

Nobles Cooperative Electric

Your Touchstone Energy® Cooperative

Articles of Incorporation and Bylaws

As Amended and Restated April 6, 2021

22636 U.S. Highway 59 • Worthington, MN 56187
507-372-7331

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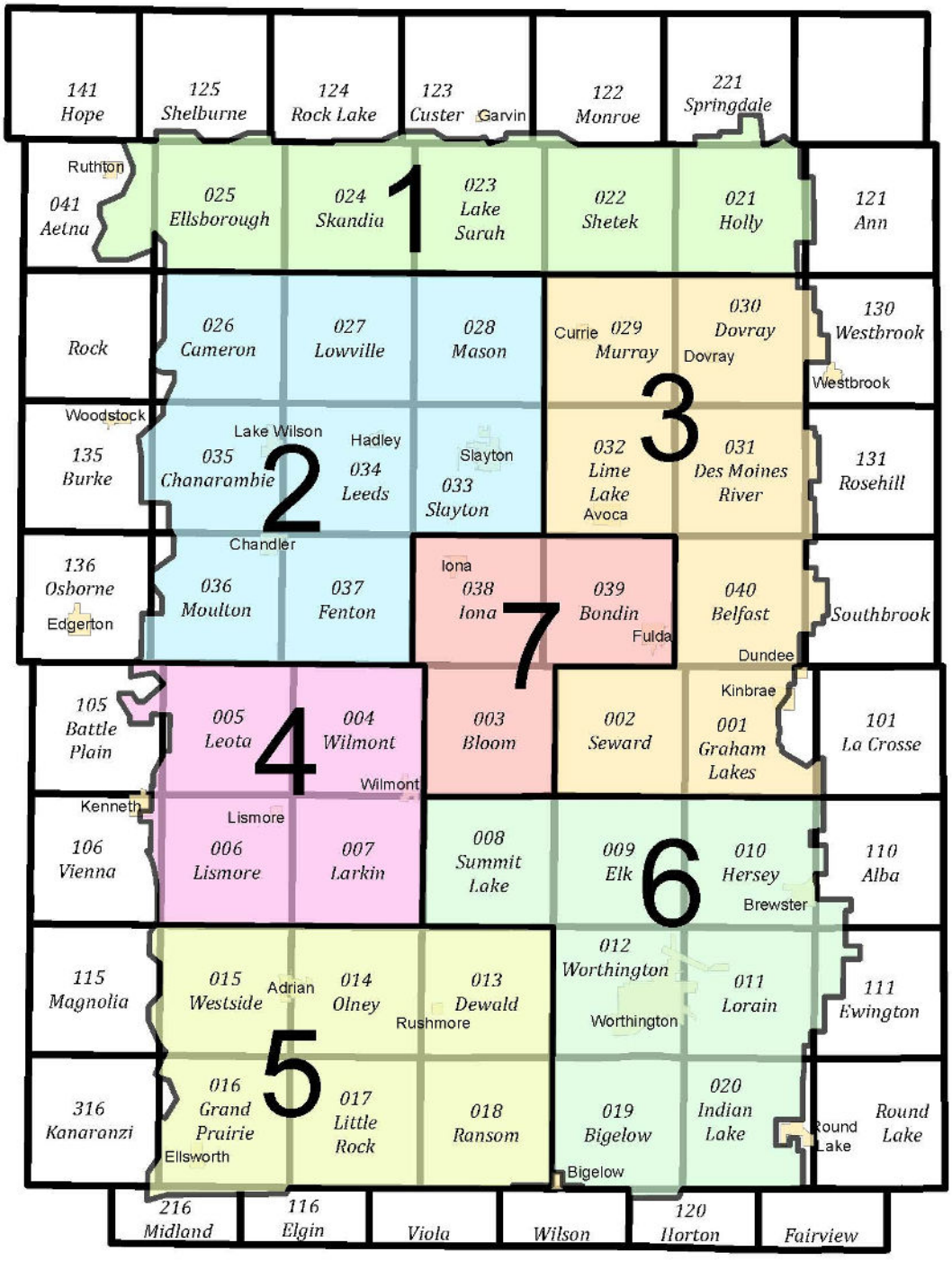
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Nobles Cooperative Electric
District Map



Articles of Incorporation of
Nobles Cooperative Electric

The Articles of Incorporation of Nobles Cooperative Electric are amended and restated as follows:

ARTICLE I
Name

The name of this Cooperative shall be **Nobles Cooperative Electric.**

ARTICLE II
Purpose

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

This 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.

ARTICLE III
Registered Office and Place of Business

The registered office and the principal place of business of this Cooperative shall be:

22636 U.S. Highway 59
Worthington, Minnesota 56187

ARTICLE IV
Period of Duration

The period of duration of this Cooperative shall be perpetual.

ARTICLE V
Organization of Cooperative/Membership

Section 1. The Cooperative is organized on a non-stock membership basis and shall maintain appropriate membership records.

Section 2. Members shall have only one vote in the affairs of the Cooperative. Membership in the Cooperative shall not be transferrable except with the approval and consent of the Cooperative's Board of Directors.

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

Section 4. A person/legal entity may become a member of the Cooperative as set forth in the Bylaws. No person/legal entity shall hold more than one membership in the Cooperative.

Section 5. Each member shall be bound by these Articles, the Bylaws, applicable law, and the rules, policies, and regulations adopted by the Board, all as amended from time to time.

Section 6. The Bylaws of the Cooperative define and fix the duties and responsibilities of the members, as well as the officers and Directors of the Cooperative and may also contain any other provision for the regulation of the business and affairs of the Cooperative not inconsistent with these Articles of Incorporation or the laws of the State of Minnesota.

