

**ARTICLES OF INCORPORATION
OF
MEEKER COOPERATIVE LIGHT & POWER ASSOCIATION**

The Articles of Incorporation of Meeker Cooperative Light & Power Association are amended and restated as follows:

ARTICLE I

Section 1. The name of this Association shall be MEEKER COOPERATIVE LIGHT & POWER ASSOCIATION.

Section 2. The conduct of the business of this Association shall be upon the cooperative plan and the purposes for which it is formed are to sell, provide, deliver, furnish or distribute electric energy and other services to its Members and patrons and to engage in any other lawful business.

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 registered office and principal place of business of this Association is at 1725 US Highway 12 East, Suite 100, Litchfield, MN 55355.

ARTICLE II

The period of duration of this Cooperative shall be perpetual.

ARTICLE III

Section 1. This Association is organized on a non-stock, Membership basis. The Association will maintain appropriate Membership records.

Section 2. Members shall have only one vote in the affairs of this Association and Membership in this Association 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 capital furnished to the Association by its Members or patrons.

The net income of the Cooperative, except for amounts set aside as capital reserves or additional reserves, shall be distributed on the basis of patronage. The records of this Cooperative may show the interest of patrons and Members in the reserves.

ARTICLE IV

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

ARTICLE V

These Articles of Incorporation may be altered, amended, or repealed by the affirmative vote of a majority of the Members, present in person or represented by mail or electronic vote, at any annual or special meeting; provided, however, that the Articles of Incorporation of this Association shall not be altered, amended, or repealed at any meeting of the Members unless notice of such proposed alteration, amendment, or repeal shall have been contained in the notice of each meeting.

These Articles of Incorporation were approved by the Board of Directors on September 24, 2012, as clarified on February 25, 2013, and were adopted by the Membership on April 8, 2013.

**BYLAWS
OF
MEEKER COOPERATIVE LIGHT & POWER ASSOCIATION**

**ARTICLE I
Members and Member Responsibilities**

Section 1. Definitions. For the purposes of these Bylaws, the terms defined in this section shall have the following meanings:

- (a) **Person.** A natural person or business entity.
- (b) **Member.** A person listed on the membership account that currently receives electric service through this Cooperative.
- (c) **Joint Member.** A form of Membership whereby persons residing at the same location request that multiple names be listed on the account. Although multiple names are listed on the joint membership account, only one of the persons is entitled to vote in the affairs of this Cooperative, and only one person is eligible to become or remain a Director of the Board of this Cooperative at any given time.
- (d) **Former Member.** A person that does not currently receive electric service through this Cooperative, but, due to having received electric service through this Cooperative in the past, has allocated capital credits remaining on the books of the Cooperative.
- (e) **Patron.** A person that receives non-electric services through this Cooperative.

Section 2. Qualifications. Any person or entity shall become a Member of this Cooperative by purchasing electric energy and receiving such energy through facilities owned or maintained by this Cooperative. The Board of Directors may by two-thirds (2/3) vote determine that any person or entity shall become a Member of this Cooperative by purchasing other products or services from the Cooperative.

Section 3. Requirements.

Easements. Each Member shall, upon being requested to do so by this Cooperative, execute and deliver to this 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 this Cooperative shall require for the furnishing of services to the Member or other Members or for the construction, operation or maintenance or relocation of this Cooperative's facilities.

Contact/Identification Information. Each Member or patron shall, upon being requested to do so by this Cooperative, complete a Member Application. It shall be the responsibility of the Member to provide accurate and reliable personal information to ensure accurate Member records for notification and billing.

Section 4. Ineligibility. A person is ineligible for membership or service if the person occupies property which property is also occupied by a Member or Former Member who is delinquent in any payment of any amount to the Cooperative and/or its subsidiaries.

Section 5. Member or Patron Termination. The Cooperative may terminate a Member or patron for the following reasons:

- As otherwise provided in the Articles or these Bylaws;
- As required or permitted by law;
- For cause determined by the Board of Directors;
- Fails to pay any amounts due to the Cooperative and/or its subsidiaries;
- Fails to provide easement or accurate member information per Article 1, Section 3;
- If the Member or patron tampers with, alters, interferes with, damages or impairs any Cooperative equipment.

