

Bylaws

menergy™
COOPERATIVE

Your Touchstone Energy® Cooperative 

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THE BYLAWS OF MIENERGY COOPERATIVE

ARTICLE I - MEMBERSHIP

SECTION 1.01 Membership Eligibility. Any natural person, firm, association, corporation, business trust, partnership, limited liability partnership, limited liability company, limited partnership, limited liability limited partnership, body politic or agency or subdivision thereof (collectively, "Person")

A. Using, receiving, or purchasing any service, product, commodity, equipment or facility from or through MiEnergy Cooperative ("Cooperative") reasonably related to the Cooperative furnishing, or the Person receiving, electric power; and

B. Using, receiving, or purchasing any other service, product, commodity, equipment or facility from or through the Cooperative reasonably related to the Cooperative furnishing or the Person receiving, any utility service; (collectively "Cooperative Services") is eligible to become a Member.

Unless otherwise provided by these Bylaws, required by law or unless allowed in writing by the Cooperative's board of directors ("Board"), no person may hold more than one (1) Cooperative membership, and no right or privilege associated with Cooperative membership may be sold, purchased, assigned or otherwise transferred.

SECTION 1.02 Membership Procedures.

Any person seeking to become a Member must comply with the following procedures:

A. Prior to or within a reasonable time of using, purchasing or receiving Cooperative Services complete a written membership application in which the applicant agrees, in writing, to comply with and be bound by the Cooperative's Governing Documents including but not limited to:

1. Applicable law and legally binding agreements regarding the Cooperative.
2. The Cooperative's Articles of Incorporation and Bylaws, as amended from time to time.
3. The Cooperative's service rules and regulations.
4. The National Electrical Code & National Electrical Safety Code.
5. The Cooperative's rate or price schedules.
6. Any policy, resolution, action, or amendment adopted by the Cooperative's Board of Directors (Board).
7. Granting the Cooperative an easement for purposes of construction, repair, replacement, and maintenance of Cooperative facilities, including but not limited to the clearing of brush, trees, and obstacles as deemed necessary by the Cooperative.

B. Complete any additional or supplemental documents required by the Cooperative for services the applicant is seeking to use, receive or purchase.

C. Be a natural person of at least 18 years of age or an entity that has owners, officers or authorized representatives that are at least 18 years of age.

D. Pay any outstanding amounts or obligations due the Cooperative.

E. Pay the Cooperative any reasonable dues, assessments, fees, deposits, contributions and other amounts required by Law.

SECTION 1.03 Automatic Membership. Unless the Board determines otherwise as provided in these Bylaws, upon completing the Membership Procedures, as set forth in Section 1.02 hereof, to the Cooperative's

satisfaction and using, purchasing, or receiving Cooperative Services, the Applicant automatically becomes a Member of the Cooperative effective the date Applicant began using, purchasing, or receiving electric service.

SECTION 1.04 Member Classes. Based upon the Member's use, receipt, or purchase of Cooperative services, the Cooperative may group Members in the following classes:

Class A Member: Any Member using, receiving, or purchasing solely from and through the Cooperative substantially all retail electric power used, received or purchased and with less than 1000 kW of maximum monthly peak demand.

Class B Member: Any municipal utility Member using, receiving, or purchasing solely from and through the Cooperative substantially all wholesale electric power used, received or purchased.

Class C Member: Any Member using, receiving, or purchasing solely from and through the Cooperative substantially all retail electric power used, received, or purchased with 1000 kW or more of maximum monthly demand.

SECTION 1.05 Agreement. Every Member, on becoming a Member, shall be deemed to have accepted, and will comply with and be legally bound to the Cooperative's governing documents and Bylaws.

SECTION 1.06 Joint Membership. As provided in this Bylaw, two or more adults principally residing at the same location or sharing the property served may apply for joint membership by jointly signing and executing a membership application and by jointly completing the membership procedures.

SECTION 1.07 Effect of Joint Member Action. For each Joint Membership the following shall apply:

- A.** Notice of any meeting provided to any Joint Members constitutes notice for all Joint Members comprising the Joint Membership.
- B.** The presence of any Joint Member at any meeting constitutes the presence of the Member at the meeting.
- C.** Only one (1) of the Joint Members may vote at any meeting and that vote binds the Joint Membership.
- D.** A Joint Member otherwise qualified is eligible to serve on the Board. If any Joint Members are otherwise qualified to serve on the Board, then any Joint Member, but not 2 or more simultaneously, is eligible to serve on the Board.

SECTION 1.08 Joint Membership Conversion and Termination.

The Cooperative will convert to or terminate a joint membership as follows:

- A.** By written consent, and jointly executing a new membership application, any Member may apply to convert the Member's individual memberships to a joint membership with one or more adults principally residing at the same location as the Member.
- B.** Upon a death of a Joint Member, with another Joint Member(s) continuing to legally use, receive, or purchase Cooperative Services from the Cooperative, the joint membership will be converted to an individual membership(s) or a joint membership in the remaining Member's name(s) in the name of the Joint Member(s) who continue residing at that location.
- C.** If all Joint Members cease residing at the same location, the joint membership shall be terminated.
- D.** The capital credits of such joint Members shall be divided proportionately among them. The Member(s) remaining at the same location shall become holders of the existing capital account number. A new membership, with its proportionate share of capital credits, shall be set up for the Member(s)

moving from the residence. This shall apply unless there is an agreement or court order which provides otherwise.

E. Upon a death of a Joint Member, or if the Joint Members cease principally residing at the same location, if none of the Joint Member(s) continues to use, receive or purchase Cooperative Services from the Cooperative, then the joint membership terminates.

