

# ARTICLES OF INCORPORATION AND BYLAWS

*As Amended and Restated April 23, 2019*

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## **BELTRAMI ELECTRIC COOPERATIVE, INC.**

The Articles of Incorporation of Beltrami Electric Cooperative, Inc., are amended and restated as follows:

### **ARTICLE I NAME, PURPOSE, BUSINESS ADDRESS**

**Section 1.** The name of this Cooperative shall be BELTRAMI ELECTRIC COOPERATIVE, INC.

**Section 2.** The conduct of the business of this Cooperative 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 Cooperative 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 Cooperative 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 Cooperative is 4111 Technology Drive, N.W., Bemidji, in the county of Beltrami and state of Minnesota, 56601-5105.

### **ARTICLE II DURATION**

The period of duration of this Cooperative shall be perpetual.

### **ARTICLE III NON-STOCK ORGANIZATION**

**Section 1.** This Cooperative is organized on a non-stock, membership basis. The Cooperative will maintain appropriate membership records.

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

**Section 3.** No interest or dividends shall be paid upon capital furnished to the Cooperative 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 DIRECTORS**

**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 Bylaws may prescribe.

**Section 2.** The Board of Directors shall have the power 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 laws under which this Cooperative is formed.

**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 Bylaws 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 POWERS DELEGATED TO THE BYLAWS**

The Bylaws 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.

#### **ARTICLE VI DIRECTOR LIABILITY**

To the fullest extent permitted by laws governing cooperatives, 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.

#### **ARTICLE VII AMENDMENT**

These Articles of Incorporation may be altered, amended, or repealed by the affirmative vote of not less than two-thirds (2/3) of the members' votes cast at any annual or special meeting; provided, however, that the Articles of Incorporation 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; provided further that no alteration, amendment or repeal of Section 2 of Article III of these Articles shall be effective unless authorized by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative.

Amended and Restated  
**BYLAWS**  
**OF**  
**BELTRAMI ELECTRIC COOPERATIVE, INC.**

ARTICLE I  
MEMBERS

**Section 1. Qualifications and Obligations.** Any person or entity that has the legal capacity to enter into a binding contract may become a member of this Cooperative. Membership is automatic upon receipt of electrical service; however to remain a member each member shall:

- (a) pay the membership fee as hereinafter specified and complete an application for membership;
- (b) agree to purchase from the Cooperative the amount of energy as hereinafter specified; and
- (c) agree to comply with and be bound by the articles of incorporation of the Cooperative, these bylaws and amendments thereto, and such rules and regulations as may from time to time be adopted by the board of directors.

**Section 2. Membership Fee.** The membership fee shall be \$50.00.

**Section 3. Joint Membership.** Any two (2) or more potential qualified members who are residents of the same household may jointly become a member and their application may be accepted in accordance with the provisions found in this article. The term “member” includes all those holding a joint membership. Any provisions relating to the rights and liabilities of membership apply equally to all holders of a joint membership, specifically and without limitation:

- (a) The presence at a meeting of any member constitutes the presence of all joint members and is a joint waiver of notice of the meeting;
- (b) The vote of any of those holding joint membership, separately or all, jointly constitutes one joint vote;
- (c) A waiver of notice signed by any of those holding the joint membership is a joint waiver;
- (d) Notice to any of those holding the joint membership is notice to all holding the joint membership;
- (e) Expulsion or withdrawal of any of those holding a joint membership terminates the joint membership;
- (f) No more than one of those holding a joint membership may be elected or appointed as an officer or director, provided that all of those holding the joint membership meet the qualifications for such position;

(g) Upon the death of any of those holding a joint membership, such membership shall be held solely by the survivors;

(h) Joint membership shall not be terminated by divorce or separation;

(i) Joint membership shall continue until such time as the Cooperative shall receive sufficient notice, in writing, of any change in status, signed by all of the joint members;

(j) A membership may be transferred by a joint member to the remaining holder(s) of the joint membership upon written request of such member and compliance by such remaining holder(s) of the joint membership with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative.

