

**BYLAWS
OF
LYON-LINCOLN ELECTRIC COOPERATIVE, INC.**

ARTICLE I

MEMBERS

SECTION 1. QUALIFICATIONS AND OBLIGATIONS.

- (a) Any person, persons, corporation, partnership, trust, cooperative, or body politic may become a member in the Cooperative by:
- (1) Paying the par value for one share of stock, as hereinafter specified; and
 - (2) Agreeing to purchase from the Cooperative the amount of electric energy as hereinafter specified; and
 - (3) Agreeing to comply with and be bound by the articles of incorporation of the Cooperative, these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors; provided, however, that no person, persons, corporation, partnership, trust, cooperative, or body politic shall become a member unless and until (s)he or it has been accepted for membership by the board of directors. No person, persons, corporation, partnership, trust, cooperative, or body politic may own more than one (1) membership in the cooperative. Each membership shall be entitled to only one (1) vote and the Cooperative may require a corporation, partnership, trust, cooperative, or body politic designate the person who shall vote for said entity.
 - (4) Two persons may hold a membership as joint tenants with right of survivorship in accordance with the terms of their application, these bylaws, and any rules of the board of directors applicable thereto.
 - (5) Each member shall furnish to the Cooperative reasonable access to and grants of easement under, on, or over the lands owned (including any right or interest) by the member to be used for furnishing electric service to the member and for the construction, operation and maintenance of the electric distribution lines of the Cooperative. All such easements shall run with the land and shall be binding on and shall inure to the benefit of the Cooperative and the member's heirs, successors, and assigns. These easements shall be in accordance with such reasonable terms and conditions as the Cooperative shall require. The Cooperative may cut, trim, and control growth on the member's property by machinery, by chemicals, or otherwise of trees, shrubbery, and other vegetation to the extent necessary to keep the right-of-way clear for the Cooperative's lines or system, and the Cooperative may cut down from time to time all dead, weak, leaning or dangerous trees that are tall enough to strike the wires in falling.
- (b) Joint Membership.
- (1) The term "member" as used in these bylaws shall be deemed to include any two natural persons, each of whom qualifies to be a member, may hold a joint membership in the Cooperative for a location to which the Cooperative provides electric service by completing the application for joint membership and any provisions relating to the rights and liabilities of membership, including, without limitation the following:
 - (A) The presence at a meeting of either shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
 - (B) They shall jointly be entitled to one (1) vote;
 - (C) A waiver of notice signed by either shall constitute a joint waiver;

- (D) Notice of either shall constitute notice to both;
 - (E) Expulsion of either shall terminate the joint membership;
 - (F) Withdrawal of either shall terminate the joint membership;
 - (G) Either but not both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.
- (2) The records of the cooperative shall properly show all joint memberships in the names of the joint members and filed with the cooperative. Any joint membership may be terminated and vested solely in one of the joint members by agreement of the joint members and approval by the Cooperative.

SECTION 2. MEMBERSHIP FEE. The par value of a share of stock (hereinafter called the "membership fee") shall be \$5.00. The payment to the Cooperative of the membership fee shall make a member eligible for One (1) service connection. An additional fee of \$5.00 shall be paid for each additional service connection requested by a member, but no share of stock shall be issued for such additional fees.

SECTION 3. PURCHASE OF ELECTRIC ENERGY. 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 bylaws. 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 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. FORFEITURE AND SURRENDER OF SHARE CERTIFICATES. The board of directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member and cause his stock certificate (hereinafter called the "certificate of membership") to be forfeited and surrendered if such member shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Cooperative or these bylaws or any rules or regulations adopted from time to time by the board of directors, in which case the Cooperative shall make such refunds as required by law. The certificate of membership so forfeited and surrendered shall be retired and canceled by the board of directors, any member so expelled and whose certificate of membership has been forfeited and surrendered may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

SECTION 6. WITHDRAWAL OF MEMBERSHIP. Any member may withdraw from membership upon payment in full of all liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

SECTION 7. TRANSFER OF MEMBERSHIP CERTIFICATE AND TERMINATION OF MEMBERSHIP.

- (a) Membership in the Cooperative and the certificate representing the same shall be transferable only with the approval and consent of the board of directors except as hereinafter otherwise provided. The Cooperative shall have the first right and privilege of

purchasing the certificate of membership offered for sale by any member. Any certificate of membership so acquired by the board of directors for the Cooperative may be held as a treasury certificate or may be retired and canceled, as may be determined by the board of directors. Upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate, and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.