ARTICLE VI
Members' Net Margins

The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its members.

In the furnishing of electric energy this Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obliged to account on a patronage basis to all its members for all costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses shall be received with the understanding that such amounts are furnished by the members as capital. The Cooperative shall be obligated to allocate by credits to a capital account for each member all such net amounts in excess of operating costs and expenses and prior capital deficits, if any. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to the member's account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of the legal obligation to do so and the member has then furnished the Cooperative corresponding amounts for capital.

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

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis. The Board of Directors, at its discretion, shall have the power, at any time, to retire capital credits in accordance with provisions of the Bylaws of this Cooperative.

ARTICLE VII
Board of Directors

The government of this Cooperative and the management of its affairs shall be vested in a board

of seven (7) Directors who shall be elected by and from the members at the annual meetings of the members and for such terms as the Bylaws may prescribe.

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

The Board of Directors is authorized to do and perform for either itself or its members any and all acts and things and to have and exercise any and all powers as may be necessary or convenient to accomplish any or all of the purposes of the Cooperative or as may be permitted by applicable law under which the Cooperative is formed.

The Board of Directors shall have the full power and authority to authorize the execution and delivery of mortgages, security agreements, or other security instruments, or otherwise pledge and encumber any or all of the property and assets of the Cooperative to include all revenues and income of the Cooperative, all upon such terms and conditions as the Board of Directors shall determine in its discretion are necessary and appropriate to secure any indebtedness of the Cooperative.

ARTICLE VIII
Director Liability

To the fullest extent permitted by laws that are now or hereafter in force governing cooperatives, 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 that this Article shall not limit or eliminate a Director's liability:

a. for a breach of the Director's duty of loyalty to the Cooperative or its members;
b. for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
c. for a transaction for which the Director derived an improper personal benefit; or
d. for an act or omission occurring prior to the date the Cooperative adopted these limitations on a Director's liability.

ARTICLE IX
Amendments

The Articles may be altered, amended, or repealed by the affirmative vote of a majority of the members of the Cooperative present in person or voting by other permitted means at any regular or special meeting of the Cooperative's members at which a quorum of the members is present or represented as present by other permitted means; provided, these Articles shall not be altered, amended, or repealed at any meeting of the members unless notice of such proposed alteration, amendment, or repeal and the text or a summary of such alteration, amendment, or repeal shall have been contained in or provided along with the notice of any such meeting.

Bylaws of
Nobles Cooperative Electric

The Bylaws of Nobles Cooperative Electric are amended and restated as follows:

ARTICLE I
Members

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

a. completing the Cooperative's membership application;
b. agreeing to consume, receive, purchase, or otherwise use, when available, electric energy generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided by the Cooperative;
c. agreeing to pay the prices, rates, or amounts determined by the Board of Directors, and pursuant to the terms and conditions specified by the Cooperative, for the electric energy provided by the Cooperative; and
d. agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative, these Bylaws and amendments thereto, and such rules, policies, and regulations as may from time to time be adopted by the Board of Directors.

Section 2. **Joint Membership.** Any two (2) or more potential qualified Members may jointly become a Member and their application may be accepted in accordance with the provisions found in this article. The term "Member" includes all those holding a joint membership and those Members who are legally married shall be deemed to have a joint membership unless both spouses provide written notice to the Cooperative to the contrary. Any provisions relating to the rights and liabilities of membership apply equally to all holders of a joint membership, specifically and without limitation:

a. The presence at a meeting of any Member constitutes the presence of all joint Members and is a joint waiver of notice of the meeting;
b. The vote of any of those holding joint membership, separately or all, jointly constitutes one joint vote;
c. A waiver of notice signed by any of those holding the joint membership is a joint waiver;
d. Notice to any of those holding the joint membership is notice to all holding the joint membership;
e. Expulsion or withdrawal of any of those holding a joint membership terminates the joint membership;
f. No more than one of those holding a joint membership may be elected or appointed as an officer or Director, provided that all of those holding the joint membership meet the qualifications for such position;
g. Upon the death of any of those holding a joint membership, such membership shall be held solely by the survivors;
h. Joint membership shall not be terminated by divorce or separation;
i. Joint membership shall continue until such time as the Cooperative shall receive sufficient notice, in writing, of any change in status, signed by all of the joint Members; and
j. A membership may be transferred by a joint Member to the remaining holder or holders of the joint membership upon written request of such Member and compliance by such remaining holder or holders of the joint membership with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books

of the Cooperative.

Section 3. **Purchase of Electric Energy.** As soon as electric energy shall become available, each Member shall:

a. purchase from the Cooperative all electric energy purchased for use on the premises specified in the application for membership; and
b. pay therefore at rates and under such rules and regulations which shall from time to time be fixed by the Board of Directors; and
   (1) As the Cooperative cannot and does not guarantee a continuous and uninterrupted supply of electric energy to a Member, the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one Member.
   (2) It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by Members as capital as provided in these Bylaws.
c. pay to the Cooperative such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time; and
d. pay all amounts owed to the Cooperative as and when the same shall become due and payable.

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

Section 4. **Non-liability for Debts of the Cooperative.** The private property of the Members shall be exempt from execution for the debts of the Cooperative, and no Member shall be individually responsible for any debts or liabilities of the Cooperative.