F. The suspension or termination of a Joint Membership for failure to accept, comply and be bound by the Cooperative's governing documents or Bylaws constitutes the suspension or termination of all Joint Members.

All obligations of Members incurred before conversion to, or termination of, joint membership shall transfer to succeeding joint, individual, or former Members.

SECTION 1.09 Member Termination. The Board of Directors of the Cooperative may terminate a Member under the following conditions:

A. If the Member fails to timely pay any amounts due the Cooperative; fails to comply with the Bylaws, Articles of Incorporation, or Governing Documents; dies, legally dissolves, or legally ceases to exist; ceases using, receiving, or purchasing Cooperative Services; voluntarily requests termination; or for other good cause determined by the Board.

B. Other than the right to receive capital credits earned during a Member's membership with the Cooperative, a terminated Member forfeits and relinquishes all rights provided in the governing documents. A terminated Member shall remain subject to all obligations imposed by the governing documents.

C. Any termination of membership for any reason shall not release the member from the debts or liabilities of such member to the Cooperative and the Cooperative shall have the right to off-set any amount owed to said member against amounts owed to the Cooperative from said member.

SECTION 1.10 Provision of Cooperative Services. The Cooperative shall provide services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants continuous or flawless provision of its services. The Cooperative's responsibility and liability for providing services terminates upon delivery of any services to a Member or other individual or entities acting for a Member.

After providing the Member reasonable notice and an opportunity to respond, the Cooperative may suspend or terminate provision of any service to any Member upon:

A. Determining that a Member or anyone acting with the Member's knowledge has tampered or interfered with, damaged, or impaired any product, equipment, structure or facility furnished or used by the Cooperative to provide, monitor, or maintain any Cooperative service.

B. Discovering the unsafe condition of any Cooperative or Member equipment.

C. Discovering any imminent hazard or danger posed by any Cooperative or Member equipment. This termination may be done without providing Member notice or opportunity to comment.

D. Such other incidents as prescribed or permitted by applicable rules and regulations.

SECTION 1.11 Purchase of Cooperative Services. As required or allowed by Law, and unless as otherwise specified in writing by the Board, each Member shall use, receive or purchase Cooperative Services from the Cooperative. Each Member shall comply with, and abide by, any policy, program rule, procedure, or other determination promulgated by the Board regarding the provision of services to the Member. This shall include but not be limited to:

- A.** Payments to the Cooperative for services used, received, or purchased by the Member or at any dwelling or structure owned, controlled, or directly occupied by the Member.
- B.** Payment of reasonable dues, assessments, fees, deposits, rates, prices, contributions, or other amounts required by Law, these Bylaws, or the Board of Directors.
- C.** As determined by the Board, Members shall pay interest, compounded periodically, late payment fees and collection costs for all amounts owed but not timely paid to the Cooperative. Notwithstanding the Cooperative's accounting procedures, the Cooperative may apply all amounts paid by any Member to all of the Member's accounts on a pro rata basis or otherwise determined by the Board.
- D.** As required by Law or as determined by the Board, if a Member substantially reduces or ceases to use, receive or use electric service by switching to another supplier, the Cooperative may charge the Member reasonable costs and expenses incurred by the Cooperative for unrecovered investment made on behalf of the Member.
- E.** Production of electric energy on Member's premises, regardless of the source thereof, and interconnected with the Cooperative's facilities, shall be subject to applicable Law and regulations as well as Cooperative requirements as may be set by the Board of Directors.
- F.** The Cooperative may require Member to provide personal guarantees or security by others to assure compliance with the Governing Documents.
- G.** No member shall have the right to switch to another electric provider, except as permitted by law.

SECTION 1.12 Member Grant of Property Rights. As determined or required by the Cooperative, each Member shall:

- A.** Provide the Cooperative temporary, or permanent, safe and reliable access to, and use of, any equipment or facilities owned or operated by the Cooperative.
- B.** Upon request from, and under reasonable terms and conditions determined by, the Cooperative, grant and convey, and execute any document reasonably requested by the Cooperative to grant and convey, to the Cooperative any written or oral easement, right-of-way, license, or other property interest in which the Member possesses any legal right and which is reasonably necessary to:
 1. Purchase, install, construct, inspect, monitor, operate, repair, maintain, remove, or relocate any Cooperative equipment.
 2. Provide, monitor, measure, or maintain any Cooperative service.
 3. Satisfy or facilitate any obligation incurred, or right granted, by the Cooperative regarding the use of Cooperative equipment.
 4. Safely, reliably, and efficiently operate the Cooperative equipment or provide any Cooperative service.
- C.** Not tamper or interfere with, damage, or impair any Cooperative equipment. Unless otherwise determined by the Board, the Cooperative owns all Cooperative equipment.
- D.** Protect all Cooperative equipment and install, implement, and maintain any protective device or procedure reasonably required by the Cooperative.
- E.** Comply with any procedure required by the Cooperative regarding the provision of any Cooperative service.

SECTION 1.13 Cooperative Indemnification. Each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative Director, Officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member's negligence or failure to comply with the governing documents.

SECTION 1.14 Member Liability. A Member is generally not liable to third parties for the Cooperative's acts, debts, liabilities, or obligations. A Member, however, may become liable to the Cooperative as provided in these Bylaws or as otherwise agreed to by the Cooperative and the Member.

SECTION 1.15 Natural Person and Non-Natural Person. As used in these bylaws, the term "natural Person" means an individual person that is a human being of either gender and the term "non-natural Person" means a firm, association, corporation, business trust, partnership, limited liability partnership, limited liability company, limited partnership, limited liability limited partnership, body politic or agency or subdivision thereof.

