

EAST CENTRAL ENERGY ARTICLES OF INCORPORATION AND BYLAWS

ARTICLES OF INCORPORATION OF EAST CENTRAL ENERGY ARTICLE I

Section 1. The name of this corporation shall be EAST CENTRAL ENERGY.

Section 2. The business of this Cooperative shall be based upon the cooperative plan.

Section 3. The purposes of the Cooperative are to generate, manufacture, purchase, acquire, accumulate, sell, provide, deliver, furnish, transmit or distribute electric energy and other services and products to its members and patrons and to engage in any other lawful business or businesses.

Section 4. The Cooperative shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon cooperatives of the character of this Cooperative by the laws of the State of Minnesota now or hereafter in force.

Section 5. The registered office and principal place of business of the Cooperative is at 412 North Main St., Braham, Minnesota 55006.

ARTICLE II

The period of duration of this Cooperative shall be perpetual.

ARTICLE III

Section 1. This Cooperative is organized on a non-stock, membership basis.

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

Section 3. The net income of the Cooperative from providing electrical services, except for amounts set aside as capital reserves or additional reserves, shall be allocated and distributed on the basis of patronage as determined by the Directors in accordance with the By-Laws. The records of this Cooperative may show the interest of patrons and members in the reserves.

Section 4. No interest or dividends shall be paid upon capital furnished to this Cooperative by its members or patrons.

ARTICLE IV

Section 1. The government of this Cooperative and the management of its affairs and business shall be vested in a board of directors who shall be elected by ballot by the members for such terms as the By-Laws may prescribe.

Section 2. The By-Laws of this Cooperative 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 Cooperative not inconsistent with these Articles of Incorporation or the laws of the State of Minnesota

Section 3. This Cooperative shall have the right to create subsidiaries and/or join in a Cooperative with other cooperatives, corporations, limited liability companies, or other legal entities, to carry into effect any or all of its purposes.

Section 4. To do and perform, either for itself or its members and patrons, 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 law under which this Cooperative is formed.

Section 5. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation or the By-Laws of this Cooperative 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 Cooperative.

ARTICLE V

To the fullest extent permitted by laws governing cooperative associations, as the same exists or may hereafter be amended, a director of this Cooperative shall not be personally liable to the cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for the following cases:

- (a) For acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law;
- (b) For a transaction from which the Director derived an improper personal benefit.

ARTICLE VI

The Cooperative reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner set forth in Minnesota Statutes.

BY-LAWS

ARTICLE I. MEMBERSHIP

Section 1. Requirements for Membership. Any natural person or legal entity, requesting or desiring electrical energy or services from East Central Energy shall become a member of East Central Energy (hereinafter called the "Cooperative") provided that he, she or it has first:

- A. Made a written application for membership therein;
- B. Agreed to purchase from the Cooperative electric services as hereinafter specified;
- 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 hereinafter specified, if any;
- E. Submitted to the Cooperative all information requested by the Cooperative, including federal tax identification number;
- F. Completed any additional or supplemental document or contract required by the Cooperative or the Cooperative service which the applicant or member is seeking to use or continue using.

Unless otherwise provided in the Articles or these By-Laws, or otherwise required by Law, the Cooperative will not release, disclose or disseminate any personally identifiable or confidential information regarding any Member.

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.

Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement right-of-way 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 electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management more efficiently, to utilize or conserve electric energy or to conduct load research.

when either the Board of Directors or the members are holding a meeting, or (v) to do anything which is required by law to be done only by the Board of Directors and which said Board cannot lawfully delegate to such a committee. Said committee shall have such other powers and duties as the Board of Directors may delegate to, or require of it.

Section 10. Conflict of Interest and Fiduciary Obligations.