#### **Section 4. Purchase of Electric Energy.**

As soon as electric energy shall become available, each member shall:

(a) purchase from the Cooperative all electric energy purchased for use on the premises specified in the application for membership; and

(b) shall pay therefore at rates and under such rules and regulations which shall from time to time be fixed by the board of directors; and

(1) The board of directors may limit the amount of electric energy, which the Cooperative shall be required to furnish to any one member.

(2) It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital as provided in these bylaws.

(c) pay to the Cooperative such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the board of directors from time to time; and

(d) pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the board of directors.

**Section 5. 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 6. Forfeiture of Membership.**

(a) The board of directors may, by the affirmative vote of not less than two-thirds (2/3) of the entire board, expel any member of the Cooperative, if such member shall have violated or refused to comply with any of the provisions of the articles of incorporation, the bylaws or any

rules or regulations adopted from time to time by the board of directors, in which case the Cooperative shall make such refunds as required by law.

(b) The membership of a member who for a period of six (6) months after service is made available has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled at the discretion of the board of directors.

(c) The membership so forfeited and surrendered shall be retired and cancelled by the board of directors, and such member shall thereafter have no rights, privileges, or benefits in the Cooperative.

(d) Any member so expelled may be reinstated as a member by vote of the members at any regular or special members' meeting. The action of the members with respect to any such reinstatement shall be final.

### **Section 7. Withdrawal of Membership.**

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

### **Section 8. Transfer and Termination of Membership.**

(a) Membership in the Cooperative shall be transferable only with the approval and consent of the board of directors, except as hereinafter otherwise provided.

(b) Upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release the member from the debts and liabilities of such member of the Cooperative.

### **Section 9. Voting Privileges.**

(a) A member of the Cooperative is only entitled to one vote.

(b) Any member having more than one electric service shall use the service located at the member's principal place of residence, or non-natural member's principal place of business, within the service territory for voting and representation purposes.

(c) If a vote of members is taken on any matter, the spouse of the member may vote on behalf of the member, unless the member has indicated otherwise.

(d) A member may exercise voting rights on any matter that is before the members at a members' meeting from the time the member arrives at the members' meeting until the voting closes, unless otherwise noted in the notice of the members' meeting.

(e) A member's vote at a members' meeting must be in person or by mail and not by proxy except as provided above for a vote by a spouse.

(f) A member may vote by mail on the ballot (a “Mailed Ballot”) prescribed in this section on any motion, resolution, or amendment that the board submits for vote by mail to the members, and a member shall be allowed to vote by mail for the election of directors.

(g) The Mailed Ballot shall be in the form prescribed by the board and shall contain:

(1) The exact text of the proposed motion, resolution, or amendment to be acted on at the meeting; or

(2) The names, number, district and term length of the candidates, nominated at the district meetings, for the director position(s) to be filled; and

(3) Spaces opposite the text of the motion, resolution or amendment, or candidate’s name, in which the member may indicate an affirmative or negative vote.

(h) The member shall express a choice by marking an “X” in the appropriate space on the Mailed Ballot and mail or deliver the Mailed Ballot to the Cooperative in a plain, sealed envelope (the “Privacy Envelope”) inside another envelope (the “Return Identification Envelope”) bearing the member’s name.

(i) 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) indicate the number of responses needed to meet the member quorum;

(3) state the percentage of approvals necessary to approve the action; and

(4) specify the time by which the Cooperative must receive the completed mailed ballot.

(j) A properly executed Mailed Ballot received on or before the date of the members’ meeting shall be accepted by the board of directors and counted as the vote of the member.

(k) The member may vote by electronic means on the ballot on any motion, resolution or amendment or director election that the board submits for vote by electronic means to the members.

(l) A member who is other than a natural person must designate a natural person to represent it by giving the Cooperative a written notice at or before the member meeting, which shows that the named representative has been authorized by the managing board of such member to represent it at the meeting of this Cooperative. An individual may represent no more than one such member, but may also vote as an individual if (s)he is a member individually.