- (b) A membership may be transferred by a member to himself or herself and another, as the case may be, as joint tenants with right of survivorship upon the written request of such member and compliance by such persons jointly with the provisions of paragraphs (2) and (3) of Section 1(a) of this Article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.
- (c) Upon the death of either spouse or other person, who is the party to a joint membership, such membership shall be held solely by the survivor and the records of the cooperative shall be changed to show membership solely in the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the cooperative.

SECTION 8. 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-Treasurer, together with a petition signed by twenty per centum (20%) of the members, requesting removal of the officer or director in question. Such charges must be filed at least thirty (30) days before an annual meeting and in the manner prescribed by law for a special meeting.

The Secretary-Treasurer 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, to present evidence, and to be heard in person at the meeting, and the member or members bringing such charges shall have the same right.

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 provided, however, that the director so chosen must reside in the same district as the director in respect to whom the vacancy occurs.

ARTICLE II

SECTION 1. ANNUAL MEETING. The annual meeting of the members shall be held 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, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. The Board of Directors may, from time to time in its sole discretion, determine that it is in the best interest of members to allow or require members to participate in an annual meeting by telephonic or electronic media which permits members not physically present at the meeting to hear, be heard, and participate in the business brought before the members during the course of the meeting. If the election of directors shall not be held on the day designated herein for the 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. Notice of the annual meeting shall be given by the Secretary-Treasurer by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative operates at least two (2) weeks previous to the date of such meeting, or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 3. SPECIAL MEETINGS. Special meetings of the members may be called by a majority of the directors or upon a written petition signed by at least twenty per centum (20%) of all the members. Special meetings of the members may be held at any place within the County of Lincoln in the State of Minnesota 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-Treasurer to give notice of the time, place and purpose of a special meeting, either by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative operates at least two (2) weeks previous to the date of such meeting or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. Such notice shall be issued within ten (10) days from and after the date of the presentation of the written petition mentioned in Section 3 of this Article II, and such special meeting shall be held within thirty (30) days from and after the date of the presentation of such petition. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such annual or special meeting.

SECTION 5. QUORUM. At least Twenty percent (20%) of the total members present in person or voting, as authorized in Section 8 of this Article, shall constitute a quorum for the transaction of business at all meetings of the members, so long as the total number of members does not exceed Two Hundred (200). In case the total number of members exceeds Two Hundred (200), not less than Fifty (50) members, present in person, or voting, as authorized in Section 8 of this Article, shall constitute a quorum for the transaction of business at all meetings of the members. If an insufficient number of members is present or voting, as authorized in Section 8 of this Article, to constitute a quorum, a majority of the members present may adjourn the meeting from time to time without further notice.

SECTION 6. ESTABLISHMENT OF A QUORUM. The attendance or voting of members, as authorized in Section 8 of this Article, of a sufficient number of members to constitute a quorum at any meeting of the members shall be established by registration of the members present at such meeting or voting, as authorized in Section 8 of this Article, which registration including members voting, as authorized in Section 8 of this Article, or by members participating in a virtual meeting providing that members are able to directly participate and be identified. Establishment of a quorum be verified by the President and Secretary/Treasurer and shall be reported in the minutes of such meeting. In the event a quorum is not established, a majority of members in attendance may adjourn the meeting from time to time without further notice.

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 for which there is a quorum, all questions shall be decided by a vote of the majority of the members voting thereon at such meeting in person, by mail, electronic ballot, or participating in a virtual meeting, except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these Bylaws. If two natural persons hold a joint membership, they shall jointly be entitled to One (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

SECTION 8. MEMBER VOTING BY MAIL, OR ELECTRONIC BALLOT, OR PARTICIPATING IN A VIRTUAL MEETING. Except as otherwise provided in these Bylaws or by the Board, a Member may vote or act by mail or electronic transmission or participating in a virtual meeting only as provided in this Bylaw and in a manner authorized and determined by the Board.