Each director should recognize that he or she functions as a person occupying a place of trust and should not put himself or herself in a position in which self-interest conflicts with any duty the director owes to those for whom he or she acts. As a general rule, no director shall be permitted to make a profit from any self-dealing transaction, whether individually or acting as an agent, without affirmatively showing full disclosure and fair dealing. Any director who actually or potentially is involved with a self-dealing matter due to his or her position as director shall make a full disclosure of his or her interest, shall not vote on the matter, and shall leave the room during the discussion and not vote on the issue unless requested to stay by the Board of Directors to respond to questions or provide information to the Board of Directors on the matter under discussion. Further, such individuals shall not be counted in the quorum for a vote on the matter. The minutes of such meeting shall reflect that a disclosure was made and that the director having a conflict of interest did not participate in the discussion and abstained from voting.

**ARTICLE IV.
OFFICERS**

Section 1. Election of Officers. Promptly following each Annual Election Date of this Cooperative, the Board of Directors shall elect from among the directors a Chairperson of the Board, and one or more Vice-Chairpersons, and shall at the same time elect a Secretary and a Treasurer who may, but need not, be directors. The offices of Secretary and Treasurer may be held by the same person, and when so held, may be termed Secretary-Treasurer. The Board of Directors may appoint additional officers with such title, powers and duties, and for such terms, as said board may determine.

Section 2. Removal of Officers and Agents by the Board of Directors. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges, for cause, against an officer and by filing with the Secretary such charges in writing together with a petition signed by twenty percent (20%) of the members of the Cooperative may request the removal of such officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges at least twenty-five (25) days prior to the Board of Directors meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel, and to present evidence with respect to the charges. The person or persons bringing the charges against that officer shall have the same opportunity.

Section 3. The Chairperson of the Board.

The Chairperson of the Board shall:

- A. Preside over all meetings of the members and of the Board of Directors and of the Executive Committee; and
- B. Have all authority ordinarily held by the Chairman of a corporation, but he shall not be obligated either to devote his full time to the business of this Cooperative or to actively supervise all of its ordinary course of business.

Section 4. The Vice-Chairperson.

The Vice-Chairperson, in the absence or disability of

the Chairperson of the Board, shall perform the duties of the Chairperson of the Board.

Section 5. The Secretary.

The Secretary shall:

- A. Take or supervise the taking of complete minutes of all meetings of the members and of the Board of Directors and of the Executive Committee; and
- B. Have control of this Cooperative's minute book and of its corporate seal, if any; and
- C. Give or cause to be given, all notices as required by law or these By-Laws; and
- D. Perform such additional duties as may be required of him/her by the Board of Directors.

Section 6. The Treasurer.

The Treasurer shall:

- A. Supervise the safekeeping of all funds and property of this Cooperative; and
- B. Supervise the keeping of complete books and records of all financial transactions of this Cooperative; and
- C. Perform such additional duties as may be required of him/her by the Board of Directors; and
- D. Submit to the annual meeting of the members a report covering the financial business of this Cooperative for the previous fiscal year and showing the condition of this Cooperative at the close of said fiscal year.

Section 7. President/Chief Executive Officer (CEO).

The Board of Directors shall employ an individual to serve as President/Chief Executive Officer (CEO) and fix his/her compensation and all other terms of his/her employment. The President/CEO shall actively supervise all of the ordinary course of business of this Cooperative. The President/CEO shall employ and discharge all other employees of this Cooperative, and shall perform such additional duties and have such additional powers as the Board of Directors may require of or may delegate to him/her.

Section 8. Reports. The officers of the Cooperative shall annually submit reports covering the business and condition of the Cooperative for the previous fiscal year.

Section 9. Officer Compensation. Board of Director Officers shall not receive any salary for their services as such, except that some or all of the officers may, by resolution of the Board of Directors, receive a reasonable amount of compensation for the additional obligations imposed upon them by virtue of their respective office(s).

**ARTICLE V.
CONTRACTS, CHECKS AND DEPOSITS**

Section 1. Contracts. Except as otherwise provided in these By-Laws, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks or other financial institutions as the Board of Directors may select.