ARTICLE II - MEMBER MEETINGS AND MEMBER VOTING

SECTION 2.01 Annual Member Meeting. The Cooperative shall annually hold a meeting of Members within the geographic boundaries in which the Cooperative provides electric service. The Board shall determine the date, time, and location of the annual meeting. The Board and Officers shall provide a report regarding the Cooperative's activities and financial condition. The Cooperative's failure to hold an annual meeting does not affect any action taken by the Cooperative and shall not create a forfeiture or dissolution of the Cooperative. To the extent permitted by applicable law at the time, the meeting may be held remotely or virtually.

SECTION 2.02 Special Member Meeting. The Cooperative shall hold a special meeting of Members at a date, time, and location within a county that the Cooperative provides electric service as determined by the Board upon the Cooperative receiving either:

- A. A written or oral request by Board action or the Chair, or
- B. A written request signed by at least five (5) Directors currently in office, or
- C. A dated petition that contains the printed names, addresses, and original dated signatures of at least ten (10%) percent of the Cooperative's total membership obtained within sixty (60) days of the petition date with the purpose of the special Member meeting explained and printed on all pages.

If the Cooperative fails to schedule and properly notify the Members of a special Member meeting within 30 days of receiving a valid Member petition requesting a special Member meeting, then any Member signing the Member petition may reasonably set the time, place, and location of the special meeting and notify Members of the special meeting.

SECTION 2.03 Permitted Member Action at Member Meetings. At any Member meeting, Members may consider, vote or act only upon a matter for which:

- A. Unless otherwise provided in these Bylaws, the Board and Members were properly notified.
- B. The Members are authorized to consider, vote or act upon.
- C. For a special meeting, the notice of the special meeting and the issues described in such notice.

Members may only vote upon matters described in the Notice of Annual Meeting. At special meetings, Members may only vote upon matters described in the Notice of the Special Meeting.

SECTION 2.04 Notice of Member Meetings. As directed by the Chair, Secretary, or any Officer or Member properly calling a Member meeting, the Cooperative shall deliver notice of the Member meeting:

- A. Personally, by mail, or electronic mail.

- B. To all Members entitled to vote at the Member meeting.
- C. Indicating the date, time, and location of the Member meeting.
- D. At least fifteen (15) days, but no more than forty-five (45) days prior to the Member meeting.
- E. Stating the purpose of, and describing any matter to be considered, or voted, or acted upon at the Member meeting.

If mailed, notice of a Member meeting is delivered when deposited in the United States mail with prepaid postage affixed and addressed to a Member at the last address shown on the Membership list. The inadvertent and unintended failure of any Member to receive notice of any Member meeting shall not affect any action taken at the Member meeting. Unless otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member meeting adjourned to another date, time, or location.

SECTION 2.05 Record Date. The Board may fix a date for determining the total membership and the Members entitled to receive notice and to vote at a Member meeting. The record date may not be more than sixty (60) days prior to the Member meeting.

SECTION 2.06 Member Meeting List. The Cooperative shall maintain an alphabetical list of Members' names and addresses that are entitled to receive notice and vote at a Member meeting based on the record date.

Upon written request by a Member and at a reasonable time the Member list will be available for inspection at the Cooperative's principal office. If reasonable, as determined by the Cooperative and upon paying the Cooperative a reasonable charge determined by the Cooperative for printing or copying, the Cooperative shall provide the Member list to the Member if:

The written request is made in good faith as determined by the Cooperative.

- A. The Member meeting list is not used to solicit money or property.
- B. The Member meeting list is not used for any commercial purpose or sold to or purchased by any person or organization.

Instead of making the Membership List available for inspection or copying, or providing a copy of the Membership List, the Cooperative may, within five (5) days of receiving or request from a Member, offer the Member an alternative method for reasonably and timely accomplishing the purpose identified by the Member without providing access to or a copy of the Membership List.

In addition, the Cooperative shall adopt a policy providing the method by which a Member may view the Membership list and, to the extent related to Cooperative business, provide a means by which the Member can cause the Cooperative to mail material to the Cooperative members on behalf of the requesting Member, at the requesting Member's expense.

The Cooperative shall make the Member list available at the Member meeting. A Member may inspect the Member list at any time during the Member meeting. Such list may be made available to the credentials and election committee as required.

SECTION 2.07 Member Ballot. In conjunction with a Member meeting, Directors may allow voting by mail or electronic ballot upon any motion, election, including election of members of the Board of Directors, resolution or amendment to be acted upon at such meeting, by ballot, which shall be in the form prescribed by the Board and shall:

- A. Set forth and describe each proposed action and include the language of any motion, resolution, Bylaw amendment, ballot to vote in an election, including an election of members of the Board of Directors, or other written statement upon which a Member is asked to vote.
- B. State the date of any Member meeting at which Members are scheduled to vote on the matter.

- C. Provide an opportunity to vote for or against, or to abstain from voting on each proposed action.
- D. Instruct the Member how to complete and send the completed ballot, stating the time and date by which the Cooperative must receive the completed ballot.

Unless otherwise provided by the Board, a Member may not revoke a completed Ballot received by the Cooperative. A Member's failure to receive a ballot does not affect any action taken by the Cooperative.

SECTION 2.08 Member Quorum. A quorum for holding a Member meeting shall be at least the number of members required by state statute. If less than the required Member quorum is present at the Member meeting, then a majority of Members attending the Member meeting in person may adjourn the meeting to a date no more than ninety (90) days following the original Member meeting.

