



**Articles of Incorporation and Bylaws**  
**of**  
**Mille Lacs Energy Cooperative**

PO Box 230    36559 US Highway 169    Aitkin MN 546431

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## **Articles of Incorporation and Bylaws**

As Amended at the meeting of members on May 6, 2021

### **RESOLUTION AMENDING ARTICLES OF INCORPORATION**

**RESOLVED**, that Articles I to V (inclusive), being all of the existing Articles of this Cooperative hereby are amended and restated so as to read, in their entirety, as follows:

#### **ARTICLE I.**

**Section 1.** The name of this Cooperative shall be MILLE LACS ENERGY COOPERATIVE.

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

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.

**Section 3.** The registered office and principal place of business of this Cooperative is at 36559 US Highway 169, Aitkin, Minnesota 56431.

#### **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. The Cooperative will maintain appropriate membership records.

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

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

The net income of the Cooperative, except for amounts set aside as capital reserves or additional reserves shall be distributed on the basis of patronage as

provided in the Bylaws. The records of this Cooperative may show the interest of patrons and members in the reserves.

#### **ARTICLE IV.**

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, patrons or non-patrons for monetary damages for breach of fiduciary duty as a director.

#### **ARTICLE V.**

These Articles of Incorporation may be altered, amended, or repealed by the affirmative vote of not less than two-thirds (2/3) of the members, present in person or represented by mail vote, at any annual or special meeting; provided, however, that the Articles of Incorporation of this Cooperative shall not be altered, amended, or repealed at any meeting of the members unless notice of such proposed alteration, amendment, or repeal shall have been contained in the notice of each meeting.

**RESOLVED**, FURTHER, that the President or Vice President and the Secretary or Assistant Secretary hereby are authorized and directed to prepare, execute, acknowledge, file and record such certificates or other additional instruments, and to do and perform any and all other or additional acts which may be necessary or proper to make the foregoing amended and restated Articles of Incorporation effective as provided by law.

#### **RESOLUTION AMENDING BYLAWS**

“Resolved, That Articles I to VIII (inclusive), being each and all of the existing Bylaws of this Cooperative hereby are amended and restated to read in their entirety, as follows:

#### **ARTICLE I - Members**

**Section 1. Qualifications and Obligations.** Any person or entity shall become a member of Mille Lacs Energy Cooperative by taking delivery of electric energy from the Cooperative.

The member shall comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules, regulations and policies adopted by the Board.

**Section 2. Membership.** No person or entity may have more than one membership in the Cooperative.

**Section 3. Removal of Directors and Officers.** The members shall have the power to remove any director or officer for cause. Any member may bring charges, which shall be specifically stated, against an officer or director by filing them in writing with the Secretary, together with a petition signed by 10% of the members, requesting removal of the officer or director in question. Such charges must be filed at least 30 days before either an annual or special meeting at which the removal request will be acted upon by the members. The Secretary shall immediately inform the officer or director against whom such charges have been brought in writing of such charges. Such officer or director shall have the right to counsel, present evidence, and to be heard in person at such meeting, and the member or members bringing such charges shall have the same right. If more than one director or officer has been charged, voting shall be upon each director or officer separately. The removal shall be voted upon at such meeting and any vacancy created by such removal may be filled by the members at such meeting.

## **ARTICLE II - Meetings of Members**

**Section 1. Annual Meeting.** The Annual Meeting of the members shall be held at such time and place as may be determined by resolution of the Board of Directors prior to issuance of the notice of meeting for the purpose of electing directors, passing upon reports concerning the prior fiscal year and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**Section 2. Notice of Annual Meeting.** The Secretary of the Cooperative shall give notice of such meeting by publication in a legal newspaper published in the county of the principal place of business of the Cooperative or by publication in any magazine, periodical, or house organ regularly published by or on behalf of the Cooperative and circulated generally among its members at least two (2) weeks previous to the date of the meeting, or by mailing notice thereof to each and every member personally, at the address as it appears on the records of the Cooperative, not less than fifteen (15) days previous to the date of the meeting.

**Section 3. Special meetings.** Special meetings of the members may be called by a majority of the directors of the Cooperative or upon the written petition of at least twenty percent (20 percent) of all members. Special meetings of the members may be held at any place within the area served by the Cooperative specified in the notice of the special meeting.