**ARTICLE VI.
DISTRIBUTION OF EARNINGS**

counted as the vote of such member for the election of a director. Directors shall be elected only by those members who reside in the district for which a director is elected.

Drawing by lot shall resolve, where necessary, any tie vote. Said drawing by lot shall take place within ten (10) business days of the election and shall be supervised by the chair of the Credentials & Election Committee from that election.

E. Terms. Directors shall be elected for regular terms of four years each, and until their respective successors shall have been duly elected. Said four-year terms shall be staggered so that an equal or nearly equal number of directors' terms will expire on each Annual Election Date.

F. Removal of Directors by Members. Any member of that board member's district may bring charges, for cause, against that board member by filing with the Secretary such charges in writing, together with a petition signed by twenty percent (20%) of the members of that board member's district, thereby requesting the removal of such board member by reason(s) thereof. Such board member shall be informed in writing of the charges at least twenty-five (25) days prior to the meeting of the members of that district at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence with respect to the charges. The person or persons bringing the charges against that board member shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members of that district. It is expressly understood, however, that the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him or her shall have been presented during the meeting through oral statements, documents or otherwise. If a simple majority of the votes cast are for removal of such board member, then that board member's seat shall be determined to be immediately vacant and an election shall be conducted in that office with the vacancy for the purpose of electing a new director to fulfill the unexpired term of the removed director. Provided, however, that if there are less than six months remaining on the unexpired term of the removed director, then the position shall remain vacant until a new director is elected in the next annual election. The nomination and election of the new director shall conform substantially to the procedure set forth in subsections C (Nominations) and D (Elections) of this Section. The timing of the nominations and election shall not be governed by said subsections C and D, however, but shall rather be determined by the board of directors in such a manner so as to ensure that the nominations and election is concluded within six (6) weeks of the date that the vacancy was created.

G. Removal of Directors by the Board of Directors. Any director may be removed from the Board of Directors by a vote of three-fourths of the directors at a duly constituted and conducted meeting of the Board of Directors. Such removal must be for cause, and the persons subject to such removal shall be informed in writing of the charges at least twenty-five (25) days prior to the meeting of the Board of Directors at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by

counsel and to present evidence with respect to the charges. The directors bringing the charges against that board member shall have the same opportunity. H. Resignation. Any director may resign his or her position at any time. Such resignation shall be made in writing, shall be submitted to the Secretary, and shall take effect at such time as is specified therein. Any director who is absent from six (6) out of twelve (12) consecutive regular meetings of the board of directors shall be deemed to have so tendered his or her resignation from the board of directors, but such resignation shall not be considered effective unless and until a majority of the remaining board of directors accepts such resignation and declares that board of directors' seat vacant.

Section 2. Temporary Vacancy. Each vacancy occurring on the Board of Directors, other than by the removal of a director by the members or by the expiration of a term, may be filled until the next Annual Election Date by a vote of the remaining directors. The replacement shall act as director only for the unexpired term of that replaced director.

Section 3. Meetings. The Board of Directors shall meet regularly at such times and places as the board may determine. Special meetings may be called by the Chairman or a majority of the directors. All meetings shall be held on such notice, if any, as the board may prescribe. Any business may be transacted at any meeting without mention of such business in the notice, if any, of the meeting. Parliamentary procedure for all Board of Directors meetings shall be governed by the latest edition of Robert's Rules of Order.

Section 4. Compensation. Board members shall not receive any salary for their services as such, except that board members by resolution of the Board of Directors may receive a reasonable amount of compensation for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, reviewing the monthly board report and other correspondence in preparation for monthly board of director meetings, 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.

Section 5. Bond. The Board of Directors shall require each officer, agent, and employee having control or custody of any of this Cooperative's funds or property to furnish a surety bond or appropriate insurance coverage satisfactory to said board and the cost thereof shall be paid by this Cooperative.

