



**ARTICLES OF INCORPORATION and BYLAWS**  
COOPERATIVE LIGHT AND POWER ASSOCIATION OF LAKE COUNTY  
P.O. Box 69, Two Harbors, Minnesota 55616

Revised April 10, 1976  
Amended April 5, 1986  
Amended April 25, 1992  
Amended April 24, 1993  
Amended February 19, 2004  
Amended April 25, 2012

**ARTICLES OF INCORPORATION:**

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

**ARTICLE I**

Section 1. The name of this Association shall be: THE COOPERATIVE LIGHT & POWER ASSOCIATION OF LAKE COUNTY

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

(a) To generate, manufacture, purchase, acquire, and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members; and to construct, erect, purchase, lease and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any of the foregoing purpose:

(b) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus, and equipment of any and all kinds and character and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus an equipment of any and all kinds and character and to receive, acquire, endorse, pledge, hypothecate and dispose of notes and other evidences of indebtedness:

(c) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of this association:

(d) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, sell, exchange and use any and all real and personal property or any interest therein necessary, useful or appropriate to enable this Association to accomplish any and all of its purposes:

(e) To borrow money and otherwise contract indebtedness for the purposes, or any of them, for which this Association is formed, and to issue notes, bonds, and other evidences of indebtedness and to secure any of its obligations by mortgage, pledge or deed of trust of all or any of its property, assets, franchises and income:

(f) To sell and convey, mortgage, pledge, lease as lessor and otherwise dispose of all or any part of its property and assets:

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

The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers of this Association, and this Association shall be authorized to exercise and enjoy all of the powers,

rights, and privileges granted to or conferred upon associations of the character of this Association by the laws of the State of Minnesota now or hereafter in force.

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

## **ARTICLE II**

The period of duration of this Association shall be perpetual.

## **ARTICLE III**

Section 1. This cooperative shall be organized on a non-stock basis.

Section 2. Each membership in the Association shall have only one vote in the affairs of this Association and such memberships shall not be transferable except with the approval and consent of the Board of Directors of this Association.

Section 3. No interest or dividends shall be paid upon any membership issued by the Association.

Section 4. The Association shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Association on any capital furnished by its patrons.

In the furnishing of electric energy the Association's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Association. In order to induce patronage and to assure that the Association will operate on a non-profit basis the Association is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Association are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Association is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Association shall be set up and kept in such 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 Association shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Association corresponding amounts for capital.

In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association shall have been paid, and any membership application fees returned, outstanding capital credits shall be retired without priority on a pro rata basis. If at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all such accounts heretofore and hereafter furnished as capital. In no event, however, shall any capital be retired contrary to the provisions of any unsatisfied mortgage and related loan contract. Provided, however, that the board of directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

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

The board of directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Articles, to retire capital credited to any such patron immediately upon such terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such patrons estate shall agree upon; provided, however, that the financial condition of the Association will not be impaired thereby.

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

In the event that the Association should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable there-from which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall insofar as permitted by law, be used and applied at the discretion of the Board of Directors as follows: 1. Be retained as permanent equity; or 2. Allocated as margins to members of the Cooperative.

#### **ARTICLE IV**

The names and residences of the incorporators of this Association are:

1. Emil Westholm      Route #1, Two Harbors, MN
2. A. Giddings        Route #1, Two Harbors, MN
3. Wm. Hill            Larsmont, MN
4. Charles Elving     Route #1, Two Harbors, MN
5. Torstein Grinager   Two Harbors, MN

#### **ARTICLE V**

Section 1. The government of this Association and the management of its affairs and business shall be vested in a Board of Directors, consisting of five (5) members, who shall be elected by ballot by the members for such terms as the By-Laws may prescribe at the Annual Meeting of the members, which shall after the year 1965 be held not earlier than the fourth Saturday of March or later than the fourth Saturday of April of each year at a time and place designated by the Board of Directors. Any vacancy occurring in the Board of Directors may be filled by the remaining members of the Board, except if otherwise provided by law or the By-Laws of this Association, and any person elected to fill any such vacancy shall hold office until the next Annual Meeting of the members and until his successor shall have been elected and shall have qualified.