Upon termination of a Member or patron, the Cooperative's duties, obligations and liabilities imposed by these Bylaws for the Member or patron shall cease. The Cooperative shall cease providing any and all Cooperative product(s) and/or service(s) to the Member or patron at the discretion of the Cooperative.

Upon satisfactory resolution of any and all causes of said termination, the affected Former Member or former patron may be reinstated.

Section 6. Acknowledgement of Terms and Provisions. The Members and patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation, Bylaws, and policies and regulations adopted by the Board of Directors shall constitute and be a contract between the Cooperative and each Member or patron, and both the Cooperative and the Members or patrons are bound by such contract, as fully as though each Member or patron had individually signed a separate instrument containing such terms and provisions.

ARTICLE II Member Meetings and Voting

Section 1. Annual Meeting. The annual meeting of the Members shall be held at such date, hour, and place as is designated by resolution of the Board of Directors adopted prior to the issuance of the required notice of the annual meeting, for the purpose of electing Directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called by a two-thirds (2/3) vote of the Directors or upon a written petition signed by at least twenty percent (20%) of the Members and it shall thereupon be the duty of the President/Chair of this Cooperative to cause notice of such meeting to be given by the Secretary.

Section 3. Notice of Members' Meetings. The Secretary shall provide notice of all meetings by publication in a legal newspaper published in the county of the principal place of business of the Cooperative or by publication in a magazine, periodical, or house organ regularly published and distributed (mailed or delivered electronically), or by mailing a notice at least fifteen (15) days prior to the date of the meeting to each Member. Notice shall be deemed to have been delivered when deposited in the United States mail with proper postage and addressed to Member's address as it appears on the records of the Cooperative or when distributed through electronic means to Member's address as it appears on the records of the Cooperative. Notices shall state the place, day, hour, and purpose of the meeting.

Section 4. Failure to Receive Notice. The failure of any Member to receive any such notice of an annual or special meeting of the Members shall not invalidate any action which may be taken by the Members at any such annual or special meeting.

Section 5. Quorum. 50 Members shall constitute a quorum. The quorum shall be established either by a registration of the Members of the Cooperative present at the meeting or represented by the mail and/or electronic votes received for the meeting. The registration of members present in person or represented by the mail and/or electronic votes received for the meeting shall be verified by the President and Secretary of the Cooperative and shall be reported in the minutes of the meeting. If less than a quorum is registered for a meeting, a majority of those present shall adjourn the meeting.

Section 6. Voting. Each Member shall be entitled to only one vote in the affairs of this Cooperative. No Member shall be entitled to vote by proxy. All elections shall be had and all questions decided by a vote of a majority of the Members voting, except as otherwise provided by law, the Articles of Incorporation or Bylaws of this Cooperative.

Section 7. Voting by Mail. Any Member may be entitled to vote by mail as determined by the Board of Directors, upon any motion, resolution, amendment, Articles and Bylaws, or election of Directors. If so determined by the Board of Directors, the Secretary shall mail to each Member entitled to vote a written ballot which shall be in the form prescribed by the Board of Directors and shall contain the exact text of the proposed motion, resolution, amendment, Articles and Bylaws, or election of Directors to be acted upon at the meeting and spaces opposite the text of such motion, resolution, amendment, Articles and Bylaws, or election of Directors in which the Member may indicate an affirmative or negative vote.

A properly executed mail ballot shall be accepted by the Board of Directors and counted at the meeting as the vote of the Member who mailed the ballot provided the ballot of the Member is received by the Cooperative on or before the last business day of the Cooperative prior to the date of the annual or special meeting.

A Member who claims that a ballot was not received by such Member or that the ballot received by such Member was thereafter lost, damaged or destroyed, shall not be entitled to a replacement ballot.

Section 8. Voting by Electronic Means. Any Member may be entitled to vote by electronic means, as determined by the Board of Directors, upon any motion, resolution, amendment, Articles and Bylaws, or election of Directors to be acted upon at the meeting. A properly executed electronic vote shall be accepted by the Board of Directors and counted at the meeting as the vote of the Member, provided the electronic vote of the Member is received by the Cooperative on or before the last business day of the Cooperative prior to the date of the annual or special meeting.