Section 6. Audit. The Board of Directors shall have the books of this Cooperative audited by a certified public accountant at least once each fiscal year. The report of such audit shall be made to the membership in the following year.

Section 7. Loans. The Board of Directors shall have power, which may be exercised only by a vote of a majority of all the directors, to authorize and approve the borrowing of money and the pledging and mortgaging of any or all of the assets of this Cooperative as security for the sums so borrowed.

Section 8. Corporate Seal. The Board of Directors may adopt, alter or abandon the use of a corporate seal.

Section 9. Executive Committee. The Board of Directors may appoint an Executive Committee of not less than three (3) directors, one of whom shall be the Chairperson of the Board. Such committee shall not have any authority either (i) to fill any vacancy either in any elective office or in its own membership or in the Board of Directors, or (ii) to employ or discharge any President/CEO for this Cooperative, or (iii) to call any meeting of the members, or (iv) to meet or otherwise act at any time

regarding a member meeting and/or election issue by filing a written description of the member's comments or challenge ("Member Challenge") with the Cooperative within three (3) business days following the member meeting and/or election addressed by the Member Challenge.

Within thirty (30) days of receiving any Member Challenge, the C&E Committee shall:

- (3) As determined by the C&E Committee, meet and receive oral or written evidence from any member, or legal counsel representing any member, directly and substantially implicated in, or affected by, the Member Challenge; and
- (4) consider, decide and rule upon the Member Challenge.

The C&E Committee's decision regarding any Member Challenge is final. Upon written request by any member received by the C&E Committee within thirty (30) days of a C&E Committee decision, the C&E Committee shall prepare a written report summarizing and explaining the C&E Committee's decision.

The failure of the Cooperative or C&E Committee to act as required by this by-law shall not, by itself, affect any vote, director election, or other action taken.

ARTICLE III. BOARD OF DIRECTORS

Section 1. Election of Directors.

A. Districts. For elections of Directors the members shall be grouped in districts, on the basis of the places where they reside, provided that if a member does not reside within the territory served by this Cooperative, then on the basis of the place where such member received the most electric energy from this Cooperative, Two (2) directors shall be elected from each of six (6) districts, the geographical boundaries of which shall be determined by the Board of Directors. Representation on the Board of Directors shall be apportioned substantially equally among the districts in proportion to the number of members residing in each district in accordance with Minnesota State Law and any amendments thereto.

B. Eligibility. Any member shall be eligible to be nominated or elected or to remain a director, provided that said applicant first provides an Affidavit to the Cooperative verifying that: (i) they are a natural person; (ii) have the capacity to enter legally binding contracts; (iii) they have been and shall remain a resident of the district for which they are or were nominated or elected for at least one (1) year prior to nomination, and continue to reside therein during their entire term as director; (iv) while a director and during the five years immediately prior to becoming a director, they have not been convicted of a felony; and (v) they are not employed by, materially affiliated with, or have a material financial interest in, any individual or entity which either is:

- (1) Directly and substantially competing with the Cooperative; or
 - (2) Selling goods and services in substantial quantity to the cooperative; or
 - (3) Possessing a substantial conflict of interest with the Cooperative;
- (vi) they are not in any way employed by the

Cooperative, nor have they been so employed by the Cooperative within three years of the Director's nomination; and (vii) they are not a close relative of any existing Director or existing employee of the Cooperative. For the purposes of this Section only, "close relative" shall mean a person who is either a child, grandchild, step-child, parent, grandparent, step-parent, brother or sister, by blood or in-law, of the principal.

For the purposes of this section, the terms "material" or "substantially" shall be interpreted as constituting a minimum of 5% of a member's total hours of employment, sales, or income on an annual basis.

Upon establishment of the fact that a director, or a candidate for a director position, is in violation of any of the foregoing eligibility/qualification provisions, the board shall remove such director from office or shall remove such candidate from the ballot.