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

1. Emil Westholm      Route #1, Two Harbors, MN
2. A. Giddings        Route #1, Two Harbors, MN
3. Wm. Hill            Larsmont, MN
4. Charles Elving     Route #1, Two Harbors, MN
5. Torstein Grinager   Two Harbors, MN

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

#### **ARTICLE VI**

Section 1. Any natural person, or legal business entity, may become a member of this Association by:

- (a) Having its written application for membership approved by the Board of Directors;
- (b) Paying the membership fee as determined by the Board of Directors;
- (c) Receives and pays the Association its fixed charge for electric services availability;
- (d) Agreeing to comply with and be bound by the Articles of Incorporation, By-Laws of the Association, and any rules, regulations and policies of the Association, and any amendments thereof or additions thereto; and
- (e) Agreeing to pay all debts owing to the Association whenever they become due.

Section 2. Each member shall;

- (a) Purchase the minimum amount of electric energy which such member has agreed to purchase from this Association after such electric energy will have become available for use;
- (b) Pay all obligations owing to this Association as and when the same become due; and
- (c) Comply with such rules and regulations as may be adopted by the Board of Directors of this Association.

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

## **ARTICLE VII**

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

## **BY-LAWS:**

### **ARTICLE I—Membership**

Section 1. Requirements for Membership. Any natural person, or legal business entity, requesting or desiring electric service from Cooperative Light & Power and Power Association of Lake County (Cooperative) shall become a member of the Cooperative provided that he, she, or it has first:

- (a) Made a written application for membership therein and the application is approved by the Board of Directors (Board);
- (b) Receives and pays the Cooperative services its fixed charge for electric services availability;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and By-Laws of the Cooperative and any rules and regulations adopted by the Board from time to time;
- (d) Paid the membership fee as determined by the Board; and
- (e) Agrees and continues to pay all debts owing to the Cooperative whenever they become due.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these By-Laws. Further, no more than one membership shall be allocated to any one general service meter or electrical services contract. The form of the Membership Application shall be prescribed and amended from time to time by the Board of Directors.

Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative easement right-of-ways over, on and under such lands owned or leased by or mortgaged to the member and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electrical service to that member or other members or for the construction, operation, or maintenance or relocation of the Cooperative's electric facilities.

Section 2. Joint Membership. Two or more adult persons, legal entities, or combination thereof, may apply for Joint Membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these By-Laws shall be deemed to include those holding a Joint Membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a Joint Membership shall be as follows:

- (a) The presence at a meeting of any of the joint members shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote. In any event, only one ballot shall be presented to each membership. The vote may not be split;
- (c) A Waiver of Notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute a notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership; and
- (g) Any one party to a joint membership, but not more than one, may be elected or appointed as a board member, provided all parties in the joint membership meet the qualifications for becoming a board member.

Section 3. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon written request to the Board and the approval of the Board thereof.
- (b) Upon the death or dissolution of any of the parties in a joint membership, the membership shall be held solely by the survivors of that joint membership. The estate of deceased or dissolved joint members shall not be released from any debts or obligations due the Cooperative.
- (c) A joint membership may be converted to a membership upon written request to the Board.

(d) Upon legal separation or dissolution of marriage of a natural joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint; provided, that the other spouse shall not be released from any debts or obligations due the Cooperative.

In all cases, the outstanding membership certificate shall be surrendered and shall be re-issued by the Cooperative in such manner as shall indicate the changed membership status. The Cooperative shall keep a record of the status of all memberships.

Section 4. Purchase of Electric Energy. Except as applicable federal and state statutes and regulations may require each member shall, as soon as electrical services shall be available, purchase from the Cooperative all electrical services used on the premises specified in the 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 or facilities, which shall be interconnected with the Cooperative facilities, shall not disqualify a membership.

It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by the members as capital and each member shall be credited with the capital so furnished as provided in these By-Laws. 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 the Cooperative as and when the same shall become due and payable.

Section 5. Termination of Membership.

(a) Any member may withdraw from membership upon payment in full of all debts and liabilities of such member and upon compliance with such uniform terms and condition as the Board may prescribe.