(m) Unless otherwise provided by law, the articles of incorporation, or these bylaws, a majority of the member votes cast, in person (and by mail on a question so proffered by the board of directors), shall determine the passage of any motion, resolution or amendment submitted to the membership. The candidate receiving a plurality of the votes cast, in person and by mail, for each directorship shall be elected. A coin flip shall resolve any tie.

**Section 10. Member Grants of Property Rights.** Each member shall execute and deliver to the Cooperative grants of easement of right-of-way on or over such lands owned by members, in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of electrical services to himself/herself or other members or for the construction, operation and maintenance of the Cooperative's electric facilities.

## **ARTICLE II MEETINGS OF MEMBERS**

**Section 1. Annual Members' Meeting.** The annual meeting of the members shall be held each year at such hour and at the principal place of business of the Cooperative or at another conveniently located 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. Notice of Annual Members' Meeting.**

(a) Notice of the annual members' meeting shall be given by the Secretary by publication and/or mail, which includes the US Postal Service or electronically:

(1) publication in a legal newspaper published in the county of the principal place of business of the Cooperative;

(2) publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among members; or

(3) mailing the annual members' meeting notice to each member personally at the person's last known mailing address.

(b) The annual members' meeting notice must be published at least two (2) weeks before the date of such meeting, or mailed at least fifteen (15) days before the date of the meeting.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. When distributed through electronic means, it shall be deemed to be delivered when sent to the members' email address as it appears on the record of the Cooperative.

The notice shall also contain a statement of the number of directors and terms thereof, to be elected.

**Section 3. Special Members' Meeting.** Special meetings of the members may be called by a majority vote of the directors or upon a written petition signed by at least twenty percent (20%) of the members submitted to the Chair.



#### **Section 4. Notice of Special Members' Meetings.**

(a) The Secretary shall give notice of a special members' meeting by publication and/or mail, which includes the US Postal Service or electronically:

(1) publication in a legal newspaper published in the county of the principal place of business of the Cooperative;

(2) publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among members; or

(3) mailing the special members' meeting notice to each member personally at the person's last known mailing address.

(b) The special members' meeting notice shall state the time, place, and purpose of the special members' meeting.

(c) The special members' meeting notice shall be issued within ten (10) days from and after the presentation of a members' petition, and the special members' meeting must be held by thirty (30) days after the date of the presentation of the members' petition.

**Section 5. Failure to Receive Notice and/or Mailed Ballot.** The failure of any member to receive any such notice of an annual or special meeting of the members and/or the Mailed Ballot shall not invalidate any action, which may be taken by the members at any such annual or special meeting.

#### **Section 6. Certification of Mailed Meeting Notice.**

(a) After mailing special or annual members' meeting notices, the secretary shall execute a certificate containing:

(1) a correct copy of the mailed or published notice;

(2) the date of mailing or publishing the notice; and

(3) a statement that the special or annual members' meeting notices were mailed or published as prescribed by these bylaws.

(b) The certificate shall be made a part of the record of the meeting.

#### **Section 7. Quorum.**

(a) The quorum for a members' meeting to transact business is one hundred (100) members.

(b) In determining a quorum at a meeting, on a question submitted to a vote by mail, members present in person or represented by mail or electronic means shall be counted.

If an insufficient number of members are present to constitute a quorum, a majority of the members present may adjourn the meeting from time to time without further notice.

**Section 8. Establishment of a Quorum.** The attendance of a sufficient number of members to constitute a quorum at any meeting of the members shall be established and verified by the Chair and Secretary of this Cooperative. Such registration shall be reported in the minutes of such meeting. No action at any meeting of the members shall be valid and legal unless a quorum is present at the meeting at which such action may be taken.

**Section 9. Voting List.** The Secretary of this Cooperative shall make at least fifteen (15) days before each meeting of the members, a complete list, arranged in alphabetical order, of the members entitled to vote at such a meeting and their addresses. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting. Except as otherwise provided by these bylaws or the board of directors, a member may not inspect, copy or receive a copy of all or part of the complete list or a similar list of the members. Upon written request, the Cooperative shall supply candidates for directorships with the membership list and mailing addresses. Availability of such list shall be subject to applicable state law and its use will be germane to the purpose of the election as stated in the written request and shall not be used for other purposes.