C. Nominations. Any twenty-five (25) or more members who reside in any one district may nominate an eligible member for a director position for that district. Such nomination shall be in writing and signed by said twenty-five members, or more, and delivered to the Secretary at least eight (8) weeks before the Annual Election Date. The Secretary shall promptly post the same in said office. If the members in any district shall have failed to nominate a nominee(s) in writing as above provided, then a nominating committee of this Cooperative shall nominate one (1) or more members who reside in said district for said director position(s). Said Nominating Committee shall be appointed by the Board of Directors on an annual basis, said appointment to be made not less than 135 days before the Annual Election Date. Said Nominating Committee shall be selected from the resident members of the districts of the Cooperative, so that each such district shall have one member on said Nominating Committee. No member of the Board of Directors may serve on the Nominating Committee. It shall be the duty of the Nominating Committee to nominate one or more nominees for each district that is scheduled for an election but for which no candidates have been nominated by the petition process eight (8) weeks prior to said Annual Election Date. The Nominating Committee shall submit their nomination or nominations to the Secretary, in writing and signed by at least two (2) members of said Committee, and the Secretary shall then promptly post the same at the principal office of the Cooperative at least thirty (30) days before the Annual Election Date.

No member may be elected to a Director position unless nominated in the manner provided by this subsection. No write-in ballots shall be accepted.

D. Elections. At least two (2) weeks before the Annual Election Date of this Cooperative, the Secretary shall mail to each member in a district for which a director is to be elected, a Ballot for Directors listing by districts the names and residences of all nominees who have been nominated as above provided, together with a notice that any such member may vote for a director by marking the appropriate space on said ballot. Said ballot shall be returned by mail or otherwise, in a sealed envelope marked "ballot" and bearing that member's signature, on or before the Annual Election Date. When such ballot has been received by the Cooperative or its agents, it shall be accepted and

B. There shall be no voting by proxy, except whenever a vote of members is required or provided for on any matter, the spouse of the member may vote on behalf of the member unless the member has indicated otherwise.

C. **Mail Votes.** Any member may vote by mail, on the ballot herein prescribed, for directors or upon any motion, resolution, or amendment which the Board of Directors may in its discretion submit to the members for vote by them. Such ballot may be in the form prescribed by the Cooperative and shall specify the director candidates and their districts and/or shall contain the exact text of the proposed motion, resolution, or amendment to be voted upon and spaces opposite the text of such motion, resolution, or amendment in which such member may indicate his affirmative or negative vote thereon. Such member shall express his choice by marking the appropriate space upon such ballot. The envelope used to mail the ballot shall be signed by the member and when received by this Cooperative or its agents, shall be accepted and counted as the vote of such member. Anyone signing on behalf of a business, organization, governmental subdivision, or any other entity, shall indicate his or her title, authority or office immediately after such signature.

Any material soliciting approval of any action by mailed ballots must:

- (1) contain, or be accompanied by, a copy or summary of such proposed action;
- (2) state the percentage of approvals necessary to approve the action; and
- (3) specify the time by which the Cooperative must receive the completed mailed Ballot, said time to be no less than fifteen (15) days from the date that the ballots were mailed to the members.

D. In the case of joint memberships, the vote of either separately or both jointly shall constitute one joint vote but split voting of any membership is not permitted.

E. Individuals voting on behalf of non-natural person members must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the non-natural person member.

F. Members may not cumulate votes. Agreements signed by members providing the manner in which a member will vote are not valid.

Section 5. Annual Election Date. The Board shall establish a date and time to serve as a deadline for the receipt of all ballots for the election of Directors ("Annual Election Date").

Section 6. Record Date. The Board may fix a date for determining the Total Membership ("Record Date") and the members entitled to:

- A. Sign a member written consent;
- B. Receive a mailed ballot;
- C. Notice of a member meeting.

No Board-determined Record Date may be more than 45 days prior to the date of the election and/or vote on the proposed action.