(b) The Board may, by affirmative vote of not less than two-thirds of all members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws, policies, rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes the member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. An expelled member may be reinstated by vote of the Board or by two-thirds majority vote of the members present at an annual or special meeting.

(c) The membership of a member who for a period of six (6) months after service is available to that member, has not paid the fixed charge from the Cooperative, or if a member has ceased to pay the fixed charge from the Cooperative, may be canceled by motion of the Board.

(d) Upon withdrawal, notification of death, cessation of existence or expulsion of a member, the membership of such member shall terminate. Termination of membership in any manner shall not release the member, or the estate, administrator, heirs, receivers or successors, from any debts or obligations due the Cooperative.

Section 6. Non-Liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

Section 7. Property Interest of Members Upon Dissolution. Upon dissolution, after:

(a) All debts and liabilities of the Cooperative shall have been paid and,

(b) All capital furnished through patronage shall have been retired as provided in these By-Laws, the remaining property and assets of the Cooperative shall be distributed among such members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten calendar years preceding the date of the filing of the certification of dissolution.

Section 8. Member Responsibilities. Once membership has been granted, each member shall:

(a) Upon request by the Cooperative, grant Cooperative permission without compensation thereof, a defined easement or right-of-way over, above, across or under the real property owned or leased by or mortgaged to or otherwise controlled by the member, in accordance with such reasonable terms and conditions as the Cooperative shall require, for the purpose of furnishing electric and other service and for the construction, operation, maintenance and repair (including the clearing of brush and trees in this easement) and/or relocation of the Cooperative's facilities or to extend such services to other members;

(b) Give the Cooperative rights to cut, trim and/or remove any trees that in the discretion of the Cooperative, or of its agents or assigns, would be a danger to its facilities, even if such tree is outside of an easement granted;

(c) Cause all premises receiving electric service from the Cooperative to become and remained wired in accordance with the specification of the National Electric Code and any applicable state or local government ordinances and statutes, or the specifications of the Cooperative;

(d) Be responsible for and indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage arising from or as a result of any defect, negligence or improper use or maintenance of such premises and all wiring and apparatus connected thereto or use thereon; and

(e) Make available to the Cooperative a suitable site, as determined by the Cooperative, to place its physical facilities for furnishing, maintaining and metering of all electric and other service used on the premises and to other members, shall permit Cooperative's authorized employees, agents and independent contractors to have access hereto and without interference from any hostile source for the purpose of meter reading, collection of billing and for inspection, maintenance, repair or disconnection of such facilities or services at all reasonable times. In no event, shall the Cooperative's responsibility for furnishing electric and other service extend beyond the point of delivery.

## **ARTICLE II—Meeting of Members**

Section 1. Annual Meeting. The Annual Meeting of the Members shall be held at such time, place and hour in each year as may be determined by the Board, which shall be designated in the notice of the meeting for purpose of electing board members, passing upon reports covering the previous year and transacting such other business as may come before the annual meeting.

Section 2. Notice of Annual Meeting. Notice of the annual meeting shall be given by the secretary by publication in Lake County, Minnesota, at least two (2) weeks previous to the date of such meeting or by mailing written notice thereof to each and every member personally at the member's last known post office address not less than fifteen (15) days prior to the date of the meeting.

Section 3. Special Meetings. Special meeting of members may be called by a majority of the Board, or upon written petition signed by at least twenty percent (20%) of the members and it shall thereupon be the duty of the Secretary of the Cooperative to cause notice of such a meeting to be given.

Section 4. Notice of Special Meeting. Notice of the time, place and purpose of a special meeting shall be given either by publication in the legal newspaper of Lake County, Minnesota, at least two (2) weeks previous to the date of such meeting or by mailing written notice thereof to each and every member personally at the member's last known address not less than fifteen (15) days prior to the date of such special meeting. Such notice shall be issued within ten (10) days from and after the date of the presentation of the petition mentioned in Article IF, Section 3, above. The special meeting shall be held within thirty (30) days from the date of such notice.

Section 5. Failure to Receive Notice. A member's failure to receive notice of an annual or special meeting shall not invalidate any actions taken at such an annual or special meeting.