SECTION 2.09 Member Voting. Upon proof of Cooperative membership as reasonably required by the Cooperative, each Member may cast one (1) vote on any matter for which the Member is entitled to vote. Each member shall be assigned to a District for voting purposes by the Cooperative. An individual voting on behalf of a Member that is not a natural person must provide satisfactory evidence to the Cooperative that the individual is duly authorized to vote for the Member.

SECTION 2.10 Credentials and Election Committee. Prior to any Member meeting, the Board shall appoint a Credentials and Election Committee consisting of an uneven number of Members between five (5) and eleven (11). Credentials and Election Committee Members may not be an existing or close relative of a Cooperative Director, Officer, employee, or a known Director candidate.

If the committee needs to meet, it shall elect a chairperson and secretary. The Credentials Committee shall establish or approve the manner or method of Member registration and voting including overseeing or supervising Member registration and voting and the tabulation of Member votes.

The Credentials and Election Committee shall meet when necessary, consider or decide Member meeting issues including: Member registration and voting, tabulation of Member votes, Director nomination and whether a Director nominee or newly elected Director satisfies the Director qualifications. Any Credentials and Election Committee decision or action requires a vote of at least a majority of the committee members present. Unless properly challenged under this Bylaw, all Credentials and Election decisions prior to, at, or within a reasonable time following a Member meeting are final. At the Cooperative's expense, the Cooperative shall make available legal counsel to the Credentials and Election Committee.

Any Member may comment upon a Member meeting issue or challenge the Credentials and Election Committee's decision regarding a Member meeting issue by filing written comments or challenge with the Cooperative within three (3) business days following the Member meeting addressed by the Member challenge. Within thirty (30) days of receiving any Member challenge, the Credentials and Election Committee shall meet and receive oral or written evidence from any Member and to consider, decide, and rule upon the Member challenge. The Credentials and Election Committee's decision regarding any Member challenge is final. The failure of the Cooperative or the Credentials and Election Committee to act as required by this Bylaw shall not, by itself, affect any vote, Director election, or other action taken at a Member meeting.

SECTION 2.11 Member Meeting Order of Business. The Board shall determine the agenda and order of business for Member meetings.

ARTICLE III - BOARD OF DIRECTORS

SECTION 3.01 Board. The Board of Directors shall consist of at least nine (9) Directors and no more than fourteen (14) Directors. Each Director shall represent a reasonably equivalent number of members. There shall be one or more directors from each geographical area of the Cooperative. These geographical areas are Districts. The Districts shall be determined from time to time by the Board of Directors. District elections are on a three (3) year rotation. The number of Directors may subsequently be reduced by approval of the Board of

Directors through resignations, retirements and other means deemed most appropriate by the Board; subject to the minimum number of directors stated herein.

Except as otherwise provided by Law, the Articles, or these Bylaws, all Cooperative powers must be exercised by the Board, or under the Board's authority, and all Cooperative affairs must be managed under the Board's direction.

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 3.02 Director Qualifications. Any Director or Director candidate must comply with the following Director qualifications:

- A.** Be a natural person.
- B.** Have their principal residence in the District from which they are to be elected.
- C.** Have a capacity to enter legally binding contracts.
- D.** While a Director, and during the five (5) years immediately prior to becoming a Director, not have been convicted or pled guilty to a felony.
- E.** During the three (3) years immediately prior to becoming a Director shall not have been an employee or agent of the Cooperative.
- F.** While a Director, and during the one (1) year immediately prior to becoming a Director, a Director candidate must be a member in good standing and:
 - 1. Permanently reside in the Director district from which elected or chosen and use, receive, or purchase electric service at the Director's primary residence or place of business, or
 - 2. Be duly authorized by a non-natural person Member that is permanently located in the Director district from which the Director is elected or chosen. The Director or Director candidate authorized by the non-natural person shall also reside within the Director district from which the Director is elected or chosen. No non-natural person Member may authorize more than one (1) Director or Director candidate and no more than two (2) Directors who represent non-natural person Members may serve on the Board at the same time.
 - 3. Not be a close relative of any existing Director, other than an existing Director who will cease being a Director at the time of the next Director election.
 - 4. Not be a close relative of an existing non-director Cooperative Officer, employee, agent or representative.
 - 5. Not be employed by, materially affiliated with, or have a material financial interest with any other Director.
 - 6. Not be engaged in, nor employed by, materially affiliated with, or have a material financial interest in any individual or entity that directly or substantially competes with the Cooperative, selling goods or services in substantial quantity to the Cooperative or Members, or possessing a substantial conflict of interest with the Cooperative.
- G.** Only natural persons complying with the Director qualifications may serve, or continue to serve, as a Director. After being elected or appointed a Director, if any Director fails to comply with any Director qualification as reasonably determined by the Board, then the Board is authorized to and shall remove

the Director. If at least a majority of Directors authorized by these Bylaws comply with the Director qualifications and approve Board action, then the failure of any Director to comply with all Director qualifications does not affect the Board action.

SECTION 3.03 Director Nominations. At least ninety (90) days but no more than one hundred and fifty (150) days prior to any Member meeting at which Members are scheduled to elect Directors, the Board shall appoint a Member Nominating Committee. The Nominating Committee shall consist of three (3) Members from each District from which a Director is to be elected.

At least seventy-five (75) days prior to the Member meeting at which Members are scheduled to elect Directors, the Nominating Committee shall nominate individuals to run for election for each open Director position from each District and to post the nominations at the Cooperative's principal office and include the list of nominations in the official notice of Member meeting. The nominating committee will attempt to have at least two (2) individuals for each position for which there is a vacancy.