MAIL, OR ELECTRONIC BALLOT, OR PARTICIPATING IN A VIRTUAL MEETING. A member may vote or act by mail or Electronic transmission or participate in a virtual meeting, only as authorized by the Board, and only on an action that may be taken at the Member Meeting in conjunction with a Member Meeting by the Cooperative delivering or providing access to a written or Electronic mail ballot ("Mail Ballot With Member Meeting") to each Member entitled to vote on the matter or participating in a virtual meeting. A Member submitting a completed Mail Ballot With Member Meeting may not vote at the Member Meeting regarding a matter described in the Mail Ballot With Member Meeting. The Cooperative may count completed Mail Ballots With Member Meeting received before the Member Meeting in determining whether a Member Quorum exists at the Member Meeting. The Cooperative must count as Member's vote a properly completed Mail Ballot With Member Meeting received on, or before, the time and date stated in the Mail Ballot With Member Meeting. As determined by the Board, the Cooperative may require that all votes be cast, or action be taken, by completed Mail Ballot With Member Meeting submitted before the Member Meeting.

MAIL OR ELECTRONIC BALLOT. A Mail Ballot or Electronic Ballot With Member Meeting ("Mail Ballot") must:

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

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

SECTION 9. VOTING DISTRICTS. The territory served or to be served by the Cooperative shall be divided into three districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by three directors.

Not less than One Hundred Twenty (120) days before any meeting of the members at which directors are to be elected, the board of directors shall review the composition of the several districts and, if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the board of directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

SECTION 10. ORDER OF BUSINESS. The order of business at the annual meeting of the members, and so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.

3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of nine (9) 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. TENURE AND QUALIFICATIONS.

a) **TENURE.** At the annual meeting of the members, one director from each of the districts into which the Cooperative is divided shall be elected by ballot by and from the members for a term of three years, or until his successor shall have been elected and shall have qualified.

b) **QUALIFICATIONS.** No member who is a person, joint tenant, trustee of a member trust, or partner of a member partnership shall be eligible to become or remain a director or hold any position of trust in the Cooperative who:

- 1) is not a bona fide member and resident of the district from which he or she is elected or for which he or she is a candidate; ("bona fide resident" shall be defined as residing at and continuously and materially purchasing electric service at a location within any director district from which the director is elected or for which he or she is a candidate for at least nine (9) months each calendar year);
- 2) is in any way employed by or substantially financially interested in an enterprise substantially competing with the Cooperative or any Cooperative-affiliated business;
- 3) within three (3) years was a full-time or part-time employee of the Cooperative or an entity wherein the Cooperative has an ownership interest;
- 4) does not have the legal capacity to enter into a binding contract;

When membership is held jointly by two natural persons, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications herein above set forth.

If a corporation is a member then a duly appointed representative of said corporation can be a director if said representative is a bona fide permanent resident of the district for which he/she meets the qualification requirements listed in this section. A member that is an authorized farm corporation or

family farm corporation may select an individual member residing on or actively operating the farm to be eligible for election to the board.

Upon establishment of the fact that a director is holding the office in violation of any of the foregoing provision, the Board of Directors shall remove such director from the office.

Nothing in this Section contained shall or shall be construed to affect in any manner whatsoever, the validity of any action taken at any meeting of the Board of Directors.

SECTION 3. NOMINATION AND ELECTION OF DIRECTORS.

a) Nomination at District Meetings. The Board of Directors shall not less than One Hundred Twenty (120) days before the date of the meeting of the members at which Directors are to be elected, appoint a committee on nomination, which said committee shall consist of not less than three nor more than nine members who shall be selected from the three districts so as to insure equitable representation. No officer or member of the Board of Directors shall be appointed a member of the District Nominating Committee. The nominating committee shall, not less than Ninety (90) days before the meeting of the members at which directors are to be elected, nominate one or more candidates for the Board of Directors from such District, and shall by the time stated prepare and post at the principal office of the Cooperative a list of nominations for the Directors to be chosen from such District. There may be additional names for nominations for the Directors to be chosen from such District presented at the District Meeting by Petition of ten or more members residing in such District.

Not less than Thirty (30) days nor more than Sixty (60) days before any meeting at which directors are to be elected, the board of directors shall call a separate meeting of the members of each district at a suitable place in such district for the purpose of selecting two persons as candidates for director to represent the members located within such district. The notice of such meeting shall be given to each member located in such district as provided in Section 4 of Article II and shall indicate the district to which such member belongs. The notice shall describe the person or persons nominated by the District Nominating Committee as candidates for director to be made at the meeting. Said notice shall indicate that there may be additional names for nomination as candidates for director to be chosen from the District presented at the District Meeting by petition of ten or more members residing in said District but said additional name or names as candidates for director may only be made by said petition. The meeting shall, however, be open for discussion of any other matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting, and recommendations with respect thereto may be submitted to the board of directors or the entire membership.