Section 5. **Suspension or Termination of Services Provided by the Cooperative.** After providing a Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate any services provided by the Cooperative to the Member for good cause. Without providing a Member a notice or an opportunity to comment, the Cooperative may suspend or terminate the services provided to the Member upon determining or discovering:

a. that any equipment owned by the Cooperative used to provide any services to the Member has been tampered with, altered, interfered with, damaged, or impaired; or
b. that any equipment owned by the Member connected to any equipment owned by the Cooperative adversely impacts the Cooperative's ability to safely, reliably, and/or efficiently operate the Cooperative or provide any service; or
c. the unsafe condition of equipment owned by the Cooperative or equipment owned by the Member connected to equipment owned by the Cooperative; or
d. an imminent hazard or danger posed by equipment owned by the Cooperative or equipment owned by the Member connected to equipment owned by the Cooperative.

Section 6. **Withdrawal of Membership.** Any Member may withdraw from membership upon payment in full of all debts, liabilities, and obligations of such Member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 7. **Transfer and Termination of Membership.**

a. Membership in the Cooperative shall be transferable only with the approval and consent of the Board of Directors, except as hereinafter otherwise provided.

b. Upon the death, cessation of existence, expulsion or withdrawal of a Member, the membership of such Member shall thereupon terminate. Termination of membership in any manner shall not release the Member from the debts, liabilities, and obligations of such member to the Cooperative. The death of one joint Member shall not terminate the membership.

Section 8. **Voting Privileges.**

a. The Board of Directors shall determine, in its discretion, the manner and method of voting, including, but not limited to, electronic voting, mail voting, and/or in-person voting.
b. A Member of the Cooperative is only entitled to one vote.
c. Any Member having more than one electric service shall use the service located at the Member's principal place of residence, or non-natural Member's principal place of business, within the service territory for voting and representation purposes.
d. If a vote of Members is taken on any matter, the spouse of the Member may vote on behalf of the Member, unless the Cooperative receives notification in writing that the Member has indicated otherwise.
e. If voting is allowed in-person, a Member may exercise voting rights on any matter that is before the Members at a Members' meeting from the time the Member arrives at the Members' meeting until the voting closes, unless otherwise noted in the notice of the Members' meeting.
f. A Member's vote at a Members' meeting must be in-person, by mail, or by electronic means and not by proxy, except as provided above for a vote by a spouse.
g. If mail voting is allowed by the Board of Directors, a Member may vote by mail on the ballot (a "Mailed Ballot") prescribed in this section on any motion, resolution, or amendment that is before the membership of the Cooperative, and a Member shall be allowed to vote by mail for the election of Directors and for the election of nominators.
h. The Mailed Ballot or electronic ballot shall be in the form prescribed by the Board and shall contain:
    (1) the exact text of the proposed motion, resolution, or amendment to be acted on at the meeting; or
    (2) the names, district, and term length of the candidates, nominated by the Nominating Committee, for the Director and nominator position or positions to be filled; and
    (3) spaces opposite the text of the motion, resolution, or amendment or candidate's name, in which the Member may indicate an affirmative or negative vote.
i. The Member shall express a choice by marking an "X" in the appropriate space on the Mailed Ballot and mail or deliver the Mailed Ballot as directed by the Cooperative in a plain, sealed envelope (the "Privacy Envelope") inside another envelope (the "Return Identification Envelope") bearing the Member's name.
j. A properly executed Mailed Ballot received on or before the day preceding the Members' meeting shall be accepted by the Board of Directors and counted as the vote of the Member.
k. A Member who is other than a natural person must designate a natural person to represent it by giving the Cooperative a written notice at or before the Member meeting, which shows that the named representative has been authorized by the managing board of such Member to represent it at the meeting of this Cooperative, or if an individual brings the "Voter Registration Card" to the Member meeting then it is presumed that said non-natural Member has duly authorized said individual to represent it at said meeting and to vote on its behalf on all matters to be voted upon at said meeting. An individual may represent no more than one such Member, but may also vote as an individual if the person is a Member individually.
l. Unless otherwise provided by law, the Articles of Incorporation or these Bylaws, a majority

of the Member votes cast shall determine the passage of any motion, resolution, or amendment submitted to the membership.

Section 9. **Member Grants of Property Rights.** As required by the Cooperative for the purpose of providing electric service or providing any other service by the Cooperative or a subsidiary of the Cooperative, each Member shall execute and deliver to the Cooperative grants of an easement of right-of-way on or over such lands owned by the Member, in accordance with such reasonable terms and conditions as the Cooperative shall require.

Section 10. **Removal of Directors.** The Members shall have the power to remove any Director for cause. Any Member may bring charges against a Director by filing such charges in writing with the Secretary, together with a petition signed by ten percent (10%) of the Members of the Cooperative, requesting the removal of the Director in question. The charges shall specify the basis for the Director's removal. Each page of the petition that has signatures of any Member(s) shall include the basis for the Director's removal. The removal shall be voted upon at the next annual or special meeting of the Members and any vacancy created by such removal may be filled by the Members at such meeting. Any removal and filling of a vacancy shall require a majority vote of the membership represented by either ballots submitted in person, by mail, and/or by electronic ballot. The Director against whom such charges have been brought shall be informed in writing of the charges prior to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against the Director shall have the same opportunity.

Section 11. **Arbitration.** Any and all disputes, claims or controversies ("disputes") arising from or related in any way to the Cooperative's providing of electricity or other services, or in its furnishing of any goods, or in the conduct of its operations, other than disputes or claims relating to the payment for electrical energy and/or other services provided by the Cooperative, that are not resolved by agreement of the parties, shall, at the request of either party, be resolved by binding arbitration. If the arbitration involves a sum in excess of $100,000.00, there shall be three (3) arbitrators, one (1) picked by each party and a third selected by the two (2) arbitrators selected by the parties. In the event the dispute involves less than $100,000.00, there shall be one (1) arbitrator. If the parties cannot agree on an arbitrator, the determination shall be made by the Minnesota District Court in Nobles County, Minnesota. The arbitration shall take place in Nobles County, Minnesota, or at any other place as agreed by the parties, under and pursuant to The Uniform Arbitration Act in Minnesota Statutes, Chapter 572B, or any successor provisions. The determination of any dispute in arbitration shall be governed by the laws of the State of Minnesota, including, but not limited to, the Frye-Mack Standard, and not the Daubert Standard, with respect to expert testimony. The cost of the arbitrators and filing fees shall be shared equally by the parties.