Section 9. Voting List. The Secretary of this Cooperative shall make, at least thirty (30) days before each meeting of the Members, a complete list of the Members entitled to vote at such meeting. The Secretary shall mail to each Member of said list at least seven (7) days prior to the meeting a ballot in the form prescribed by the Board of Directors.

Section 10. Member Advisory Actions. Except for matters expressly reserved by law to the Members, any motion, resolution or amendment introduced by a Member at any Members' meeting and subsequently adopted by the Members, shall be considered advisory, and will be referred to the Board for further consideration.

ARTICLE III Board of Directors

Section 1. General Powers. The business and affairs of this Cooperative shall be managed, administered and regulated by the Board of Directors.

Section 2. Number and Qualifications.

- (a) **Number.** The number of Directors of this Cooperative shall be nine (9). The Cooperative shall be divided into nine (9) Director districts as determined by the Board of Directors with one (1) Director elected from each district.
- (b) **Qualifications.** No natural person shall be eligible to become or remain a Director of the Cooperative who:
 - (1) is not a Member of the Cooperative;
 - (2) is not receiving service at the Member's primary residence in the district from which the Director is elected;
 - (3) is not a U.S. citizen;
 - (4) is delinquent in any payment of any amount due and payable to the Cooperative;
 - (5) within five (5) years preceding has been in, or is currently in litigation or arbitration against the Cooperative;
 - (6) is not willing to authorize and undergo a detailed background investigation;
 - (7) within five (5) years preceding a Director candidate's nomination was or during service on the Board of Directors is finally adjudged to be guilty of a felony;
 - (8) within three (3) years preceding a Director candidate's nomination was an employee of the Cooperative;
 - (9) is or becomes, or at any time during the five (5) years preceding a Director candidate's nomination shall have been, employed by a labor union which represents, or has represented, or has endeavored to represent any employees of the Cooperative;
 - (10) is a grandparent, parent, spouse, co-habitant, brother, sister, child, or grandchild of an employee of the Cooperative;
 - (11) is a person that is a grandparent, parent, spouse, child, or grandchild of an incumbent Director that is not up for re-election at that time;
 - (12) is named as a joint Member with a current director or candidate;
 - (13) is in any way employed by or substantially financially interested in an enterprise competing with the Cooperative or any Cooperative affiliated business;
 - (14) is or becomes the full-time employee or agent of, or who is or becomes the full-time employer or principal of, another Director; or
 - (15) is absent without cause from three (3) or more regular meetings of the Board of Directors during a twelve (12) month period.

A Member that is not a natural person (i.e. a business entity such as a corporation, partnership, limited liability corporation, limited liability partnership) may select one of its officers to be eligible for election to the board in the Member's district if said officer has his or her primary residence in the Member's district. However, no such officer shall be eligible to become or remain a Director of the Cooperative if any of the provisions of (3) or (5) through (15) apply to the officer, or if any of the provisions of (4), (5) or (13) above apply to the business entity. No Member that is not a natural person may have more than one Director on the board at any given time.

- (c) **Exceptions.** In regard to the restrictive provisions of this Section that are based upon close relative relationships, no incumbent Director shall lose eligibility to remain a Director or to be re-elected a Director if, during a Director's incumbency, a Director becomes a first kindred relative of another incumbent Director or of a Cooperative employee because of a marriage or legal relationship, or an adoption to which the Director was not a party.
- (d) **Disqualification.** After the Board of Directors determines that a Director lacks eligibility under the provisions of this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the board to promptly make a disqualification and cause said Director to be removed.
- (e) **Actions of the Board of Directors.** Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the board unless such action is taken with respect to a matter in which one or more of the Directors have a personal interest in conflict with that of the Cooperative or its subsidiaries.

Section 3. Election and Tenure. There shall be elected by ballot at each annual meeting three (3) Directors for terms of three (3) years, to fill the vacancies of Directors of districts whose terms expire, in the following sequence:

- (a) One Director each from District Number 1, District Number 2, and District Number 6.
- (b) One Director each from District Number 4, District Number 7, and District Number 9.
- (c) One Director each from District Number 3, District Number 5, and District Number 8.