The district meeting shall be called to order by a director representing the district or by another designated representative of the board of directors, or in his absence, by any member residing within the district. The members shall then proceed to elect a chairman, who shall be someone other than a director, and who shall appoint a secretary to act for the duration of the meeting. Ten (10) members residing in the district present at such duly called district meeting shall constitute a quorum. Members of other districts present at the meeting may be heard but shall have no vote. The candidates for director nominated by the committee and by petition shall be nominated at the meeting. Candidates must be members residing in the district and must possess the qualifications for director specified in Section 2 of Article III of these Bylaws.

Voting shall be by ballot and proxy voting shall not be permitted at any district meeting. Each member may vote for one candidate. The two candidates receiving the highest number of votes shall be declared the official candidates of the district. The minutes of such district meeting shall set forth, among other matters, the name of each person nominated at the meeting and the number of votes received by each, and shall specify the two official candidates of the district. A certified copy of the minutes, signed by the Secretary and the Chairman of the district meeting, shall be delivered to the Secretary-Treasurer of the Cooperative within five days after such district meeting.

b) Election of Directors. At all meetings at which directors are to be elected, the Secretary-Treasurer of the Cooperative shall place in nomination the names of the official candidates of each district from which a director is to be elected. Additional nominations for director may not be made from the floor. Election of directors shall be by printed, photocopied, or electronic ballot. The ballots shall list the candidates selected at the district meetings, the names to be arranged by districts and in the order of preference indicated by the respective district vote. Each member of the Cooperative shall be entitled to vote for one candidate from each district from which a director is to be elected. The candidate from each such district receiving the highest number of votes at the meeting shall be declared as the director to represent such district. Voting may include voting by mail or electronic ballot as set out in Article II, Section 8. In case of a tie vote for election of the nominees to the Board, at the Member Meeting, the designated Chairperson of the Member Meeting, for the Election of Directors, shall determine the tie by lot.

If for any election there is only one nominee for each of the three board positions so that each district nominee is running unopposed, ballots need not be provided by mail or electronically to the members and the election shall be made by the designated Chairperson of the Member Meeting, for the Election of Directors, entertaining a motion to elect the single candidates by a voice vote.

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 nominations provided, however, that the director or directors so chosen must reside in the same district as the director or directors in respect of whom the vacancy occurs. Notwithstanding anything in this section contained, 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.

SECTION 4. VACANCIES. Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the board of directors shall be filled by a majority vote of the remaining directors and directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified, provided, however, that the directors so chosen must reside in the same district as the director in respect of whom the vacancy occurs.

SECTION 5. COMPENSATION. Directors as such shall not receive any salary for their services, but by resolution of the board of directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors and such other meetings as are authorized by the board of directors. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the members.

SECTION 6. RULES AND REGULATIONS. The board of directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 7. ACCOUNTING SYSTEM AND REPORTS. The board of directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America.

All accounts of the Cooperative shall be examined by a committee of the board of directors which shall render reports to the board of directors at least four (4) times a year at regular meetings of the board of directors.

The board of directors shall also within thirty (30) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

ARTICLE IV

MEETINGS OF DIRECTORS

SECTION 1. REGULAR MEETINGS. A regular meeting of the board of directors shall 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 shall also be held monthly at such time and place conveniently located within the area served by the Association, 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.

SECTION 2. SPECIAL MEETING. 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 may fix the time and place conveniently located within the area served by the Association, for the holding of any special meeting of the board of directors called by them.

SECTION 3. NOTICE. Notice of the time, place and purpose of any special meeting of the board of directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. 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 of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. 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 without further notice.

SECTION 5. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

SECTION 6. MEETING ATTENDANCE BY REMOTE COMMUNICATIONS. A director may participate in a board meeting or any lawfully constituted committee meeting by any means of conference telephone or, if authorized by the Board, by such other means of remote communication by which all persons participating in the meeting can simultaneously hear each other and participate in the meeting. Participation in a meeting pursuant to this section constitutes presence in person at such meeting.