**Section 4. Notice of Special Meeting.** It shall be the duty of the President to cause the Secretary to give notice of the time, place and purpose of the special meeting in the manner as provided by publication or mailed notice in Section 2 above for Annual meetings. Such notice shall be issued within ten (10) days from and after the date of the

presentation of such petition mentioned in Section 3 of Article II, and such special meeting shall be held within thirty (30) days from and after the date of the presentation of the petition. Upon the mailing of any notice of an annual or special meeting of the members of the Cooperative the Secretary of the Cooperative 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 prescribed by law. The certificate shall be made a part of the record of the meeting. Failure of any members to receive any such notice shall not invalidate any action which may be taken by the members at any such annual or special meeting.

**Section 5. Mail Votes.** Any member who is absent from any meeting of the members may vote by mail on the ballot herein prescribed upon any motion, resolution, amendment, or any other matter authorized by law which the Board of Directors may in its discretion submit to the members for vote by them. Such ballot may be in the form prescribed by the Board of Directors and shall contain the exact text of the proposed motion, resolution, amendment, or other matter to be acted upon at such meeting and the date of the meeting and space opposite the text of such motion, resolution, amendment, or other matter in which such member may indicate his or her affirmative or negative vote thereon. Such member shall express his or her vote by marking an "X" in the appropriate space upon such ballot. The member shall mail or deliver the ballot to the Cooperative, or to a place designated by the Cooperative, in a sealed plain envelope inside another envelope bearing the member's name. If the ballot is received by the Cooperative on or before the date of the meeting, the ballot shall be accepted and counted as the ballot of the absent member. The Cooperative shall notify members of the date by which any mail ballots must be received to be counted.

**Section 6. Quorum.** A quorum necessary for the transaction of business at any meeting of the members shall be at least fifty (50) members. In determining a quorum on a question submitted to a vote by mail, members present in person or represented by mail votes shall be counted. The quorum shall be established by a registration of the members present at such meeting. The registration shall be verified by the President and Secretary and shall be reported in the minutes of the meeting.

**Section 7. Voting.** Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these Bylaws. Joint members shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Whenever a vote of members of the Cooperative is required or provided for on any matter, the spouse of the member may vote on behalf of the member, unless the member has indicated otherwise in writing to the Cooperative, but there shall be only one such vote per membership.

**Section 8. Unopposed Candidates Elected by Acclamation.** In the event there is only one candidate duly nominated for election to a director position for a district, the single candidate nominated for such district shall be deemed elected by acclamation as an unopposed candidate, and no member voting shall be required for such uncontested director position. The official notice of the annual meeting of members shall state the name of any candidate elected by acclamation, and the individual presiding at the annual meeting will announce that the uncontested candidate was elected by acclamation, and that no vote was required. Each elected director shall take office as of the end of such annual meeting.

### **ARTICLE III - Directors**

**Section 1. General Powers.** The business and affairs of the Cooperative shall be managed by a board of seven (7) directors, which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

**Section 2. Qualifications and Tenure.** No member shall be eligible to become or remain a director of the Cooperative who is not taking delivery of electric energy from the Cooperative and a member of the district for which they were nominated or elected, or who is employed by or financially interested in a business which is in competition with the Cooperative or an affiliated business of the Cooperative or sells its products or services to the Cooperative or an affiliated business of the Cooperative.

For elections of Directors, the members shall be divided into seven (7) districts, on the basis of the place where each member resides or if a member does not reside within the territory served by this Cooperative, then on the basis of the place where such member takes delivery of the most electric energy from this Cooperative. One, and only one, director shall be elected from each of the following districts:

District No. 1 shall be comprised of the City of Onamia and the following townships in Mille Lacs County: North Kathio No. 60, South Kathio No. 63, South Harbor No. 64, Onamia No. 67, Bradbury No. 68 and Dailey No. 69; and the following in Crow Wing County: Roosevelt No. 61.

District No. 2 shall be comprised of the following Townships in Crow Wing County: Rabbit Lake No. 35, Deerwood No. 38, Bay Lake No. 49, Nokay Lake No. 50.

District No. 3 shall be comprised of the City of Garrison and the following Townships in Aitkin County: Lakeside No. 54, Idun No. 58, Seavey No. 55; and the following in Mille Lacs County: Eastside No. 59; and the following in Crow Wing County: Garrison No. 52.

District No. 4 shall be comprised of the City of McGregor and the following Townships in Aitkin County: Jevne No. 28, McGregor No. 29, Spalding No. 30, Davidson No. 31,

Kimberly No. 32, Spencer No. 33, Aitkin No. 34, Lee No. 42, Rice River No. 43 and Workman No. 17.

District No. 5 shall be comprised of the following Townships in Aitkin County: Nordland No. 40, Glen No. 41, Jewett No. 45, Malmo No. 46.