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

Based on the membership enacting this binding arbitration provision as a means of dispute resolution, each Member of the Cooperative, by virtue of membership, agrees to arbitrate any and all disputes according to the Bylaws, and the regulations, procedures, and policies established from time to time by the Board of Directors, and further agrees to abide by and perform any awards made hereunder. This agreement to arbitrate disputes shall survive any withdrawal from or termination of a Member's membership in the Cooperative.

ARTICLE II
Members' Meetings

Section 1. **Annual Meeting.** The Board of Directors shall determine the date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format) of the annual meeting of the Members of this Cooperative. The date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format) of the annual meeting shall be designated in the notice of the annual meeting.

Section 2. **Notice of Annual Meetings.** The notice of the annual meeting shall be given by:

a. mailing the annual Members' meeting notice to each Member personally at the Member's last known post office address, which for a Member cooperative means notice mailed to the secretary of the Cooperative; or
b. publication in a legal newspaper published in the county of the principal place of business of the Cooperative; or
c. publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among Members.

The notice of the annual meeting must be published at least two (2) weeks before the date of the meeting or election or mailed at least fifteen (15) days before the date of the meeting. Upon the mailing of the notice of the annual meeting of Members, the Secretary shall execute a certificate setting forth a correct copy of the notice and showing the date of the mailing thereof and that the same was mailed within the time and in the manner herein prescribed. Said certificate shall be made a part of the record of the meeting.

Section 3. **Special Meetings.** Special meetings of the Members may be called at any time by a majority vote of the Directors or upon the written petition of at least twenty percent (20%) of the Members as provided by law.

Section 4. **Notice of Special Meetings.** Notice of the date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format) of a special meeting shall be given by:

a. mailing the special Members' meeting notice to each Member personally at the Member's last known post office address, which for a Member cooperative means notice mailed to the secretary of the Cooperative; or
b. publication in a legal newspaper published in the county of the principal place of business of the Cooperative; or
c. publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among Members.

The special Members' meeting notice shall state the date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format), and purpose of the special Members' meeting, and shall be issued within ten (10) days from and after the presentation of a Members' petition. The special Members' meeting must be held by thirty (30) days after the date of the presentation of the Members' petition.

Section 5. **Failure to Receive Notice.** The failure of any Member to receive notice of an annual or special meeting shall not invalidate any action which may be taken at such meeting.

Section 6. **Voting.** The Board of Directors shall specify how voting shall occur at any annual or special meeting. Voting may occur by any of the following methods: in-person, mail, and/or electronic voting.

Section 7. **Quorum.** A quorum necessary to the transaction of business at any meeting of the Members shall be at least ten percent (10%) of the total number of Members in this Cooperative when the number of Members in this Cooperative does not exceed five hundred (500), but when the Cooperative has a larger number of Members, at least fifty (50) Members present in person or represented by mail, electronic, or in-person ballots shall constitute a quorum for the transaction of business at any annual or special meeting. The presence of a sufficient number of Members to constitute a quorum at any annual or special meeting shall be verified by the President and Secretary and shall be reported in the minutes of the meeting. If an insufficient number of Members are represented to constitute a quorum, a majority of the Members present may adjourn the meeting without further notice; provided a new notice is mailed or published as required by law specifying the date, hour, manner, method, and location (whether in-person, virtual, teleconference, or through a different format) of the adjourned meeting.

Section 8. **Voting.** At all meetings of the Members at which a quorum is present, all questions shall be decided by a vote as provided in Article I, Section 8 by a majority of the Members voting thereon at such meeting who have voted by mail, electronically, or in person, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws.

Section 9. **Postponement of Meeting of the Members.** In the event of inclement weather or the occurrence of a catastrophic event, natural disaster, or other good cause, any annual or special meeting of the Members may be postponed and rescheduled by the President or in the President's absence by any other available officer of the Board of Directors. Notice of the postponement and rescheduling shall be given by the Cooperative in any media of general circulation or broadcast serving the area served by the Cooperative.

ARTICLE III
Board of Directors

Section 1. **Election of Directors**

a. **General Powers.** The business and affairs of this Cooperative shall be governed by a board of seven (7) Directors who shall exercise all of the powers of the Cooperative. The Board of Directors shall have the power to make and adopt such rules, policies, and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative. Such powers shall also include the determination and fixing of classification of services and rates to be charged by the Cooperative for service furnished, and the enactment, revision, modification, and repeal by resolution of rules, regulations, and practices to govern the conduct, behavior, and activities of candidates for election to the Board of Directors or to the Nominating Committee as the Board of Directors, in their discretion, deems to be in the best interest of the Cooperative.
b. **Districts.** The assigned service territory of this Cooperative shall be divided into seven (7) districts and there shall be one (1) Director residing in each of said seven (7) districts and said Director must also reside within the Cooperative’s service territory. The districts shall be as follows:

Township, County, and State

District 1: Townships of Ellsborough, Skandia, Lake Sarah, Shetek, and Holly of Murray County; Township of Aetna of Pipestone County; Township of Hope of Lincoln County; Townships of Shelburne, Rock Lake, Custer, and Monroe of Lyon County; Township of Springdale of Redwood County; and Township of Ann of Cottonwood County, all in the State of Minnesota.