Directors shall be elected by vote of the Members of that Director District, and the nominee in each district receiving the greatest number of votes shall be elected. In the case of a tie vote, the tie shall be decided by a flip of a coin.

If no Member from a district up for election is placed on the ballot, said position shall be deemed vacant following the annual meeting and the Board of Directors may appoint a Member from said district to fill said position until the next annual meeting and election of directors as described in Section 4.

Section 4. Vacancies. A vacancy occurring on the board may be filled by the affirmative vote of a majority of the remaining board Members. A deadlocked tie vote shall be resolved by the flip of a coin. Directors so elected shall serve until the next annual meeting at which time there shall be an election of a Director for the unexpired term in the district in which the vacancy occurred. In the event a vacancy is not filled by appointment by the board prior to the annual meeting, the vacancy shall be filled by the election of a Director for the district in which the vacancy occurred, at the next annual meeting.

Section 5. Compensation. Directors shall receive reasonable compensation for service to the Cooperative as determined by resolution of the Board of Directors.

Section 6. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the Articles of Incorporation of this Cooperative or these Bylaws 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.

Section 7. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which shall conform to Generally Accepted Accounting Principles. The Board of Directors shall arrange for a full and complete audit of the books, accounts, and financial condition of this Cooperative as of the end of each fiscal year. The officers shall submit reports to the Members at the regular Members' meeting covering the business of the Cooperative for the previous fiscal year that show the condition of the Cooperative at the close of the fiscal year.

Section 8. Candidates for Director. Any member meeting the qualifications of Article III, Section 2 who desires to be a candidate for the Board of Directors may file for election by submitting to the Cooperative the Meeker Cooperative Application for Director Form at least one hundred and twenty (120) days prior to the meeting.

All potential candidates must declare their intention to be placed on the ballot as described and be declared qualified for placement on the ballot by the Qualifications and Election Committee. No write-in candidates shall be deemed valid.

Section 9. Qualifications and Election Committee. Prior to any Member meeting in which a director election takes place, the Board of Directors shall appoint a Qualifications and Election Committee (Q&E Committee) for the Member meeting consisting of one Member from each of the Director Districts which is not up for election. The actions of the Q&E Committee shall be valid if a majority of Members are present for its meetings. A Q&E Member may not be an existing Cooperative Director or an employee of the Cooperative.

It shall be the responsibility of the Q&E Committee to review all applications submitted and to determine that all candidates meet stated qualifications. The Committee will notify any potential candidate that does not meet the qualifications and allow seven (7) days for the candidate to comply with said requirements. The decision of the Q&E Committee will be final. The Committee will have the authority to place qualified candidates on the ballot for election, and for any district in which there is only one candidate, waive the ballot process and declare the candidate elected.

The Qualifications & Election Committee shall prepare and post at the principal office of the Cooperative at least seventy-five (75) days before the meeting the list of qualified candidates for Director elections for each Director District up for election.

Notwithstanding anything in this Section contained, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of Directors.

ARTICLE IV Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after the annual meeting of the Members at such place as the board may provide by resolution. A regular meeting of the Board of Directors shall also be held monthly and at such time and place as the board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Meeting Participation. Any regular meeting or special meeting may be conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the meeting may reasonably and verifiably identify themselves, and simultaneously and approximately instantaneously communicate with each other during the meeting.

Section 3. 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 any special meeting of the Board of Directors called by them.

Section 4. Notice. Notice of the time, place, and purpose of any special meeting shall be given at least two (2) days previous thereto, by written notice, delivered personally, mailed, or mailed by facsimile mail or by electronic means to each Director at the Director's last known address. If mailed, such notice shall be deemed to be delivered when deposited into the United States mail in a sealed wrapper so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver or notice of such meeting, except in a case where 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 5. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors shall be present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V Officers

Section 1. Number. The officers of the Cooperative shall be President/Chair, Vice-President/Vice-Chair, Secretary, Treasurer, and General Manager/Chief Executive Officer (CEO). The offices of Secretary and Treasurer may, by resolution of the Board of Directors, be combined and, when so combined, the person filling such office shall be termed "Secretary-Treasurer." The Board of Directors may elect such additional officers as it deems appropriate.