ARTICLE V

OFFICERS

SECTION 1. NUMBER. The officers of the Cooperative shall be a President, Vice-President, Secretary-Treasurer.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected, by ballot, annually by and from the board of directors at the first meeting of the board of directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election

shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

SECTION 3. 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 4. 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 5. PRESIDENT. The President:

- (a) Shall preside, or designate another individual to preside, at all Board and Member Meetings;
- (b) On the Cooperative's behalf, may sign any document properly authorized or approved by the Board or Members; and
- (c) Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 6. VICE-PRESIDENT. The Vice-President:

- (a) Upon the President's death, absence, disability, or inability to act, shall perform the duties, and have the powers, of the President; and
- (b) Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 7. SECRETARY-TREASURER. The Secretary-Treasurer:

- (a) Shall be responsible for preparing minutes of Board and Member Meetings;
- (b) Shall be responsible for authenticating the Cooperative's records;
- (c) May affix the Cooperative's seal to any document authorized or approved by the Board or Members; and
- (d) Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 8. MANAGER. The board of directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the board of directors may from time to time require of him and shall have such authority as the board of directors may from time to time vest in him.

SECTION 9. BONDS OF OFFICERS. The board of directors shall require the Secretary-Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 10. COMPENSATION. The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the board of directors.

SECTION 11. REPORTS. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI

CONTRACTS, CHECKS, AND DEPOSITS

SECTION 1. CONTRACTS. Except as otherwise provided in these bylaws, the board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of directors.

SECTION 3. DEPOSITS. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of directors may select.

ARTICLE VII

MEMBERSHIP CERTIFICATES

SECTION 1. CERTIFICATES OF MEMBERSHIP. Membership in the Cooperative shall be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent with, the articles of incorporation of the Cooperative or these bylaws. Such certificate shall be signed by the President and by the Secretary-Treasurer of the Cooperative and the corporate seal shall be affixed thereto.

SECTION 2. ISSUE OF MEMBERSHIP CERTIFICATES. No membership certificates shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Secretary-Treasurer.

SECTION 3. LOST CERTIFICATE. In case of a lost, destroyed, or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the board of directors may prescribe.

ARTICLE VIII

NON-PROFIT OPERATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative 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 Cooperative on any capital furnished by its patrons.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all 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 patrons, 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 Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative 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 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 patron is clearly reflected and credited in an appropriate record to

the capital account of each patron, and the Cooperative shall within 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 Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative from its operations in excess of costs 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 patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

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. 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 then credited to patrons' accounts may be retired in full or in part. The board of directors shall determine under the rules of general application the method, basis, priority, and order of retirement, if any, 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 Cooperative pursuant to written instructions 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 Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these bylaws, the board of directors, 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 bylaws, 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 patrons' estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons 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 patron, and both the Cooperative 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 of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE IX

WAIVER OF NOTICE

Any member, director or officer may waive, in writing, any notice of meetings required to be given by law, the articles of incorporation or these bylaws.

ARTICLE X

DISPOSITION OF PROPERTY

The Cooperative 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 Cooperative, when and as authorized by the affirmative vote of the holders of two-thirds (2/3) of the shares of stock issued and outstanding, given at a members' 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 issued and outstanding; 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 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 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 encumbering of 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, all upon such terms and conditions as the board of directors shall determine.

ARTICLE XI

FISCAL YEAR

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

ARTICLE XII

Repealed in its entirety in March 1965.

ARTICLE XIII

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."

ARTICLE XIV

ABRITRATION

Any and all disputes, 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 the conduct of its operations, other than disputes or claims relating to the payment for electrical energy and/or other services provided by the Co-op, that are not resolved by agreement of the parties, shall, at the request of either party, be resolved by binding arbitration. In the event the arbitration involves a sum in excess of \$100,000.00, there shall be three (3) arbitrators, one 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 Lyon County, Minnesota for disputes in Lyon County and by the Minnesota District Court in Lincoln County,

Minnesota for all other disputes. The arbitration shall take place in Tyler, Minnesota, or as close to this location as possible, under and pursuant to the rules contained in chapter 572B of Minnesota Statutes, the

Uniform Arbitration Act. The determination of any dispute in arbitration shall be governed by the laws of the State of Minnesota. The cost of the arbitrators and the filing fees shall be shared equally by the parties. All disputes between the parties must be arbitrated individually, and not through a Class Action. Each member of the Cooperative, by virtue of their membership, agrees to arbitrate any and all claims or controversies according to these Bylaws and the regulations and policies prescribed by the Board of Directors. This agreement to arbitrate disputes shall survive any withdrawal from or termination of a Member's membership in the Cooperative.

ARTICLE XV

AMENDMENTS

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