District 2: Townships of Cameron, Lowville, Mason, Chanarambie, Leeds, Slayton, Moulton, and Fenton of Murray County; and Townships of Burke and Osborne of Pipestone County, all in the State of Minnesota.

District 3: Townships of Murray, Dovray, Lime Lake, Des Moines River, and Belfast of Murray County; Townships of Westbrook and Rosehill of Cottonwood County; Townships of Seward and Graham Lakes of Nobles County; and Township of LaCrosse of Jackson County, all in the State of Minnesota.

District 4: Townships of Battle Plain and Vienna of Rock County; and Townships of Leota, Wilmont, Lismore, and Larkin of Nobles County, all in the State of Minnesota.

District 5: Townships of Magnolia and Kanaranzi of Rock County; and Townships of Westside, Olney, Dewald, Grand Prairie, Little Rock, and Ransom of Nobles County, all in the State of Minnesota; and Townships of Midland and Elgin of Lyon County, all in the State of Iowa.

District 6: Townships of Summit Lake, Elk, Hersey, Worthington, Lorain, Bigelow, and Indian Lake of Nobles County; and Townships of Alba and Ewington of Jackson County, all in the State of Minnesota; and Township of Horton of Osceola County, in the State of Iowa.

District 7: Townships of Iona and Bondin of Murray County; and Township of Bloom of Nobles County, all in the State of Minnesota.

Any territory served by this Cooperative and not included in any of the above districts shall be considered a part of the district in which the township adjacent to said territory is included.

c. **Eligibility.** To become and remain a Director, the Director and/or nominee for a Director position shall meet the following qualifications:
   (1) is a Member of the Cooperative;
   (2) receives electric service from the Cooperative in the district that the Director represents or would represent if elected;
   (3) is a permanent legal resident of the district from which the Member is elected or for which the Member is a candidate;
   (4) is not in any way employed by or has a substantial financial interest in an enterprise substantially competing with the Cooperative, any subsidiary of the Cooperative, or any Cooperative-affiliated business;
   (5) while on the Board of Directors, and during the five (5) years immediately before becoming a Director, has not been convicted of, or pleaded guilty to, a felony or a crime involving theft or dishonesty;
   (6) while on the Board of Directors, and during the three (3) years immediately before becoming a Director, was not an employee of the Cooperative, any subsidiary of the Cooperative, or any Cooperative-affiliated business;

(7) is not a grandparent, parent, spouse, co-habitant, child, or grandchild of an incumbent who is not up for reelection at that time;
(8) is not a grandparent, parent, spouse, co-habitant, child, or grandchild of an employee of the Cooperative, any subsidiary of the Cooperative, or any Cooperative-affiliated business;
(9) is not or does not become an employee or agent of another Director, or is not or does not become the employer or principal of another Director;
(10) has the capacity to enter legally binding contracts;
(11) except otherwise provided by the Board for good cause, attends at least seventy-five percent (75%) of the regular meetings of the Board of Directors during any calendar year;
(12) is not, does not become, or has not at any time during the five (5) years immediately before a Director's nomination, been employed by a labor union which represents, or has represented, or has endeavored to represent, any employees of the Cooperative.

If a Member of the Cooperative is a family farm corporation defined in Minnesota Statutes Section 500.24, subdivision 2, clause (c), or an authorized farm corporation defined in Minnesota Statutes Section 500.24, subdivision 2, clause (d), the Member may elect or appoint an individual stockholder of the farm corporation residing on or actively operating the farm to be eligible for election as a Director to the Board. A Member that is a legal entity, other than a family farm corporation defined in Minnesota Statutes Section 500.24, subdivision 2, clause (c), or an authorized farm corporation defined in Minnesota Statutes Section 500.24, subdivision 2, clause (d), may select a natural person residing in the service territory of the Cooperative to be eligible for election as a Director to the Board.

With regard to the provisions in paragraphs (7) and (8) above, no incumbent Director shall lose eligibility to remain a Director or to be reelected a Director if, during a Director's incumbency, a Director becomes a first kindred relative of another Director or of a Cooperative employee because of a marriage or an adoption to which the Director was not a party.

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

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

d. **Nominating Committee.** The Nominating Committee shall be comprised of seven (7) Members of this Cooperative. One member of said committee shall reside in each district. No Director, any officer, or any employee of this Cooperative shall be a member of said committee.

A Nominating Committee member shall not be a candidate or nominee, whether proposed or selected for nomination, for the Board of Directors. If a Nominating Committee member wishes to be a candidate for the Board of Directors, that Nominating Committee member shall resign from the Nominating Committee before being a candidate or nominee, whether proposed or

selected for nomination.

After the three (3) year term of each nominator expires, a successor for each nominator shall be elected for a three (3) year term at the annual meeting of the Members held in the year in which said nominator's term expires. Four (4) members of the Nominating Committee shall constitute a quorum.

Any vacancies on the Nominating Committee shall be filled by a majority vote of the Board of Directors and said successor nominator shall serve until the next annual meeting or until a successor nominator shall have been elected.

e. **Nominations for Directors and Nominators.** At least seventy-five (75) days prior to the annual meeting, the Nominating Committee shall prepare and post at all offices of the Cooperative a list of Directors to be elected and a list of nominators to be elected, each listing separately at least two (2) nominees for each Director position to be filled by election at the annual meeting, and at least two (2) nominees for each nominator position to be filled by election at the annual meeting. If the Nominating Committee is unable to secure at least two (2) nominees for each Director and/or each nominator position to be filled at said election, then the Nominating Committee on said posting shall include a statement that "After a diligent search only the nominee listed could be secured as a candidate."