Section 2. Election and Term of Office. Except for the General Manager/Chief Executive Officer, the officers of this Cooperative shall be elected, by ballot, annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office for the term of one (1) year or until a successor shall have been duly elected and shall have qualified.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative would be served thereby.

Section 4. Vacancies. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President/Chair. The President/Chair:

- (a) shall preside at all meetings of the Members and of the Board of Directors.
- (b) may sign, with the Secretary, or any other proper officer of this Cooperative authorized by the Board of Directors so to do, any deeds, mortgages, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of this Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general shall perform all duties incident to the office of President/Chair and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-President/Vice-Chair. The Vice-President/Vice-Chair, in the absence of the President/Chair, or in the event of the President's/Chair's inability or refusal to act, the Vice-President/Vice-Chair shall perform the duties of the President/Chair, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President/Chair and shall perform such other duties as from time to time may be assigned to the President/Chair by the Board of Directors.

Section 7. Secretary. The Secretary shall:

- (a) keep the minutes of the Members' and the Board of Director's meetings in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records;
- (d) keep a register of the contact information of each Member; and
- (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

Section 8. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of this Cooperative;
- (b) receive and give receipts for monies due and payable to this Cooperative from any source whatsoever, and deposit all such monies in the name of this Cooperative in such institutions as the Cooperative selects; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board of Directors.

Section 9. Delegation of Officer's Duties. Upon the request of any officer, the Board of Directors may authorize the General Manager/CEO to delegate any or all such officer's duties to responsible employees of the Cooperative.

Section 10. General Manager/Chief Executive Officer. The General Manager/Chief Executive Officer (CEO) shall:

- (a) have general charge and management of the business of the Cooperative, subject to the control of the Board of Directors;
- (b) employ, discharge, determine the duties and the terms of employment of all other employees of this Cooperative;
- (c) sign all certificates, deeds, mortgages, contracts, and other instruments as authorized by the Board of Directors;
- (d) make reports to the Board of Directors and Members of the Cooperative; and
- (e) perform such other duties as may be prescribed by the Board of Directors.
- (f) The salary, duties and terms of employment of the General Manager/CEO, shall be fixed and determined by the Board of Directors.

Section 11. Bonds of Officers. The Board of Directors shall require the Treasurer and any other officer of this Cooperative, charged with responsibility for the custody of any of its funds or property, to give a surety or sureties, and containing such terms and conditions as it shall determine.

Section 12. Salaries. The salaries of the President/Chair, Vice-President/Vice-Chair, Secretary, and Treasurer of this Cooperative shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that the officer is also a Director of this Cooperative.

ARTICLE VI Earnings-Distribution

Section 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for mutual benefit of its Members and Former Members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its Members and Former Members.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishings of electric energy, the Cooperative's operations shall be so conducted that all Members and Former 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 non-profit basis, the Cooperative is obligated to account on a patronage basis to all its Members and Former Members for all amounts received and receivable from the furnishing of electric energy of various classes, in excess of operating costs and expenses properly chargeable against the furnishing of such electric energy. All such amounts in excess of operating costs and expenses are received by the Cooperative with the understanding that they are furnished by the Members and Former Members as capital. The Cooperative is obligated to pay by credits to a capital account for each Member and Former 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 the capital, if any, so furnished by each Member and Former Member is clearly reflected and credited in an appropriate record of the capital account of each Member and Former Member. All such amounts credited to the capital account of any Member and Former Member shall have the same status as though they had been paid to the Member and Former Member in cash in pursuance of a legal obligation to do so and the Member and Former Member had then

furnished the Cooperative corresponding amounts for capital. The Board of Directors shall determine the method, basis, terms, priority and order of retirement, if any, for all amounts furnished as capital.