Section 6. Quorum. At least twenty percent (20%) of the total number of members of this Association, present in person, 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 of this Association exceeds two hundred (200), then and in such cases, not less than fifty (50) members, present in person, shall constitute a quorum for the transaction of business at all meetings of the members.

Section 7. Who May Vote. Each membership shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Any member, which is a legal business entity, may be required to furnish appropriate evidence of the authority of its representative to vote in its behalf. Such authority shall be furnished to the Secretary of the Cooperative before such representative votes at any such meeting. A representative or officer may also vote as an individual, if a member. Except as described above, no voting by proxy will be allowed.

Section 8. Voting. Each membership, may vote on changes to the Articles of Incorporation or By-Laws in such a manner as lawfully prescribed by the Board. For all other matters the membership must be present to vote.

Any member present at an annual meeting may vote on all questions, motions and elections raised at that meeting.

Section 9. Voting List. The Board Secretary shall make an alphabetical list of the members entitled to vote at the upcoming meeting, along with the member's address. The list shall be prepared at least fifteen (15) days prior to the meeting and shall be kept open at the time and place of the meeting where it may be inspected by any member.

Section 10. Order of Business. The order of business at the Annual Meeting of Members, and so far as possible at all other meetings of the members, shall be as follows:

1. Call of the roll.
2. Reading of the Notice of the Meeting together with the proof of the due publication or mailing thereof.

3. Presentation and reading of unapproved minutes of previous meeting.
4. Election of directors.
5. Presentation and consideration of reports of officers, directors and committees.
6. Unfinished business.
7. New business.
8. Adjournment.

The foregoing order of business may be changed by majority vote of the members in attendance and voting at such meeting. Unless, the members by majority vote of those in attendance and voting determine otherwise, Robert's Rules of Order shall govern all procedural questions and matters.

**ARTICLE III—Directors**

Section 1. General Powers. The business and affairs of Cooperative shall be managed under the direction of a Board of Directors, which shall exercise all of the powers of the Cooperative, except such as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the members. The Board of Directors shall have the power to make and adopt such policies, rules and regulations consistent with law, the Articles of Incorporation or these By-Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 2. Director Qualifications. In order to become or remain a director all of these qualifications must be met:

- (a) Hold a membership in that district.
- (b) A natural person, who had resided on the Cooperative's systems for at least one (1) year; residency is determined by meeting any one of the three (3) qualifications:
  - (1) Driver's license or State I.D. reflecting an address on the Cooperative's system.
  - (2) Homestead interest in real estate in the service territory of the Cooperative.
  - (3) Has made application to the Board and the Board members have determined there are sufficient contacts and interest in the area served by the Cooperative system to be deemed a resident.
- (c) Must not be a convicted felon.
- (d) Cannot be an employee of the Cooperative, or has not been an employee of the Cooperative at any time in the previous three (3) years, or a close relative by blood or in-law, including half, step and adopted kin, a spouse, child, grandchild, grandparent, brother, sister, aunt, uncle, nephew or niece of a current employee of the Cooperative.
- (e) Cannot be in any way employed by or financially interested in a competing enterprise or business selling electric energy to the Cooperative, or business interest primarily engaged in selling electrical or plumbing supplies, appliances or fixtures to the Cooperative.
- (f) Must have the legal capacity to enter into a binding contract.
- (g) When a membership is held jointly or by tenants in common, one of the joint tenants or one of the tenants in common, but not more than one, may be elected as a director; provided, however, that such person shall not be eligible to become or remain a director in the Cooperative unless both joint tenants or all tenants in common shall meet the qualifications hereinabove set forth.
- (h) A citizen of the USA.

Section 3. Tenure. A director may serve an unlimited number of three (3) year terms on the Board of Directors. A term shall begin immediately after the meeting the director was elected or appointed.