Members from each District may nominate by petition additional individuals to run for election for a District Director position for which Members are scheduled to vote at any Member meeting. A Member seeking to run for election to a Board seat may make Member petition nominations by delivering to the Cooperative at least sixty (60) days prior to the Member meeting a written Member petition nomination listing the name and the Director position for which the nominee will run. As of date of submission of the petition the petition shall contain the printed names, addresses and original dated signatures of at least 5% of the Members of the District, from which the Member is seeking election. The purpose of the petition shall be printed on all pages. After verifying that a Member petition complies with this Bylaw, the Member petition shall be posted in the same location as the Nominating Committee nominations and included in the official notice of the Member meeting.

There shall be no additional nominations for Directors at the Member meeting.

SECTION 3.04 Director Election. Members shall elect Directors at the Annual Meeting or properly called Member meeting for open Director positions by a plurality of votes cast at the meeting in which there was a Member quorum. Only Members receiving electrical service in the District from which the Director is to be elected shall vote in the election of the Director for the District. In case of a tie Director vote, the Director elected shall be determined by a coin toss. The election of Directors shall be done by Member written or electronic ballot. The ballot shall list the names, corresponding Director position, manner of nomination, and identify any Director whose term is expiring. The winner of each election shall be announced to the Membership.

SECTION 3.05 Director Terms. A Director's term is three (3) years. The terms shall be staggered by dividing the total number of authorized Director positions into groups of approximately equal numbers. Despite the expiration of a Director term, the Director continues to serve until a new Director is duly elected and is seated at the next regular or special board meeting.

SECTION 3.06 Director Resignation. At any time, a Director may resign by delivering to the Board, Chair or Secretary an oral or written resignation. Unless the resignation specifies a later effective date, a Director resignation is effective when received by the Board, Chair or Secretary. If a Director resignation is effective at a later date, then the Board may fill the vacant Director position before the later effective date, but the successor Director may not take office until the later effective date. An individual filling a vacant Director position due to resignation must comply with the Director qualifications.

SECTION 3.07 Director Removal. As provided in this Bylaw, Members may request the removal of one (1) or more Directors for cause related to the duties of the position. For each Director for whom removal is requested, Members shall deliver to the Chair or Secretary a dated written petition that:

- A. Identifies the Director.
- B. Explains the basis for requesting the Director's removal.

- C. Has the Director removal petition dated, the printed names and addresses and original dated signatures of at least ten (10%) percent of the Cooperative's total membership obtained within sixty (60) days of the Director removal petition date, with the purpose of the petition printed on all pages.

If the Board determines that the Director removal petition complies with this Bylaw, the Cooperative shall give notice and hold a Member meeting within sixty (60) days following the Board's determination. The Board may provide for mail balloting. Notice of the Member meeting must state that:

- A. The purpose of the Member meeting is to consider removing a Director.
- B. Evidence may be presented and a Member vote taken regarding removing the Director.
- C. Members may elect a successor Director.

If a quorum of Members entitled to vote for the Director is present at the Member meeting, then for the Director named in each Director removal petition:

- A. Prior to any Member vote, evidence must be presented supporting the basis for removing the Director.
- B. The Director may be represented by legal counsel and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director.
- C. Following the Director's presentation, and following Member discussion, the Members must vote whether to remove the Director.

Neither a Director removal petition or Director removal affects any Board action.

SECTION 3.08 Director Vacancy. By the affirmative vote of a majority of the remaining Directors, the Board shall fill any vacant Director position. Any Director elected by the Board to fill any vacant Director position shall complete the term of the Director they succeed, at which time the Members shall elect a Director to fill the remaining term of the vacant Director position. An individual filling a vacant Director position must comply with the Director qualifications.

SECTION 3.09 Director Compensation. As allowed by Law and the Articles, the Cooperative may reasonably reimburse, compensate, or provide benefits to Directors. The Board shall determine the manner and method of any reasonable Director reimbursement, compensation, or benefits.

SECTION 3.10 Director Conduct. Unless modified or prohibited by law, a Director shall discharge the Director's duties in good faith with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The Director shall perform these duties in a manner the Director believes to be in the Cooperative's best interest.

Unless a Director possesses knowledge concerning a matter making reliance unwarranted, then in discharging a Director's duties, a Director may rely upon information, opinions, reports, or statements including financial statements and other financial data, prepared, or presented by:

- A. Cooperative Officers or employees who the Director reasonably believes to be reliable and competent in matters prepared or presented.
- B. Legal counsel, public accountants, or other individuals regarding matters the Director reasonably believes are within the individual's professional or expert competence.
- C. A Board committee of which the Director is not a member merits confidence regarding matters within the Board committee's jurisdiction,

SECTION 3.11 Close Relative. As used in these Bylaws, the term "close relative" means an individual who:

- A. Is, either by blood, Law, or marriage, including half, step, foster and adoptive relations, a spouse, child, parent, grandparent, grandchild, or sibling; or

B. Principally resides in the same residence.

Any individual properly qualified and elected or appointed to any position does not become a close relative while serving in the position because of any marriage or legal action to which the individual was not a party.

ARTICLE IV - BOARD MEETINGS AND DIRECTOR VOTING

SECTION 4.01 Regular Board Meetings. The Board shall regularly meet at the date, time, and location determined by the Board. The Board may hold regular Board meetings without notice. For good cause, the Chair may change the date, time, or location of any regular Board meeting. Any Director not attending any Board meeting at which a regular Board meeting was set or changed is entitled to receive notice of the regular Board meeting change at least two (2) days before the next regular Board meeting. All Directors are entitled to receive notice of the Chair's change in a regular Board meeting at least two (2) days before the changed Board meeting.