Section 7. Quorum. A quorum necessary to the transaction of business at any meeting of the members shall be at least fifty members. In determining a quorum on a question submitted to a vote by mail, members present in person or represented by mail votes shall be counted. The quorum shall be established by a registration of the members present at such meeting, which registration shall be verified by the Chairman and Secretary and shall be reported in the minutes of the meeting.

Section 8. Parliamentary Procedure. Parliamentary

procedure for the conduct of all members' meetings shall be governed by the most current edition of "Robert's Rules of Order", except as modified herein.

Section 9. Member Meeting Order of Business. The Board shall determine the agenda and order of business for member meetings.

Section 10. Resolutions. Any member may introduce a resolution at an Annual Meeting of the Cooperative, or at any Special Meeting of the Cooperative, so long as said Resolution is submitted in written form prior to the meeting. Any such Resolution that is approved by the Members at any such meeting shall not be binding upon the Cooperative and shall be advisory only.

Section 11. Credentials and Election Committee. Prior to any member election, the Board shall appoint a Credentials and Election Committee ("C&E Committee") consisting of a number of members between three and nine.

A. **C&E Committee Members.** A C&E Committee Member may not be:

- (1) a member of the Nominating Committee; or
- (2) an existing, or a Close Relative, of an existing
 - (a) cooperative director, officer, employee, representative, or agent; or
 - (b) known Director candidate.

As allowed by the organic documents of the Cooperative, and as determined by the Board, the Cooperative may reasonably compensate or reimburse C&E Committee members.

B. **C&E Committee Duties.** Prior to, at, or at a reasonable time following, the member election for which the C&E Committee was appointed, the C&E Committee shall:

- (1) elect a chairperson and secretary;
- (2) establish, or approve, the manner or method of member registration and voting;
- (3) oversee or supervise member registration and voting, and the tabulation of member votes; and
- (4) consider and decide all questions, issues, or disputes regarding:
 - (a) member registration and voting;
 - (b) the tabulation of member votes;
 - (c) Director nomination; and
 - (d) whether a Director nominee or newly elected Director satisfies the Director qualifications(collectively, "member meeting issues").

The C&E Committee may meet, consider or decide member meeting and/or election issues, or otherwise act, only if a majority of the C&E Committee members are present. Any C&E Committee decision or action requires a vote of at least a majority of the C&E Committee members present and voting. Unless properly challenged under this bylaw, all C&E Committee's 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 C&E Committee. As used in this bylaw, member voting includes voting by mail ballot or any other manner of voting by the members.

C. **Member Challenge.** Any member may:

- (1) Comment upon a member meeting issue; or
- (2) Challenge the C&E Committee's decision

Board:

- A. If a member substantially reduces or ceases the member's use, receipt, or purchase of Cooperative services, either singly or in combination; then
- B. the Cooperative may charge the member, and the member shall pay the Cooperative, the costs and expenses incurred by the Cooperative in relying upon the member's pre-reduction or pre-ceasing use, receipt, or purchase of Cooperative services.

The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof.

In the event such facilities of the member are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its equipment.

In no event shall the responsibility of the Cooperative extend beyond the point of delivery unless otherwise agreed in writing by the Cooperative.

Section 7. Termination of Membership.

- A. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws or rules or regulations adopted by the Board. Such member shall first be given written notice by the Cooperative that such failure makes them liable to expulsion. After such notice, and if that member's wrongful conduct has continued for at least ten days, that member will be expelled.
- B. The membership of a member who, for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative for that period of time, may be canceled.
- C. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.
- D. In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by them, if any, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.
- E. Any former member of the Cooperative may, by the sole act of paying a new membership fee, if any is required, and any outstanding account plus accrued interest thereon at the legal rate on judgments, compounded annually (together with any service security deposit, extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

Section 8. Non-liability for Debts of the Cooperative.

The private property of the members shall be exempt from execution for the debts of the Cooperative and no member shall be individually responsible for any debts or liabilities of the Cooperative.