Section 4. Districts. The territory served or to be served by the Cooperative shall be divided into five districts. The boundary lines of such districts, as initially established, may be changed from time to time by the Board of Directors. For the election of directors, each member shall be deemed to belong in one district. That district shall be determined from the following criteria:

- (a) The member's principal residence.
- (b) The primary business site.
- (c) If a member who is a natural person has no principal residence or a member who is a business has no primary site in any specific district in which service is received from the Cooperative, then the member shall designate in writing to the Secretary of the Cooperative, at least fifteen (15) days prior to the time of giving notice of the meeting in question, the one district that member has determined to be that member's district. Such designation shall not be changed without prior Board approval and the member shall be eligible to be elected as a director of the Cooperative only from said district.

District No. 1. All that part of the system area lying in St. Louis County, more specifically described as: Townships 53N, 54N, 55N, 56N and 57N, in Range 13W and Townships 51N, 52N, 53N, 54N 55N, 56N and 57N in Range 12W and Townships 52N and 53N in Range 14W and Townships 52N and 53N in Range 15W.

District No. 2. All that area in Range 11 from Lake Superior North to the system boundary, described as follows: Townships 52N, 53N, 54N, 55N, 56N, 57N, 58N, 59N and 60N in Range 11 West.

District No. 3. All that area North of Lake Superior to the Northern boundary of the system in Ranges 9 and 10, described as follows: Townships 52N, 53N, 54N, 55N, 56N, 57N, 58N, 59N and 60N in Range 10 West and Townships 53N, 54N, 55N, 56N 57N, 58N, 59N and 60N in Range 9 West.

District No. 4. That part lying East of Range 9 and South of Township 57, described as follows: Townships 54N, 55N, 56N in Range 8 West and Townships 55N and 56N in Range 7 West.

District No. 5. All that area East of Range 9 and North of Township 56 to the North and East system boundaries, described as follows: Townships 57N, 58N, 59N and 60N in Range 8 West and Townships 57N, 58N, 59N and 60N in Range 7 West and Townships 57N, 58N, 59N and 60N in Range 6 West.

Section 5. Nominations. It shall be the duty of the Board of Directors to appoint, not less than thirty (30) days or more than ninety (90) days before the date of a meeting of the members at which directors are to be elected, a chairperson for the Nominating Committee. A Nominating Committee will be established for each district that will have a Director position up for election. Such chairperson shall be a member of the district in question. No officer or member of the Board of Directors shall be appointed a chairperson of such committee.

The Board shall also notify the members residing in the district in question of the time and place of the nominating meeting by appropriate notice in the Cooperative newsletter.

The business of the Nominating Committee shall be to nominate not more than two candidates for director. Each nominating meeting shall first decide by majority vote of those present the process by which nominees shall be determined. This list of nominations from each district shall be submitted to the principal office of the Cooperative at least twenty-five (25) days before the date of the annual meeting. Nominations may also be made from the floor at the annual meeting by any member from the district in question provided notice of the intent to nominate candidates and the name of the candidate to be nominated, shall be provided in writing to the Cooperative at least 15 days prior to the annual meeting. All nominations must be of qualified candidates from the district in question. All nominations of the Nominating Committee and from the floor must be seconded.

Section 6. Election of Directors. At the annual meeting in each year, the membership shall vote to fill those director positions that have expired or have been vacated. These directors shall be elected by ballot from the members to serve until their successors have been both elected and qualified subject to the provisions or unless otherwise terminated or vacated of these By-Laws.

Each membership present shall be eligible to cast one vote only for each director to be elected. If a quorum of fifty (50) or more memberships is present from a district where a director is going to be elected, only those members of the district shall be allowed to vote for that director. Otherwise, all members eligible to vote at the annual meeting shall be eligible to vote for the director of that district. The nominee receiving the highest number of votes cast shall be elected director. If there is a tie, the winner shall be determined by a coin toss. The calling of heads or tails shall be made by an alphabetical order by the tied nominees.

Section 7. Vacancies and Termination. Vacancies occurring on the Board of Directors shall be filled by a majority vote of the remaining directors in a timely manner. Directors thus elected shall serve until the next annual meeting. The remainder of the term will then be filled by vote of the membership using the usual method for the election of directors. Vacancies shall be filled to comply with all other qualifications of becoming a board member. The Board of Directors may declare a vacancy if the Board member has missed three (3) consecutive regular board meetings or four (4) regular board meetings in any twelve month period without a valid reason.