District No. 6 shall be comprised of the City of Palisade and the following Townships in Aitkin County: Verdon No. 7, Unorganized T51-R25 No. 8, White Elk No. 11, Bain No.12, Hebron No. 13, Libby No. 14, Logan No. 18, Waukenabo No. 19, Esquagamah No. 20, Unorganized T48-R27 No. 25, Morrison No. 26 and Fleming No. 27 and the following in Crow Wing County: Ross Lake No. 21, Fairfield No. 22, Dean Lake No. 24.

District No. 7 shall be comprised of the following Townships in Aitkin County: Farm Island No. 39, Wealthwood No. 47, Hazelton No. 48.

No director shall serve more than seven (7) consecutive 3-year terms after January 1, 1992.

**Section 3. Open Filing.** It shall be the duty of the Cooperative to solicit and promote not less than sixty (60) days nor more than one hundred thirty-five (135) days before the date of a meeting of the members at which directors are to be elected, open filing for Director candidates for each annual election. The Cooperative shall use every reasonable effort to assure that there are at least two (2) candidates to stand for election from each district for which a director is to be elected. The Cooperative shall prepare and post at the principal office before the meeting a list of the Director candidates; such list shall also be mailed to each member through the medium of the Cooperative Newsletter. A sample ballot marked "Sample Ballot for Directors" containing the names of all the Director candidates so posted, alphabetically arranged by district, and shall be mailed with the notice of meeting. The Secretary shall also mail with the notice of meeting a statement of the number of directors to be elected. The members may, at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to open filing of Director candidates. No member may be elected to a Director position except in the manner provided in this subsection. No write-in ballots shall be accepted. Failure to comply with any provisions of this Section shall not affect the validity of any election.

**Section 4. Elections.** Directors shall be elected at the annual meeting by those members who are present in person at the annual meeting or by mail vote in accordance with the procedures set forth in Article II, Section 5 and written policy of the Cooperative. Election of Directors may also be done by electronic means if the Cooperative is able to authenticate that it is the cooperative member who is casting the vote. No election of directors by electronic vote shall be permitted unless the ballot states that voting by electronic means is authorized and notice of voting by electronic means also is given to the members not less than 14 days in advance of the annual meeting by written notice and posting in the principal office of the Cooperative. The

candidate who receives more votes than any other candidate residing in the same district shall thereby be elected for that district. In case of a tie vote, the winner shall be determined by a flip of a coin, in which case the Chairman of the meeting at which Directors are being elected shall name a person who will toss the coin. The calling of heads or tails shall be in alphabetical order by the candidates. If more than two are tied, the process of elimination shall be in alphabetical order.

**Section 5. Vacancies.** 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 meeting of the members by a vote of the remaining directors. In the event that a director becomes totally incapacitated, which shall be determined to a reasonable medical certainty, the remaining directors may declare that a vacancy exists and appoint a director who shall serve until the next annual meeting or until a successor has been elected and qualified. If a director is absent without cause from three scheduled board meetings within any one-year period, the remaining directors may declare that a vacancy exists and appoint a director who shall serve until the next annual meeting or until a successor has been elected and qualified.

**Section 6. Regular Meetings.** A regular meeting of the Board of Directors may be held without notice other than this bylaw, immediately after and at the same place as the annual meeting of the members. A regular meeting of the board of directors may also be held monthly at such time and place as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Special meetings may be called by the President or a majority of the directors. All meetings shall be held on such notice, if any, as the board may prescribe; but any business may be transacted at any meeting without mention of such business in the notice, if any, of the meeting. Such special meetings may be held by conference call or other electronic means with any action taken ratified at the following regular board meeting.

**Section 7. Quorum.** A quorum shall consist of a majority of the directors. A majority vote of the directors present shall decide all questions except where a greater vote is expressly required by law or these Bylaws. If less than a majority of the directors are present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

**Section 8. Compensation.** Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors may receive reasonable compensation for services to the Cooperative.

**Section 9. Bonds.** 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 satisfactory to said board and the cost thereof shall be paid by this Cooperative.



**Section 10. Audit and Report.** The Board of Directors shall have the books of this Cooperative audited by a certified public accountant at least once each fiscal year and the report of such audit shall be made at the next annual meeting of the members.

**Section 11. Borrowing.** 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 12. Corporate Seal.** The Board of Directors may adopt, alter or abandon the use of a corporate seal.