Section 9. Maintain Wiring Standards and Compliance with Applicable Codes; Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the National Electric Code, any applicable state or local government ordinances, and of the Cooperative.

Section 10. Property Interest of Members. 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 the members and former members in the proportion in which the aggregate patronage of each bears to the total patronage of all members and former members during the ten (10) years next preceding the date of the filing of the Certificate of Dissolution.

ARTICLE II. MEMBERS' MEETINGS

Section 1. Annual Meeting. An annual meeting of the members of this Cooperative may be held at the principal place of business of this Cooperative, or at such other place conveniently located in or near the general service area served by it, and at such date and hour as may be determined by the Board of Directors and designated in the notice of the meeting.

Section 2. Special Meetings. Special meetings of the members may be called at any time by a majority vote of the directors or upon the written petition of at least twenty percent (20%) of the members as provided by law.

Section 3. Notice of Meetings and/or elections. Notice of meetings or elections, both annual and special, shall be mailed to each and every member at that member's last known post office address, not less than fifteen (15) days prior to the date of the meeting and/or election; or, in lieu of such mailed notice, the notice of the meeting and/or election may be given by publication in legal newspapers published in each county in which the Cooperative provides service to its members. Upon the mailing of any notice of any meeting of members and/or election, the Secretary shall execute a certificate setting forth a correct copy of the notice and showing the date of the mailing thereof and that the same was mailed within the time and in the manner herein prescribed. Said certificate shall be made a part of the record of the meeting and/or election.

Any member or Board member may waive in writing any notice of a meeting required to be given by these By-Laws. The attendance of a member or Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member, except in the case where a member or Board member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 4. Voting. Voting in this Cooperative shall be as follows:

- A. Each member shall be entitled and restricted to only one vote in the affairs of this Cooperative.

All members have an obligation to promptly notify the Cooperative of any change in their address and/or telephone number.

Section 2. Joint Membership. Any two natural persons joined in a legal relationship and principally residing at the same location may apply for joint membership in the Cooperative 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. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- A. The presence at a meeting of either or both 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, but a split vote of any membership is not permitted;
- C. A waiver of notice signed by either or both shall constitute a joint waiver;
- D. Notice to either shall constitute notice to both;
- E. Expulsion of either shall terminate the joint membership of each;
- F. Withdrawal of either shall terminate the joint membership of each;
- G. Legal conclusion of the relationship between the joint members shall terminate the joint membership of each;
- H. Either may be elected or appointed as an officer or board member, provided that each meets the qualifications for such office, but both joint members may not serve as directors at the same time.

Section 3. Conversion of membership.

- A. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her joint tenant to comply with the Articles of Incorporation, By-Laws and rules and regulations adopted by the Board.
- B. Upon the death of either joint tenant who is a party to the joint membership, such membership shall be held solely by the survivor. The estate of the deceased shall not be released from any debts due the Cooperative.

Section 4. Membership List. The Cooperative, or the Cooperative's agent, shall maintain a record of current members in a form permitting the Cooperative to alphabetically list the names and addresses and federal tax identification numbers of all members.

A. Members Access To Membership List

Upon five (5) business days' prior written notice or request and:

- (1) At a reasonable time and location specified by the Cooperative, a member may inspect and copy the names and addresses included in the Membership List; or (2) if reasonable, as determined by the Cooperative, and upon a member paying the Cooperative a reasonable charge, as determined by the Cooperative in its sole discretion, covering the Cooperative's labor and material costs of preparing and copying the Membership List, the Cooperative shall provide to the member a copy of the names and addresses included in the Membership List. Said information shall be made available and/or furnished only if:
 - (a) the member's demand is made in

good faith and for proper purpose; and

- (b) the member describes with reasonable particularity the member's purpose for inspecting or copying the Membership List; and
- (c) the Membership List is directly connected with the member's purpose.

