

ARTICLES OF INCORPORATION OF LYON-LINCOLN ELECTRIC COOPERATIVE, INC.

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

ARTICLE I

Section 1. The name of this Association shall be LYON-LINCOLN ELECTRIC COOPERATIVE, INC.

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

- (a) to generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;
- (b) to acquire, own, hold, use, exercise and, to the extent permitted by law, sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Association;
- (c) to purchase, receive, lease as lessee, or in any other manner acquire, own, hold maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Association to accomplish any or all of its purposes;
- (d) to assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, sup to assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, sup plies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;
- (e) to borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Association; to secure the payment of such bonds,

notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Association, wheresoever situated, acquired or to be acquired; and

- (f) to do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the Act under which the Association is formed; provided, however, that the conduct of the business of this Association shall be upon the cooperative plan.

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

Section 3. The principal place of transacting the business of this Association shall be in the village of Tyler in the County of Lincoln and State of Minnesota.

ARTICLE II

The period of duration of this corporation shall be perpetual.

ARTICLE III

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

Section 2. The ownership of the capital stock in this Association by any individual stockholder shall not exceed the par value of Five Hundred (\$500.00) Dollars.

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

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

Section 5. The Association shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Association on any capital furnished by its patrons.

In the furnishing of electric energy the Association's operations shall be so conducted that **all** patrons, members and non-members alike, will through their patronage furnish capital for the Association. In order to induce patronage and to assure that the association will operate on a non-profit basis the Association is obligated to account on a patronage basis to all its patrons, members and non-members alike for **all** amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy.

All such amounts in excess of operating costs and expenses at the moment of receipt by the Association are received with the understanding that they are furnished by the patron, members and non-members alike, as capital. The Association is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Association shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Association shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Association corresponding amounts for capital.

In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association shall have been paid, and the par value of stockholders' shares returned, outstanding capital credits shall be retired without priority on a pro rata basis. If, at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to patron's accounts may be retired in full or in part. Any such retirements of capital shall be made in conformance with determinations made by the board of directors as to the method, basis, priority, and order of retirement for all amounts theretofore and thereafter furnished as capital.

Capital credited to the account of each patron shall be assignable only on the books of the Association pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Association unless the board of directors, acting under policies of general application, shall determine otherwise.

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

The patrons of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Association and each patron, and both the Association and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article shall be called to the attention of each patron of the Association by posting in a conspicuous place in the Association's office.

In the event that the Association 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 prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

ARTICLE IV

The highest amount of indebtedness to which this association shall at any time be subject shall be unlimited.

ARTICLE V

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

<u>NAMES</u>	<u>RESIDENCES</u>
V. Ostergaard	Tyler, Minnesota
John Phillips	Marshall, Minnesota
Stanley C. Nelson	Tyler, Minnesota
H. B. Krog	Lake Benton, Minnesota
Henry Petersen	Tyler, Minnesota
H. P. Kvernmo	Hendricks, Minnesota
J. B. Wyffels, Jr.	Garvin, Minnesota
Chas. Swanson	Russell, Minnesota
P.M. Forsman	Amiret, Minnesota

ARTICLE VI

Section 1. The government of this Association and the management of its affairs and business shall be vested in a Board of Directors consisting of nine (9) members, who shall be elected by ballot by the stockholders for such terms as the Bylaws may prescribe at the annual meeting of the stockholders, which shall be held, beginning with the year 1966 at such time as may be determined by the Board of Directors of this Association, at the principal place of business of the Association, or at any other place conveniently located within the area served by it, for the purpose of electing directors. Any vacancy occurring in the Board of Directors may be filled by the remaining members of the board, except as otherwise provided by law or the Bylaws of this Association, and any person elected to fill any such vacancy shall hold office until the next annual meeting of the stockholders and until his successor shall have been elected and shall have qualified.

Section 2. The names and places of residence of those who shall compose the first Board of Directors and who shall hold office until the first annual meeting of the stockholders and until their successors shall be elected and shall have qualified are as follows:

<u>NAMES</u>	<u>RESIDENCES</u>
V. Ostergaard	Tyler, Minnesota
John Phillips	Marshall, Minnesota
Stanley C. Nelson	Tyler, Minnesota
H. B. Krog	Lake Benton, Minnesota
Henry Petersen	Tyler, Minnesota
H. P. Kvernmo	Hendricks, Minnesota
J. B. Wyffels, Jr.	Garvin, Minnesota
Chas. Swanson	Russell, Minnesota
P.M. Forsman	Amiret, Minnesota

Section 3. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation or the Bylaws of this Association or the laws of the State of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of this Association.

ARTICLE VII

Section 1. Any person, persons, corporation, partnership, trust, cooperative, or body politic may become a member of the Association by: (a) purchasing at least one share of the capital stock of the

Association; (b) agreeing to purchase from the Association the amount of electric energy hereinafter in Section 2 of this Article specified; and (c) agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Association and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors of the Association.

Section 2. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefore, at rates which shall from time to time, be fixed by the Board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service, are furnished by members as capital, and each member shall be credited with the capital so furnished, as provided in these Articles. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 3. The Bylaws of this Association may define and fix the duties and responsibilities of the stockholders, officers and directors and may also contain any other provision for the regulation on the business and affairs of this Association not inconsistent with these Articles of Incorporation or the laws of the State of Minnesota.

ARTICLE VIII

The Board of Directors shall determine, and may modify, the period of time for the cooperative's fiscal year.

ARTICLE IX

The Association may at any meeting of its Board of Directors sell, mortgage, lease or exchange all of its property, rights, privileges and franchises upon such terms and conditions as the Board of Directors deem expedient, and for the best interests of the Association, when and as authorized by the affirmative vote of the holders of two-thirds (2/3) of the shares of stock of the Association issued and outstanding, given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of two-thirds (2/3) of the shares of stock of the Association issued and outstanding; provided, however, that such affirmative vote or written consent of the stockholders shall also represent the affirmative vote or written consent of at least two-thirds (2/3) of the individual stockholders of the Association; and provided further, however, that notwithstanding anything herein contained the Board of Directors shall have, without the consent or vote of the stockholders of the Association, full power and authority to borrow money from the United States of America, or any other agency or instrumentality thereof or from a national financing institution, organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings, in which the Cooperative holds membership and to authorize the execution and delivery of bonds, notes or other evidences of indebtedness, secured or unsecured, to evidence the indebtedness created by such loans, and to secure such bonds, notes or other evidences of indebtedness, by mortgage or mortgages, or deed or deeds of trust upon, or the pledge of or other lien upon, all or any of the property, assets, rights, franchises, privileges and permits of the Association wherever situated, acquired or to be acquired, upon such terms and conditions as the Board of Directors shall determine.

ARTICLE X

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

ARTICLE XI

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