   Any fifteen (15) or more Members may make additional nominations for a Director and/or a nominator designating the district for which said nomination is made in writing over their signatures not less than forty-five (45) days prior to the annual meeting, and the Secretary shall post the same at the same places where the list of nominations made by the Nominating Committee is posted.

   If any Director is removed from office at any meeting of the Members in accordance with Article I, Section 10, then the Members may, without complying with this subsection (e), elect at said meeting a successor to the removed Director. Nothing in this subsection (e) shall affect the validity of any election.

f. **Elections.** Each Member may vote for one nominee for each Director's position and for one nominee for each nominator's position then being elected pursuant to Article I, Section 8. A Member who claims that a ballot was not received by such Member, or that the ballot received by such Member was thereafter lost, damaged, or destroyed, shall not be entitled to a replacement ballot. The nominee for each Director position and the nominee for each nominator position who receives a majority of the votes cast at said annual meeting shall then and there be elected to the office of Director or to the position of nominator. In the case of a tie vote, the winner shall be determined by a flip of a coin.

g. **Terms.** Directors and nominators shall be elected for regular terms of three (3) years each and shall serve until their respective successors have been duly elected and qualified. There shall be no term limits for Directors or nominators.

Section 2. **Director Vacancies.** Subject to the provisions of these Bylaws with respect to the removal and replacement of a Director by the Members:

a. If the office of any Director becomes vacant, the remaining Directors by a majority vote may appoint a successor. A Director appointed to fill a vacancy shall hold office until the next annual Members' meeting or election date, or until a successor shall have been elected and qualified;

b. If a Director becomes incapacitated, which shall be determined to a reasonable medical certainty, the remaining Directors may declare that vacancy exists and appoint a Director

who shall serve until the next annual Members' meeting or election date, or until a successor has been elected or qualified;

c. If a Director is absent without cause from twenty-five percent (25%) or more regular board meetings within any one (1) year period, the remaining Directors may declare that a vacancy exists and appoint a Director who shall serve until the next annual Members' meeting or election date, or until a successor has been elected and qualified;
d. Any Director applying for employment at the Cooperative is required to submit a letter of resignation from the Board of Directors with their employment application; and the remaining Directors shall declare the position vacant and shall appoint a successor to hold office until the next annual Members' meeting or election date, or until a successor shall have been elected and qualified; and
e. After the Board of Directors determines that a Director or a nominee for Director lacks eligibility under the provisions of these Bylaws, it shall be the duty of the Board to promptly make a disqualification, or if the Board of Directors determines that any person being considered for or already holding a directorship lacks eligibility, it shall be the duty of the Board to withhold the position from such person or to cause a Director to be removed therefrom, as the case may be, and to fill the vacancy is provided in subdivision (a) of this section.

Section 3. **Meetings of Directors.**

a. **Regular Meetings.** Regular meetings of the Board of Directors shall be held in the manner, method, location (whether in-person, virtual, teleconference, or through a different format), and at such time as the Board of Directors may determine and upon such notice as the Board of Directors may prescribe which notice shall state the manner, method, location (whether in-person, virtual, teleconference, or through a different format), and at such time of said meeting.
b. **Special Meetings.** Special meetings of the Board of Directors may be called by the President or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors shall determine the manner, method, location (whether in-person, virtual, teleconference, or through a different format), and at such time for the holding of the meeting.
c. **Notice of Special Meetings.** Notice of manner, method, location (whether in-person, virtual, teleconference, or through a different format), and at such time of any special meeting of the Board of Directors shall be given at least five (5) days prior thereto, by written or electronic notice provided to each Director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage prepaid thereon.
d. **Attendance of Meeting.** The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction or any business because the meeting shall not have been lawfully called or convened.
e. **Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time, provided further that a new notice is given to the Directors specifying the manner, method, location (whether in-person, virtual, teleconference, or through a different format), and at such time of such adjourned meeting.
f. **Manner of Acting.** The acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.
g. **Participation in Meetings by Means of Remote Communication at the Discretion of**

the Board of Directors. As allowed and authorized by the Board of Directors, a Director or Directors may participate in a board meeting by means of conference call or by such other means of remote communication, in each case through which the Director and other Directors so participating may communicate with each other during the meeting. Participation in a meeting by that means constitutes presence at the meeting.

Section 4. **Compensation.** Directors shall receive reasonable compensation for service to the Cooperative as determined by resolution of the Board of Directors.

Section 5. **Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, complies with applicable laws, rules, and regulations of any regulatory body. The Board of Directors shall also cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of each fiscal year. Such audit reports shall be available to the Members for inspection.

Section 6. **Borrowings.** The Board of Directors shall have power, which may be exercised only by a vote of a majority of all of 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 7. **Corporate Seal.** The Board of Directors may adopt, alter, or abandon the use of a corporate seal.

Section 8. **Executive Committee.** The Board of Directors may appoint an Executive Committee of not less than three (3) Directors, one of whom shall be the President. Such committee shall not have any authority either:

a. to fill any vacancy either in any elective office or in its own membership or in the Board of Directors, or
b. to employ or discharge any Chief Executive Officer (CEO)/General Manager for this Cooperative, or
c. to call any meeting of the Members, or
d. to meet or otherwise to act at any time when either the Board of Directors or the Members are holding a meeting, or
e. to do anything which is required by law to be done only by the Board of Directors and which said Board cannot lawfully delegate to such a committee; but said committee shall have such other powers and duties as the Board of Directors may delegate to or require of it.