Section 8. Compensation. Directors shall not receive any salary for their services as such, except that the Board may, by resolution, authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs, or performing committee assignments when authorized by the Board. If authorized by the Board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity.

Section 9. Accounts and Reports. The Board shall cause to be established and maintained a complete accounting system. The Board shall 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 the fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.



#### **ARTICLE IV—Indemnification**

Section 1. Indemnification of Directors. The Cooperative shall indemnify directors, officers, agents and employees against liability to the extent that their acts or omissions constituting the grounds for the alleged liability were performed in their official capacity, were based upon what a reasonable person would deem to be good faith business judgments and belief that the acts or omissions were in the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

#### **ARTICLE V—Meetings of Directors**

Section 1. Regular Meetings. A re-organizational meeting of the Board shall be held immediately after and at the same place as the annual meeting of members. A regular meeting of the Board shall also be held monthly at such time and place as set by the Board. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof. A director may be deemed present to a regular meeting by appearing in person, electronically or by other methods approved by the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of the special meeting. A director may be deemed present to a special meeting by appearing in person, electronically or by other methods approved by the Board.

Section 3. Notice of Special Board Meetings. Notice of time, place and purpose of any special meeting of the Board shall be given at least two (2) days prior thereto, by written notice or delivered personally by mail or electronically to each director at his or her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage prepaid thereon. 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 members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the directors are present at said meeting, said meeting shall not be called to order.

Section 5. Manner of Acting. The acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

#### **ARTICLE VI—Officers**

Section 1. Number. The officers of the Cooperative shall be selected from the Board of Directors and include, President, Vice President, Treasurer and Secretary and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be combined by resolution of the Board, with such position to be termed "Secretary-Treasurer".

Section 2. Election and Term of Office. The officers shall be elected, annually by and from the Board at the re-organizational meeting of the Board. If, for some reason, the election of officers cannot 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 following the next succeeding Annual Meeting of the Members or until that officer's successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the un-expired portion of the term.

Section 3. Removal. Any person appointed to a position by the Board may be removed by an affirmative vote of all remaining directors whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 4. President. The President shall:

- (a) Be the principal executive officer of the Cooperative and shall preside at all meetings of the Board.
- (b) Along with the Secretary or any other proper person as designated by the Board, sign any deeds, mortgages, notes, bonds, contract or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the Cooperative or shall be required by law to be otherwise signed or executed; and
- (c) In general perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 5. Vice-President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting shall have all the

powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned by the Board.

Section 6. Secretary. The Secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) The safe keeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all certificates of membership, and to all documents, the execution of which on behalf of the Cooperative under its Seal is duly authorized in accordance with the provisions of these By-Laws;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Signing, with the President, certificates of membership, authorized by the Board. Certificates of membership shall be kept on file.
- (f) Keeping on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the By-Laws and of all amendments thereto any member upon request; and
- (g) In general performing all duties incident to the office of secretary and such other duties as from time to time may be assigned by the Board.

Section 7. Treasurer. The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; and
- (c) The general performance of all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Board.

Section 8. CEO. The Board may appoint a Chief Executive Officer (CEO) also referred to as the General Manager (G.M.) who may be, but who shall not be required to be, a member of the Cooperative. The CEO shall perform such duties and shall exercise such authority as the Board may from time to time bestow upon the CEO.

Section 9. Bonds or Insurance of Officers. The treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded or insured in such sum and with such surety as the Board shall determine. The Board, in its discretion, may also require any other officer, agent or employee of the Cooperative to be bonded or insured in such amount and with such surety as it shall determine.

Section 10. Compensation. The compensation of officers shall be fixed by the Board. No officer of the Board shall be prohibited from receiving such a salary by reason of also being a member of the Board.

Section 11. Reports. The officers of the Cooperative shall submit at each annual meeting of the member's reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

#### **ARTICLE VII—Contracts, Checks, Deposits and Transactions**

Section 1. Contracts. Except as otherwise provided in these By-Laws, the Board 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, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

Section 3. Deposits and Investments. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such banks, financial institutions or other investments as the Board may select.