SECTION 4.02 Special Board Meetings. The Board, the Chair, or at least five (5) Directors may call a special meeting of the Board by providing each Director at least two (2) days' prior written or oral notice indicating the date, time, and location and purpose of the special Board meeting.

SECTION 4.03 Conduct of Board Meetings. Any regular or special Board meeting may be held in, or out of, any state in which the Cooperative provides service. The meeting may be conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board meeting may simultaneously hear each other during the Board meeting.

If a Director quorum is present at any Board meeting, then in descending priority, the following Officers may preside at the Board meeting: Chair, Vice-Chair, Secretary, Treasurer, if no Officer is present or desires to preside over any Board meeting, then the Directors attending the Board meeting shall elect a Director to preside over the Board meeting.

SECTION 4.04 Waiver of Board Meeting Notice. At any time, a Director may waive notice of any Board meeting by delivering to the Cooperative a written waiver of notice signed by the Director and later filed with the Board meeting minutes or the Cooperative's records.

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 4.05 Director Quorum and Voting. A quorum of Directors is a majority of the Directors in office immediately before a Board meeting begins. If a Director quorum is present at the time a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, the affirmative vote of a majority of Directors present is the act of the Board.

SECTION 4.06 Committees. The Board may create committees of the Board and appoint Directors to serve on the Board committees. Each Board committee must consist of two (2) or more Directors and serve at the Board's discretion. The Board may create committees of the Members and appoint Members, including Directors, to serve on the Member committees. At least a majority of Directors in office must approve the creation of any Board or Member committee and also approve the appointments to these committees.

Although a Board committee may recommend, a Board committee may not act to:

- A.** Refund capital credits.
- B.** Approve the Cooperative's dissolution or merger, or the sale, pledge or transfer of all, or substantially all, Cooperative assets.
- C.** Elect, appoint, or remove Directors, or fill any Board or Board committee vacancy.
- D.** Adopt, amend, or repeal these Bylaws.

Member committees may act as specified by the Board but may not exercise Board authority.

SECTION 4.07 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.

ARTICLE V - OFFICERS

SECTION 5.01 Required Officers. The Cooperative must have the following Officers: Chair, Vice-Chair, Secretary, and Treasurer. The Board shall elect by a majority vote of Directors in office, by secret ballot without prior nomination, the required Officers at the first regular Board meeting following the annual meeting.

Only Directors may be elected, and serve, as a required Officer. One (1) Director may simultaneously be Secretary and Treasurer. Unless allowed by law, however, this Director may not execute, acknowledge, or verify any document in more than one capacity. Subject to removal by the Board, each required Officer shall hold office until the required Officer's successor is duly elected. The Board shall fill any vacant required Officer's position for the remaining unexpired portion of the required Officer's term.

SECTION 5.02 Chair. Unless otherwise determined by the Board and unless otherwise required by Law, the Articles, or these Bylaws, the Chair:

- 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.
- C. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority prescribed by the Board or Members.

SECTION 5.03 Vice-Chair. Unless otherwise determined by the Board and unless otherwise required by Law, the Articles, or these Bylaws, the Vice-Chair:

- A. Upon the Chair's death, absence, disability, or inability, or refusal to act, shall perform the duties, and have the powers, of the Chair.
- B. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.

SECTION 5.04 Secretary. Unless otherwise determined by the Board and unless otherwise required by Law, the Articles, or these Bylaws, the Secretary:

- 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.
- D. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.

SECTION 5.05 Treasurer. Unless otherwise determined by the Board and unless otherwise required by Law, the Articles, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board or Members.

SECTION 5.06 Other Officers. The Board may elect or appoint other Officers. Other Officers:

- A. May be Directors, Cooperative employees, or other individuals.

- B. Must be elected or appointed by the affirmative vote of a majority of current Directors.
- C. May be elected by secret written ballot and with prior nomination.
- D. May assist required Officers.
- E. Shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

The same individual may simultaneously hold more than one (1) office. Unless allowed by Law, however, this individual may not execute, acknowledge, or verify any document in more than one (1) capacity.

SECTION 5.07 Officer Resignation and Removal. At any time, any required Officer or other Officer may resign by delivering to the Board an oral or written resignation. Unless the resignation specifies a later effective date, an Officer resignation is effective when received by the Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. At any time, the Board may remove any Officer for any reason.

SECTION 5.08 Authority to Execute Documents. On the Cooperative's behalf, an Officer(s) may sign, execute and acknowledge any document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Directors, Officers, employees, agents, or representatives to sign, execute, and acknowledge any document on the Cooperative's behalf.

SECTION 5.09 Director, Officer, Employee Indemnification. To the full extent permitted by Minnesota Statutes, Section 308A.325, as amended from time to time, and subject to limitations therein, or by other provisions of law, each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, wherever brought, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a Director or Officer of the Cooperative, or such person is or was serving at the specific request of the Board of Directors of the Cooperative as a Director, Officer, Employee or Agent of this Cooperative or of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Cooperative against expenses as incurred by such person, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided, however, that the indemnification with respect to a person who is or was serving as a Director, Officer, Employee or Agent of another corporation, partnership, joint venture, trust or other enterprise shall apply only to the extent such person is not indemnified by such other corporation, partnership, joint venture, trust or other enterprise. The indemnification, provided by this Section, shall continue as to a person or agent and shall inure to the benefit of the heirs, executors and administrators of such person, and shall apply whether or not the claim against such person arises out of matters occurring before the adoption of this Section.