Section 9. **Indemnification.** The Cooperative shall indemnify Directors, officers, agents, committee members, nominating committee members, and employees against liability to the extent that their acts or omission constituting the grounds for the alleged liability were performed in their official capacity, were based upon what a reasonable person would deem to be good faith business judgments, and a belief that the acts or omission were in the best interest of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

Section 10. **Limitations on Former Director Becoming Employed by the Cooperative.** No Director shall be eligible to be employed by the Cooperative, either on a part-time or a full-time basis, or as an independent contractor, consultant, or in any other such similar contractual arrangement until at least three (3) years have expired since the last date said person was a Director of the Cooperative.

ARTICLE IV
Officers

Section 1. **Election of Officers.** The Board of Directors shall meet, either immediately after each annual meeting of the Members of this Cooperative, or if said meeting cannot be held at such time then as soon thereafter as conveniently may be, but such meeting shall be held before the first meeting of the Board of Directors to be held after the annual meeting to elect from among the Directors a President, Vice President, Secretary, and Treasurer. The offices of Secretary and Treasurer may be held by the same person and, when so held, may be termed Secretary/ Treasurer. The Board of Directors may appoint such additional officers with such titles, powers, and duties, and for such terms, as said Board may determine.

Section 2. **President.** The President shall:

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

Section 3. **Vice President.** In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned by the Board of Directors.

Section 4. **Secretary.** The Secretary shall:

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

Upon request of the Secretary, the Board of Directors shall authorize the Secretary to delegate any or all of the duties to responsible employees of the Cooperative.

Section 5. **Treasurer.** The Treasurer shall:

a. have charge and custody of and be responsible for all funds and securities of the Cooperative;
b. receive and give, or cause to receive and give, receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provision of these Bylaws; and
c. in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Upon request of the Treasurer, the Board of Directors shall authorize the Treasurer to delegate any or all of the duties to responsible employees of the Cooperative.

Section 6. **Removal.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors, upon a majority vote by the Board of Directors, whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 7. **Vacancies.** Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 8. **CEO/General Manager.** The Board of Directors shall employ a CEO/General Manager and fix that manager's compensation and all other terms of the manager's employment. The CEO/General Manager shall actively supervise all of the ordinary business of this Cooperative, and shall employ and discharge all other employees of this Cooperative, and shall perform such additional duties and shall have such additional powers as the Board of Directors may require of or may delegate to the manager.

ARTICLE V
Cooperative Operation

Section 1. **Nonprofit and Cooperative Operation**. The Cooperative: (a.) shall operate on a non-profit and cooperative basis for the benefit of all Members and (b.) may not pay interest or dividends on capital furnished by Members.

Section 2. **Allocating Capital Credits**. The Cooperative shall allocate capital credits as provided in this Bylaw.

a. **Patron**. The term "Patron" means, during a fiscal year: (1) a Member and (2) any other person or entity receiving and paying for electric service to whom the Cooperative is obligated to allocate capital credits.
b. **Allocated Earnings.** For electric service provided during a fiscal year, the Cooperative shall equitably allocate to each Patron, in proportion to the net amount of electric service provided to a Patron during the fiscal year, the Cooperative's operating earnings from providing electric service or other services/products provided by the Cooperative during the fiscal year. Operating earnings means the amount by which the Cooperative's operating revenues from providing electric service or other services/products provided by the Cooperative exceed the Cooperative's operating expenses of providing electric service or other services provided by the Cooperative, all as determined under federal cooperative tax law.
c. **Non-Operating Earnings.** For each fiscal year, the Cooperative may, as determined by the Board in its sole discretion, use, retain, or equitably allocate all or a portion of the Cooperative's non-operating earnings.

d. **Capital Credits**. For each amount allocated to a Patron, the Patron shall contribute a corresponding amount to the Cooperative as capital. The Cooperative must allocate 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. 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 interest, penalties, and late payment fees, and in return for the Cooperative providing electric service or other services/products provided by the Cooperative to the Patron, the Cooperative has a security interest in the 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, providing 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 services in providing electric service or other services/products provided by the Cooperative and from which the Cooperative is allocated a capital credit, patronage, or similar amount, then, as determined by the Board in its sole discretion 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 or may include such capital credit, patronage, or similar amount allocated by the entity as non-operating earnings.
f. **Joint Memberships.** Upon receiving written notice and sufficient proof of the termination, conversion, or alteration of a joint membership: (1) through the death of a joint Member, the Cooperative shall assign and transfer to each the decedent Member and the surviving joint Member(s) an equal portion of the capital credits allocated, or to be allocated, to the joint membership or (2) other than through the death of a joint Member, and upon written and signed application by all the joint Members, the Cooperative shall assign and transfer to each joint Member an equal portion of the capital credits allocated, or to be allocated, to the joint membership.

Section 3. **Notification and Assignment of Capital Credits**. Within a reasonable time after the end of each fiscal year, the Cooperative may notify each Patron of the stated dollar amount of the 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: (a.) the Cooperative must receive a written or electronic request signed by all of the Patrons to assign or transfer the capital credits; (b.) the Patron and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and (c.) the Board must approve of the assignment or transfer. Consent to assignment may be granted or withheld at the Board's sole discretion.

Section 4. **Retiring Capital Credits**. The Cooperative may retire and pay capital credits allocated to Patrons and former Patrons as provided in this Bylaw.