#### **ARTICLE VIII—Membership Certificates, Their Issue and Transfer**

No interest or dividends shall be paid upon any of the Membership Certificates issued by this Association.

## **ARTICLE IX—Non-Profit Operation**

Section 1. Interest or Dividends on Capital Prohibited. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members will, through their usage of electric services, furnish capital for the Cooperative. In order to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a usage basis to all its members for all amounts received and receivable from the furnishing of electric in excess of operating costs and expenses properly chargeable against the furnishing of electric services. All such payments for services are made with the understanding that they are furnished by the members as capital.

The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses and to debit to such capital account for each member all operating costs and expenses in excess of such amounts received and receivable from the furnishing of electric energy. The books and records of the Cooperative shall be set-up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in appropriate records to the capital account of each member. The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited or debited to his account. All such amounts credited to the capital account, of any member, shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.

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 shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to members' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all accounts heretofore and hereafter furnished as capital.

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

Notwithstanding any other provision of these By-Laws, the Board, at its discretion, shall have the power, at any time, to retire capital credited to the account of a member or former member who is a natural person and who shall have died. Such retirement shall be upon such terms and conditions as the Board, acting under policies of general application, shall determine; provided, however, that the financial condition of the Cooperative will not thereby be impaired. No capital shall be paid to non-natural person members upon dissolution of that member's legal entity.

If a former member has any unpaid balance owing to the Cooperative for more than 90 days, such former member grants the Cooperative the right, in the Board's sole discretion, to calculate the discounted present day value of any patronage allocated to said former member and apply said discounted present day value towards any amounts owing to the Cooperative. The discounted present day value will be calculated annually based on the weighted cost of capital. The remaining value of the patronage shall be forfeited and become the permanent equity of the Cooperative. Any amounts still owing the Cooperative after application of any discounted present day value of capital credits shall remain a debt owed to the Cooperative and subject to collection and recoupment.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each member and both the Cooperative and the member are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-Laws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office. Members acknowledge that a change in the terms and conditions of the Articles and By-Laws shall supercede and replace prior Articles and By-Laws.

Section 2. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable there-from which are in excess of costs and expenses properly chargeable against the furnishing of such goods and services shall, insofar as permitted by law, be used as applied at the discretion of the Board as follows:

1. Be retained as permanent equity; or

2. Be allocated as margins to members of the Cooperative

**ARTICLE X—Disposition of Property**

The Association may, at any meeting of its Board of Directors, sell, mortgage, lease or exchange its facilities, property rights, privileges and franchises upon such terms and conditions as the Board of Directors may deem expedient and for the best interests of the Cooperative; provided, however, that if such sale or transfer contemplates a sale of privileges and franchises of the Cooperative with no offsetting exchange of facilities, authorization therefore must first be obtained by the affirmative vote of the holders of two-thirds (2/3) of the Cooperative's total membership at a members meeting duly called for that purpose or when authorized by a written consent of 2/3 of the Cooperative's total membership issued and outstanding. 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 any other lending institution and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidence 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 Cooperatives, 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 fiscal year of this Cooperative shall begin on the first day of January in each year and end on the thirty-first day of December of each year.

**ARTICLE XII—Seal**

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

**ARTICLE XIII—Amendments**

The By-Laws of this Cooperative may be altered, amended or repealed by a majority of the members voting thereon, at any regular or special meeting, providing that notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

**ARTICLE XIV—Liability Insurance**

The Board may, from time to time authorize and direct that liability insurance be obtained to insure the Cooperative, its members, directors, officers, employees or agents, including personal liability of any of said persons, against liability resulting from any and all acts performed or done by or on behalf of the Cooperative, or in the ordinary course of acting on behalf of the Cooperative, including liability for negligence and nonfeasance and may further authorize and direct that all premiums for such insurance shall be paid by the Cooperative and any such premiums paid shall not be considered compensation to any person thereby covered. Provided, however, that such insurance shall not insure against deliberate malfeasance of any person and provided, further, that the existence of any such insurance, or limits there, shall not affect the liability of any such member, director, officer, employee or agent to the Cooperative for any such act or failure to act.