SECTION 5.10 Insurance. Regardless of any indemnification authority or requirements, the Cooperative may purchase and maintain insurance on behalf of any individual who is, or was, a Cooperative Director, Officer, employee, agent or representative against any:

- A. Liability, including judgment, settlement, or otherwise, plus
- B. Reasonable expenses, including reasonable attorney fees, asserted against, or incurred by, the individual in the individual's capacity, or arising from the individual's status, as a Director, Officer, employee, agent, or representative.

ARTICLE VI – ARBITRATION

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 Cooperative, 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 Fillmore County, Minnesota. The arbitration shall take place in Rushford, 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.

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 VII - COOPERATIVE OPERATION

SECTION 7.01 Non-Profit and Cooperative Operation. The Cooperative must operate on a cooperative non-profit basis for the mutual benefit of all Members. The Cooperative may not pay interest or dividends on capital furnished by Members.

SECTION 7.02 Allocating and Crediting Capital. In operating the Cooperative, a Cooperative Patron is a Member or a Non-Member person who uses, receives, or purchases Cooperative services and receives capital allocations.

Patrons shall furnish, and the Cooperative shall receive, as capital all funds and amounts that exceed the Cooperative's costs and expenses of providing the Cooperative services. The Cooperative shall annually allocate these operating margins to each patron and pay by credit to a capital account of each Patron, in proportion to the value or quantity of the Cooperative services used, received, or purchased by each Patron during the applicable fiscal year. The Cooperative shall annually notify each Patron of the dollar amount of capital credits credited or allocated to the Patron. No notice needs to be sent to non-members of the Cooperative.

The Cooperative may separately allocate and credit to Patrons capital derived within a particular allocation unit, whether the units are functional, divisional, departmental, geographic, Member class or otherwise for Cooperative services used, received, or purchased within such allocation unit. The Cooperative may offset the net loss of an allocation unit against the net income of other allocation units to the extent permitted by law.

The Cooperative may separately allocate and credit affiliated capital allocated and credited to the Cooperative by any organization furnishing services, supplies, or products to the Cooperative. If the Cooperative determines and separately identifies the affiliated capital credits, the allocation shall be made in proportion to the value or quantity of the services, supplies, or products used, received, or purchased.

Funds and amounts, other than operating margins, received by the Cooperative as non-operating margins may be allocated to Members in the same manner as the Cooperative allocates capital credits or used by the Cooperative as permanent, non-allocated capital.

Unless otherwise determined by the Board or provided in these Bylaws, credits or allocations may be assigned only upon request of a Patron to the Patron's successors in interest or successors in occupancy of the Patron's premises.

Upon the termination, conversion, or alteration of a joint membership, and upon the Cooperative receiving written notice and adequate proof of the joint membership termination, conversion or alteration and unless otherwise instructed by a court or administrative body of competent jurisdiction, the Cooperative shall re-allocate and re-credit to each joint Member an equal share of the capital credits previously allocated and credited to the joint membership.

SECTION 7.03 Retiring and Refunding Capital Credits. At any time prior to the Cooperative's dissolution or liquidation, the Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund capital credits to Patrons and former Patrons. The capital credits of non-Members shall be retained by the Cooperative. The board shall determine the manner and method of retiring, refunding and retaining capital credits.

Upon the death of any natural person Member or former Member, including the death of a joint member, and pursuant to a written request from the deceased Member's legal representation, the Board may retire the deceased Member's capital credits or the deceased's proportionate share of capital credits if it is a joint membership, under terms and conditions as the Board, acting under policies of general application, and agreed upon by the deceased Member's legal representative and the Cooperative. The Cooperative may retire a proportionate share of the capital credits of a joint member to the legal representative of the deceased joint member.

Before retiring, refunding, or retaining any capital credits, the Cooperative may deduct from the capital credits any amounts owed to the Cooperative by the Member or former Member, including any reasonable compounded interest and late payment fee determined by the Board. The Cooperative may also deduct from the capital credits any reasonable charges associated with handling returned capital credits refunds and for locating the current address of the Member or former Member.

SECTION 7.04 Non-Members. As a condition of using, receiving, or purchasing any Cooperative service, and unless otherwise determined by the Board, Non-Members shall abide by, and be bound to, all the duties, obligations, liabilities, and responsibilities imposed by the governing documents upon Members, other than the rights granted by the governing documents to Members. If a non-Member elects or becomes eligible to be a Member, rights to any capital credit allocations and other Member benefits shall not be retroactive.

SECTION 7.05 Reasonable Reserves. The Cooperative may accumulate and retain reasonable reserves from its operating margins and shall allocate and credit any reserves as capital credits.

ARTICLE VIII - DISPOSITION OF COOPERATIVE ASSETS

SECTION 8.01 Transfer of Cooperative Assets. The Cooperative may sell, lease, exchange or otherwise dispose of Cooperative property or assets to accomplish the following:

- A. To secure indebtedness.
- B. Pursuant to condemnation or threat of condemnation.
- C. Pursuant to an existing legal obligation.
- D. To consolidate or merge with another member owned cooperative.

The Cooperative shall not transfer during any twelve (12) month period, more than twenty five percent (25%) of the Cooperative's assets unless:

- A. The Board appoints at least two (2) independent appraisers to evaluate the Cooperative's assets and render an appraisal valuing the Cooperative's assets.
- B. Within a reasonable time of receiving the appraisals, the Cooperative invites all other electric cooperatives primarily located within the same state as, or within a state adjacent to, the state in which the Cooperative is primarily located to submit proposals to acquire the Cooperative's assets specified in the transfer, or to merge or consolidate with the Cooperative.
- C. The Board approves the transfer.
- D. At least two-thirds (2/3) of the total Membership approves the transfer by mail or electronic vote.
- E. Notice of the Member meeting shall indicate the purpose of the meeting is to consider the transfer of assets and include a copy or summary of the transfer.