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 a Patron or former Patron: (1) after the death of the Patron; (2) after receiving a written or electronic request from the deceased Patron's legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the deceased Patron's legal representative. The Cooperative may not specially retire and pay capital credits allocated to an entity whether or not during or after the entity's dissolution, liquidation, or other cessation of existence. The Cooperative is not required to retire and pay capital credits allocated to a Member from any entity in which the Cooperative is or was a Member, Patron, or owner, if such entity has not required and paid such allocated capital credits to the Cooperative.
c. **Right to Offset, Setoff and/or Recoupment.** Regardless of any statute of limitation or other time limitation, upon retirement of capital credits, the Cooperative may recoup, offset, or setoff any amount owed to the Cooperative by the Member or former Member, including any interest, penalties, and late payment fees, by reducing the allocated amount of retired capital credits paid to the Member or former Member 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. 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 shall 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, patronage, 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 only after the entity retires and pays the capital credits, patronage, or similar amounts to the Cooperative.

Section 5. **Patron Agreement**. Each Patron and former Patron agrees that:
a. Capital credits are not securities under state or federal law;
b. 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
c. As required by law, each Patron will (1) report to the appropriate entity all allocated or retired capital credits and (2) pay the appropriate entity any tax or similar amount on allocated or retired capital credits.

Section 6. **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. The Cooperative must keep records necessary to determine, at any time, each Member's rights and interest in the accumulated and retained amounts exceeding those needed to meet current losses and expenses.

Section 7. **Patronage Refunds in Connection with Furnishing Other Services.** In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and

expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be considered non-operating margins, and treated as shown in Section 8.

Section 8. **Non-operating Margins.** At the discretion of the Board of Directors, funds and amounts, other than operating margins, received by the Cooperative that exceed the Cooperative's costs and expenses may be:

a. allocated as capital credits to Patrons in the same manner as the Cooperative allocates capital credits to Members; and/or
b. used by the Cooperative as permanent, non-allocated capital.

ARTICLE VI
Miscellaneous

Section 1. **Electronic Documents and Actions**. If a Member or Director 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:

a. The Member or Director consents and agrees to: (1) 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"); (2) electronically conduct any action, transaction, business meeting, or activity with, for, or involving the Cooperative; and (3) Electronically give or confirm this consent and agreement;
b. 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;
c. 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
d. The Member or Director Electronically taking an action provided in these Bylaws satisfies a requirement imposed by the governing documents regarding the form and manner of taking the action.

Except as otherwise provided in these Bylaws, an Electronic Document sent or transmitted to a Member or a 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 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:

e. "Electronic" and "Electronically" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
f. 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
g. Electronic transmission includes transmission through (1) Electronic mail; (2) the

Cooperative's website; (3) 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 2. **Fiscal Year.** The fiscal year of this Cooperative shall commence on the first day of January and end on the last day of December in the same year.

Section 3. **Rules of Order**. Except as otherwise provided by the Board at any time, and except as otherwise provided in the Articles of Incorporation or these Bylaws, the rules contained in the most recent edition of *Roberts Rules of Order Newly Revised*, govern all Member, Board, and committee meetings, in all cases to which they are applicable, and in which they are not inconsistent with the Articles of Incorporation, these Bylaws, or any special rules and/or policies the Cooperative may adopt from time to time.

ARTICLE VII
Disposition of Property

The Cooperative may not sell, mortgage, lease, or exchange more than twenty-five percent (25%) of its property, rights, privileges, and franchises; merge with or consolidate into another entity that is not a rural electric cooperative within the meaning of the Rural Electrification Act of 1936; or dissolve the Cooperative without authorization for the above acts by the affirmative vote of two-thirds (2/3) of the Members, given at a Members' meeting duly called for that purpose, or when authorized by the written consent of two-thirds (2/3) of the Members; provided, however, that such affirmative vote or written consent of the Members shall also represent the affirmative vote or written consent of at least two-thirds (2/3) of the individual Members; and provided further, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the Members, shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, National Rural Utilities Cooperative Finance Corporation, CoBank, and such other financial institutions as determined by the Board of Directors and in connection with such borrowing to authorize the making and issuance of bonds, notes, or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine. For purpose of this article, a merger with or consolidation into another rural electric cooperative shall not be deemed a sale, mortgage, lease, or exchange. Other provisions of these Bylaws notwithstanding, any repeal, amendment, or alteration of this article that would result in a change in the Member approval requirements for acts described herein, must be approved by at least twenty-five percent (25%) of all Members of the Cooperative, provided that said twenty-five percent (25%) or more is a majority of those votes cast on said repeal, amendment, or alteration. The Board of Directors shall submit any actions referred to in this article to a mail vote by the Members of the Cooperative.

ARTICLE VIII
Articles and Bylaws Provisions are a Contract

The Members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract

between the Cooperative and each Member, and both the Cooperative and the Member are bound by such contract, as fully as though each Member had individually signed a separate instrument containing such terms and provisions. The provisions of this section of the Bylaws shall be made available on the Cooperative's website, by electronic means, or U.S. Mail, or upon request to each Member of the Cooperative when an application to be a Member of the Cooperative has been submitted as required by these Bylaws.

ARTICLE IX
Amendments

These Bylaws may be altered, amended, or repealed by the Members at any annual or special meeting if approved by a majority of the votes cast, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal. Any repeal, amendment, or alteration of Article VII or of this sentence of this Article IX of these Bylaws, however, that results, directly or indirectly, in a change in the Member approval requirements for acts described in Article VII, must be approved by at least twenty-five percent (25%) of all Members of the Cooperative, provided that said twenty-five percent (25%) or more is a majority of those votes cast on said repeal, amendment, or alteration. The Board of Directors shall submit any actions referred to in the preceding sentence of this article to a mail vote by the Members of the Cooperative.

ARTICLE X
Seal

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