**Section 13. 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 (I) to fill any vacancy either in any elective office or in its own membership or in the Board of Directors, or (II) to employ or discharge any CEO for this Cooperative, or (III) to call any meeting of the members, or (IV) to meet or otherwise to act at any time when either the Board of Directors or the members are holding a meeting, or (V) 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.

#### **ARTICLE IV - Officers**

**Section 1. Election of Officers.** Promptly following each annual meeting of the members of this Cooperative, or as soon thereafter as conveniently may be, the Board of Directors shall elect from among the directors a President and a Vice President, and shall at the same time elect a Secretary and a Treasurer who may, but need not, be directors. 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. Removal.** 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 interests of the Cooperative will be served thereby.

**Section 3. Vacancies.** Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

**Section 4. The President shall:**

- (a) Preside over all meetings of the members and of the Board of Directors and of the Executive Committee; and

- (b) Have all authority ordinarily held by the President 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 business.

**Section 5. The Vice President**, in the absence or disability of the President, shall perform the duties of the President.

**Section 6. The Secretary shall:**

- (a) Take or supervise the taking of complete minutes of all meetings of the members and of the Board of Directors and of the Executive Committee, and
- (b) Submit to the annual meeting of the members a report covering the business of this Cooperative for the previous fiscal year and showing the condition of this Cooperative at the close of said fiscal year; and
- (c) Give, or cause to be given, all notices as required by law or these Bylaws; and
- (d) Perform such additional duties as may be required of him or her by the Board of Directors.
- (e) Upon the request of the Secretary, the Board of Directors shall authorize the Secretary to delegate any or all of these duties to responsible employees of the Cooperative.

**Section 7. The Treasurer shall:**

- (a) Supervise the safekeeping of all funds and property of this Cooperative; and
- (b) Supervise the keeping of complete books and records of all financial transactions of this Cooperative; and
- (c) Perform such additional duties as may be required of him or her by the Board of Directors.
- (d) Upon the request of the Treasurer, the Board of Directors shall authorize the Treasurer to delegate any or all of these duties to responsible employees of the Cooperative.

**Section 8. CEO (Chief Executive Officer).** The Board of Directors shall employ a CEO, who may be but who shall not be required to be a member of the Cooperative and fix his or her compensation and all other terms of his or her employment. The CEO 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 or may delegate to him or her.

**ARTICLE V - Distribution of Earnings**

**Section 1. Members, Patrons and Non-Patrons.** The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its members and patrons. For purposes of this Article V:

**Member** A customer which has agreed to the terms of membership specified by the Cooperative, is entitled to one vote, is entitled to the return of the excess paid over the cost of service (i.e. capital credits), and has a vested interest in the net savings of the organization. Bylaws of the Cooperative, or state law, define who may become a member.

**Patron** A customer that is entitled to the return of the excess paid over the cost of service (i.e., capital credits); a patron may be a member or a nonmember.

**Non-Patron** A nonmember customer not entitled to capital credits.

**Section 2. Capital Credits in Connection with Delivery and Sale of Electric Energy.** In the delivery and sale of electric energy, the Cooperative's operations shall be so conducted that all members and patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members and patrons for all amounts received and receivable from the delivery and sale of electric energy in excess of operating costs and expenses properly chargeable against the delivery and sale of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members and patrons as capital. The member and patron is fully vested in these amounts. The Cooperative is obligated to allocate to a capital account for each member and patron all such amounts in excess of operating costs and expenses. 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 and patron is clearly reflected and allocated in an appropriate record to the capital account of each member and patron. All such amounts allocated to the capital account of any member and patron shall have the same status as though they had been paid to the member and patron in cash in pursuance of a legal obligation to do so, and the member and patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of cost and expenses shall, insofar as permitted by law, be

- (a) used to offset any losses incurred during the current or any prior fiscal year and
- (b) to the extent not needed for that purpose, allocated to its members and patrons

**Section 3. Non-Operating Income.** All amounts received by the Cooperative from its other activities including, but not limited to, investments, rentals and other incidental services, in excess of costs and expenses properly chargeable against such activities shall, insofar as permitted by law, be (1) used to offset any losses incurred during the current or any prior fiscal year and (2) to the extent not needed for that

purpose, retained or allocated, at the Board's discretion, among the classes of business for which the receipts exceed the allocable costs and expenses, in proportion to the amounts of such margins, and to its Members on a patronage basis. Any amount so allocated shall be included as a part of the capital credited to the accounts of members, as provided for in section 2. above.