Unless otherwise determined by the Members, after the Members approve a transfer, the Board may abandon the transfer. To secure indebtedness, the Board may transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative asset.

SECTION 8.02 Merger or Consolidation. In a manner determined by the Board that is consistent with this Bylaw, the Cooperative may consolidate or merge with any other consumer owned cooperative that engages in a lawful business.

- A.** The board must approve an agreement or plan to consolidate or merge stating the:
 - 1. Terms and conditions of the consolidation or merger.
 - 2. Name of each entity consolidating or merging with the Cooperative.
 - 3. Name of the new or surviving consolidated or merged entity.
 - 4. Manner and basis, if any, of converting memberships, or ownership rights, of each consolidating or merging or entity into memberships or ownership rights of, or payments from, the new entity.
 - 5. Number of Directors of the new entity which must equal or exceed nine (9).
 - 6. Any other information required by Law,

- B.** After the Board approves a consolidation or merger agreement, two thirds (2/3) of the Members voting must approve the consolidation or merger agreement.

The Cooperative shall notify Directors of any Board meeting and Members of any Member meeting, at which Directors or Members may consider a consolidation or merger agreement. This notice, and any material soliciting Member approval of the consolidation or merger agreement, must contain, or be accompanied by, a summary or copy of the consolidation or merger agreement.

The Cooperative shall comply with all requirements of consolidation or merger specified by Law. After a consolidation or merger agreement is approved, and before articles of consolidation or merger are filed, the Board or Members may abandon the consolidation or merger.

SECTION 8.03 Distribution of Cooperative Assets Upon Dissolution.

Upon the Cooperative's dissolution:

- A.** The Cooperative shall pay, or discharge all Cooperative debts, obligations, and liabilities, including retiring and refunding without priority all capital credits to all Members and former Members in proportion to the value or quantity of Cooperative services used, received, or purchased by each Member or Former Member.

- B.** After paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities:

To the extent practical, the Cooperative shall then pay or distribute any remaining Cooperative assets, and any amounts received from selling any remaining assets to the Members in proportion to the value or quantity of Cooperative services used, received, or purchased by each Member or former Member during the twenty (20) years prior to the Cooperative's dissolution.

SECTION 8.04 Change of Member Approval Requirements. Other provisions of these Bylaws notwithstanding, any repeal, amendment, or alteration of the provisions in Article 8.01 that would result in a change of the Member approval requirements for acts described herein, must be approved by at least twenty five percent (25%) of all Members of the Cooperative provided that said twenty five percent (25%) or more is a majority of those votes cast on said repeal, amendment or alteration.

ARTICLE IX - MISCELLANEOUS

SECTION 9.01 Bylaw Amendments. Unless otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed by the affirmative vote of a majority of Members voting. Unless sponsored or proposed by the Board, and otherwise determined by the Board, to be considered at a Member meeting, any proposed Bylaw must be:

- A.** Sponsored by, and accompanied by a dated petition containing the printed names, addresses, and original dated signatures obtained within sixty (60) days of the petition date, of at least 5% of the total number of Members, and
- B.** Delivered to, and received by, the Cooperative at least forty-five (45) business days prior to the Member meeting at which the Members will consider the proposed Bylaw amendment, and
- C.** Determined lawful by the Board but not altered or modified by the Board or Members after delivery to the Cooperative.

Notice of any Member meeting at which Members will consider a proposed Bylaw amendment must state that the purpose is to consider a Bylaw amendment and shall contain a copy or summary of the proposed Bylaw amendment.

SECTION 9.02 Rules of Order. Unless the Board determines otherwise, and to the extent consistent with Law, the Articles and these Bylaws, all Member and Board meetings are governed by the latest edition of The Modern Rules of Order.

SECTION 9.03 Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year.

SECTION 9.04 Notice. Unless otherwise provided in these Bylaws, notice may be given in oral or written form, or communicated in person; by telephone, facsimile, electronic communication or other form of wire or wireless; by mail or private carrier. If the aforementioned forms of communicating notice are impractical then use of newspapers of general circulation in the area or radio, television, or other form of public broadcast are acceptable.

If addressed, or delivered, to an address shown in the membership list, then a written notice or report delivered as part of a newsletter or other publication regularly sent to Members constitutes a written notice or report to all Members residing at the address or having the same address shown in the membership list.

SECTION 9.05 Governing Law. These Bylaws shall be governed by, and interpreted under the laws of the State of Minnesota.

SECTION 9.06 Partial Invalidity. The invalidation of any Bylaw provision by any entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw provisions.

SECTION 9.07 Entire Agreement. Between the Cooperative and any Member, the governing documents constitute the entire agreement unless modified in writing, signed by both parties, and supersede or replace any prior or contemporaneous oral or written communication or representation.

SECTION 9.08 Successors and Assigns. To the extent allowed by Law:

- A.** The duties, obligations, and liabilities imposed upon the Cooperative or Member by these Bylaws are binding upon the successors and assigns of the Cooperative or Member.
- B.** The rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative's successors and assigns.

SECTION 9.09 Waiver. The failure of the Cooperative to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in the Bylaws.

SECTION 9.10 Lack of Notice. To the extent allowed by Law and the Articles, the failure of any Member or Director to receive notice of any Meeting, action, or vote does not affect, or invalidate any action or vote taken by the Members of the Board.

SECTION 9.11 Seal. The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Minnesota."

SECTION 9.12 Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any Member asserting any rights or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.