Without the Board's consent, however, a member may not inspect, copy or receive a copy of, the names and addresses included in the Membership List for any purpose unrelated to the member's interest as a member. Likewise, without the Board's consent, or as otherwise required by law, the names and addresses included in the Membership List may not be:

- (a) used to solicit money or property unless the money or property is used solely to solicit member votes;
- (b) used for any commercial purpose; or
- (c) sold to, or purchased by, any person.

Section 5. Payment of Service and Contributions in Aid of Construction; Membership Fee; Service Security and Facilities Extension Deposits.

The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee, if any (together with any service or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection and membership in the Cooperative. A service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative, shall be paid by the member for each additional service connection requested by him.

Section 6. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased on the premises specified in that member's application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these 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 by him to the Cooperative as and when the same shall become due and payable.

When the member has more than one service connection from the Cooperative, any payment for service to him by the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

Further, notwithstanding the Cooperative's accounting procedures, when a member makes an undesignated payment to the Cooperative for multiple services being purchased from the Cooperative, the Cooperative may apply any and all amounts paid by such member to any or all of the member's accounts and/or obligations on a prorata basis, or as otherwise determined by the Board in its sole discretion.

As required or allowed by Law, and as determined by the

Section 1. Interest or dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a cooperative basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a cooperative basis the Cooperative is obligated to account on a patronage basis to all its members, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the 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. 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 an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to his/her account. All such amounts credited to the capital account of any member shall have the same status as though they have 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 of capital.

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

The Board of Directors is hereby authorized to apply the capital credits or any discounted portion thereof in accordance with the discounting standards established by the Board of Directors from time to time, of any former member against any obligation that the former member may owe the Cooperative for any services or products purchased from or through the Cooperative. This shall apply only when the member is no longer receiving electric service from the Cooperative and shall be at the discretion of the Board of Directors.

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 members are bound by such contract as fully as though each member had individually signed a separate instrument containing such terms and provisions

In the event of dissolution or liquidation of the Cooperative, after outstanding indebtedness of the Cooperative shall have been paid, 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 Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, allocation, priority, discounting and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. In no event, however, shall any capital be retired contrary to the provisions of any unsatisfied mortgage executed by the

Cooperative.

The Cooperative may deduct a reasonable service charge against the capital credits of a former member who has not claimed them beginning one year after the capital credits are declared payable. The amount of such service charge shall be based on the current cost of handling the capital credit account of the member.

Section 3. Other Patronage Allocations. In the event that the Cooperative should engage in the business of furnishing goods or services other than the delivery of electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services may be allocated annually and returned to the members of this Cooperative, or may be used by the Cooperative as permanent, non-allocated capital. In addition, all amounts allocated to the Cooperative from other organizations that furnish services, supplies, or products to the Cooperative, and any other non-operating margins, may be allocated annually and returned to the members of this Cooperative, or may be used by the Cooperative as permanent, non-allocated capital. The board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all such amounts heretofore or hereafter allocated to the members of this Cooperative.

**ARTICLE VII.
CAPITAL RESERVE**

The Cooperative may establish and maintain a Capital Reserve for the purpose of providing a reserve against which this Cooperative may charge losses and other charges.

**ARTICLE VIII.
FISCAL YEAR**

The fiscal year of this Cooperative shall commence on the first day of January in each year and shall end on the last day of December in the same year.

**ARTICLE IX.
DISPOSITION OF PROPERTY**

The Cooperative may not sell, lease or otherwise dispose of all or substantially all of its property unless such sale, lease or other disposition is first authorized by the affirmative vote of not less than 2/3 of all of the members of the Cooperative at a general or special meeting called for the purpose of voting on such question, including mail votes; or 2/3 of all members consent in writing to such disposition and a summary of the terms thereof shall be given to each member at least 30 days prior to the date fixed for such election. Notwithstanding the foregoing provision, 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 security agreements, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

**ARTICLE X.
AMENDMENTS**

The By-Laws may be amended as provided by law.