**Section 4. Reserves.** The Cooperative may set aside such part of its net income as its Board of Directors deems advisable for the purpose of creating or maintaining a capital reserve. In addition to such capital reserve, the directors of the Cooperative may set aside a sum not to exceed five percent (5%) of the annual net income of the Cooperative which shall be used for the purposes of promoting and encouraging Cooperative organization, and may establish and accumulate reserves for new buildings, machinery, and equipment, depreciation, losses and other proper purposes.

**Section 5. Dissolution or Liquidation.** In the event of dissolution or liquidation of the Cooperative after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members and former members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to members' accounts may be retired in full or in part.

**Section 6. Retirement of Capital Credits.** The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. Notwithstanding the provision regarding retirement of capital credits above, the Board of Directors may authorize the early retirement of capital credits at a discount from face value taking into account the Cooperative's cost of capital. The determination of the eligibility for such discount and the discount rate to be applied shall be exclusively at the discretion of the Board. All amounts retained by the Cooperative resulting from the discounting procedure shall be classified as permanent reserve in the name of the Member/patron or former Member/patron to be redeemed only upon the dissolution or liquidation of the organization.

In no event, however, shall any capital be retired contrary to the provisions of any unsatisfied mortgage executed by the Cooperative.

**Section 7. Agreement to First Lien on Member/Patron's Capital.** The Cooperative, before the transfer in full or in part of the retirement of any capital credit to any Member's/patron's account, may deduct therefrom any amount owing by such Member/patron to the Cooperative, together with interest thereon at the organization's costs of equity capital. By becoming Members/patrons of the Cooperative, all Members/patrons are deemed to have granted a first lien on all capital credits or patronage refunds held for the Member/patron by the Cooperative to secure the payment of all indebtedness of the Member/patron to the Cooperative. This first lien

may be perfected by possession of the collateral under the Uniform Commercial Code or through the filing of a Financing Statement with the office of the Secretary of State. The Articles of Incorporation, bylaws, tariffs, rules and regulations and policies of the Cooperative shall constitute a security agreement under the Uniform Commercial Code.

#### **ARTICLE VI – Arbitration**

Any and all disputes or claims or controversies arising from or related in any way to the Cooperative's provision of electricity or other services or in its furnishing of any goods or in its 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 any party, be resolved by binding arbitration by a single, impartial arbitrator. Arbitration shall take place in Aitkin, Minnesota, or as close to this location as possible. The selection of the arbitrator and all arbitration rules and procedures shall be determined pursuant to Minnesota Statutes Chapter 572B and pursuant to the written procedures to be established from time to time by the Board of Directors. 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.

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 claims or controversies according to the Bylaw and the regulations and policies prescribed by the Board of Directors, and further agrees to abide by and perform under all such policies and all such rules of arbitration, and 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 VII - Disposition of Property**

The Cooperative may not sell, mortgage, lease or otherwise dispose or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized by an affirmative vote of two-thirds (2/3rds) of the total number of members with voting rights at a meeting duly called for that purpose; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or in the pledging or encumbering of, and any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as

the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America, or any instrumentality or agency thereof, the National Rural Utilities Cooperative Finance Corporation, or any other lender.

## **ARTICLE VIII - Miscellaneous**

**Section 1. Waiver of Notice.** Any member or board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**Section 2. Policies, Rules and Regulations.** The board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for management, administration and regulation of the business and affairs of the Cooperative.

**Section 3. Area Coverage.** The Board of Directors shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who.

(a) desire such service and meet all reasonable requirements established by the Cooperative as a condition of such service.

**Section 4. Cooperative Newsletter and Subscriptions.** The Board of Directors shall, and hereby are given the authority to, publish, print and distribute a newsletter, giving information concerning the operation of the Cooperative. Further, the Board of Directors shall be authorized, on behalf of and for circulation to the members periodically, to subscribe to such other newsletters or publication which, in the opinion of the Board of Directors, would be useful for the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy.

**Section 5. Member 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 the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

**Section 6. Property Interest of Members.** Members shall have no individual or separate interest in the property or assets of the Cooperative except, upon dissolution, after (1) all debts and liabilities of the Cooperative shall have been paid, and (2) all capital furnished through patronage shall have been returned. Any remaining

property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate contributed patronage capital of each bears to the total contributed patronage capital of all Members and former Members.

**Section 7. 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.

## **ARTICLE IX - Amendments**

These Bylaws may be altered, amended or repealed by the members at any annual or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

“RESOLVED, FURTHER, That each and all of the foregoing amendments of the Bylaws of this Cooperative shall become effective if and when the amendments of this Cooperative’s Articles of Incorporation (adopted by the members of this Cooperative at the same meeting when they adopt this resolution) shall become effective.”