Section 3. Security Interest in Capital Credits. As security for the full and prompt payment and performance when due of any and all obligations or indebtedness that may be owed by a Member and Former Member to the Cooperative and/or any Cooperative subsidiary, each Member and Former Member grants the Cooperative a continuing security interest in and recoupment claim against the patronage capital allocated to the Member and Former Member.

Section 4. Dissolution or Liquidation of the Cooperative. 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 and Former Members. After payment of outstanding indebtedness and retirement of outstanding Capital Credits, the Cooperative shall then pay or distribute any remaining Cooperative assets, and any amounts received from selling any remaining Cooperative assets, to the Members and Former Members in proportion to the value or quantity of Cooperative services used during the twenty (20) years prior to the Cooperative's dissolution or liquidation.

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 Member and Former Member accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, term, priority, and order of retirement, if any, for all amounts furnished as capital.

Section 5. Assigning Capital Credit Accounts. Capital credited to the account of each Member and Former Member shall be assignable as the Board of Directors, acting under policies of general application, shall determine.

Section 6. Unclaimed Capital Credits. The Cooperative shall be entitled to apply a reasonable service charge against the Capital Credits of a Member or Former Member who has not claimed them beginning two (2) years after the Capital Credits are declared payable. The amount of such service charge shall be determined periodically by the Board of Directors and shall be based on the current cost of handling the capital credit account of the Member or Former Member.

Section 7. Patronage Refunds From Other Cooperatives. All Capital Credits allocated to the Cooperative by other cooperatives of which this Cooperative is a Member shall, insofar as permitted by law, be:

- (a) used to offset any losses incurred during the current or any prior fiscal year and
- (b) to the extent not needed for that purpose, allocated to its Members and Former Members on a patronage basis and any amounts so allocated shall be included as a part of the capital credited to the accounts of Members and Former Members, as herein provided.
- (c) The Board of Directors shall determine the method, basis, terms, priority, and order of retirement, if any, for all amounts furnished as capital.

Section 8. Non-Operating Margins. All amounts received by the Cooperative from non-operating revenue sources in excess of costs and expenses shall be retained or used by the Cooperative as permanent, non-allocated capital unless otherwise determined by the Board of Directors.

ARTICLE VII

Arbitration

Any and all disputes or claims or controversies arising from or related in any way to the Cooperative's provision of electricity or other services or in its furnishing of any goods or in its conduct of its operations, other than disputes or claims relating to the payment for electrical energy and/or other services provided by the Co-op, that are not resolved by agreement of the parties shall, at the request of any party, be resolved by binding arbitration by a single, impartial arbitrator. Arbitration shall take place in Litchfield, Minnesota, or as close to this location as possible. The selection of the arbitrator and all arbitration rules and procedures shall be determined pursuant to Minnesota Statute Chapter 572 and pursuant to the written procedures to be established from time to time by the Board of Directors. The determination of any dispute in arbitration shall be governed by the laws of the State of Minnesota, including, but not limited to, the Frye-Mack standard, and not the Daubert standard, with respect to expert testimony.

Each member of the Co-op, by virtue of membership, agrees to arbitrate any and all claims or controversies according to the Bylaws and the regulations and policies prescribed by the Board of Directors. This agreement to arbitrate disputes shall survive any withdrawal from or termination of a Member's membership in the Cooperative.

ARTICLE VIII

Disposition of Property

The Board of Directors may sell the property of the Cooperative upon such terms and conditions as it deems appropriate and in the best interests of the Cooperative. No sale of more than twenty-five (25) percent of the property of the Cooperative shall be effective, however, unless authorized at a regular or special meeting by the affirmative vote of two-thirds (2/3) of the total number of Members of the Cooperative.

ARTICLE IX

Amendments

These Bylaws may be altered, amended, or repealed by the affirmative vote of a majority of the Members, present in person or represented by mail or electronic vote, at any annual or special meeting; provided however, that the Bylaws of this Cooperative shall not be altered, amended, or repealed at any meeting of the Members unless notice of such proposed alteration, amendment, or repeal shall have been contained in the notice of each meeting.

These Bylaws were approved by the Board of Directors on September 24, 2012, as clarified on February 25, 2013, and were adopted by the Membership on April 8, 2013.