Merger Agreement. Members may approve the Consolidation or Merger Agreement by Mail or Electronic 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, the Plan of Consolidation or Merger Agreement.

(d) Other Requirements. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by Law.

Section 9.3 - 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 use its best efforts to 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 use its best efforts to distribute nonpatronage 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 use its best efforts to 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 Cooperative Services Used during a reasonable time before the Cooperative's dissolution; or a nonprofit charitable or educational Entity or organization exempt from federal income taxation.

Article 10 - Miscellaneous

Section 10.1 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 10.2 - Bylaw Amendment. Except as otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed ("Amended") as provided by Minnesota State law. Except as otherwise provided in a Bylaw Amendment, the Amendment is effective the date of the next Member or Board Meeting 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 (60) days of the petition date, for at least ten percent (10%) of the Total Membership entitled to vote on the Bylaw Amendment;
- 2) delivered to, and received by, the Cooperative at least sixty (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 or Electronic Ballot with Member Meeting, then the proposed Bylaw Amendment may not be amended at the Member Meeting.

Section 10.3 - Rules of Order. Except as otherwise provided by the Board at any time, and except as otherwise provided in the Governing Documents, the latest edition of Robert's Rules of Order Newly Revised governs all Member, Board, Member Committee, and Board Committee meetings, documents, communications, and actions.

Section 10.4 - 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 10.5 - 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) written or Electronic; and (2) communicated: (A) in person; (B) by telephone, 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 communication 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 (5) 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 (30) 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 and 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 10.6 - Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the state in which the Cooperative is incorporated, i.e. the State of Minnesota.

Section 10.7 - 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 10.8 - 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 10.9 - 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 10.10 - 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 10.11 - 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/or assigns; and (2) the duties, obligations, and liabilities imposed upon a Member by these Bylaws are binding upon the Member's successors, heirs and/or assigns. The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors, heirs and/or 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 10.12 - Waiver. The failure of the Cooperative or a Member to assert a right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

Section 10.13 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.



East Central Energy

1.800.254.7944