**Section 10. Order of Business.** The board of directors shall determine the agenda and order of business for member meetings; provided, however, that the order of business at any meeting may be amended by motion and majority vote of the members at such meeting.

### **ARTICLE III DIRECTORS**

**Section 1. General Powers.** The business and affairs of the Cooperative shall be managed by the board of directors, which shall exercise all powers of the Cooperative, except such as by law or by the articles of incorporation or by these bylaws is conferred upon or reserved to the members.

**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 director districts as determined by the board of directors, with one director elected from each district.

(b) Qualifications. Persons eligible to become or remain a director of the Cooperative shall:

(1) be a member in good standing of the Cooperative, receiving electric service at the member's primary residence in the district from which the director is elected prior to being nominated for director; provided further, that "primary residence" is defined as the residence that is the chief or main residence of the member and where the member actually lives for the most substantial portion of the year;

(2) not be, nor within three (3) years preceding a director candidate's nomination have been, an employee of the Cooperative;

(3) not be, becomes, nor shall have been at any time during the five (5) years preceding a director candidate's nomination, employed by a labor union which represents, or has represented, or has endeavored to represent, any employees of the Cooperative;

(4) not be a close relative of an employee or director, where as found in these bylaws "close relative" means any individual who is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling, or principally resides in the same residence;

(5) not be employed by, materially affiliated with, or have a material financial interest in, any individual or entity, which either is:

- (i) directly or substantially competing with the Cooperative; or
- (ii) selling goods and services in substantial quantity to the Cooperative; or
- (iii) possessing a substantial conflict of interest with the Cooperative;

For 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;

(6) not be or become the full-time employee or agent of, or be or becomes the full-time employer or principal of, another director;

(7) not be absent without being excused by the board from three (3) or more regular meetings of the board of directors during any twelve (12) month period;

(8) be only one, and not more than one, member of a joint membership; provided, however, that none shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless all shall meet the qualifications hereinabove set forth;

(9) if a representative or agent of a member is not a natural person, *i.e.* a corporation, partnership, limited liability company, or similar, then the representative or agent designated as a nominee for director shall be an individual residing within the external boundaries of the district from which (s)he is nominated; and

(10) not have been convicted of a felony while a director, nor during the five (5) years immediately prior to becoming a director.

(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 an adoption to which the director was not a party.

(d) Disqualification. After the board of directors determines that a director or a nominee for 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. After the board of directors determines that any person being considered for, or already holding, a

directorship lacks eligibility under this section, it shall be the duty of the board to withhold such position from such person or to cause a director to be removed there from, as the case may be.

(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.

**Section 3. Tenure.** The term of office for a director shall be three (3) years.

At each annual meeting an election shall be held from districts where the terms of directors have expired.

**Section 4. Filling Vacancies.** Subject to the provisions of the bylaws with respect to the removal of directors, vacancies occurring in the board of directors may be filled by a majority vote of the remaining directors, and directors thus elected shall serve until the next annual meeting of the members or until a successor shall have been elected and qualified.

**Section 5. Removal.**

**By Members:**

(a) Members may remove a director for cause related to the duties of the position of director and fill the vacancy caused by the removal.

(b) Any member may bring charges against a director by filing them in writing with the Secretary, together with a petition signed by ten (10%) percent of the members, requesting the removal of the director in question.

(c) The removal shall be voted upon at the next annual or special members' meeting, and any vacancy created by such removal may be filled by the members at such meeting.

(d) The director against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person(s) bringing the charges against him shall have the same opportunity.

**By Directors:**

Upon failure of a director to meet or maintain the qualifications described in these bylaws, the board of directors shall remove a director at a board of director's meeting and fill the vacancy caused by the removal pursuant to Section 4.

**Section 6. Compensation.**

(a) Directors, as such, shall not receive any salary for their services, but by resolution of the board, a fixed sum and reasonable expenses for attendance may be allowed for each meeting of the board, and such other meetings and conferences as may be approved by resolution of the board from time to time.

(b) Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative (as defined hereinabove at Section 2) of a director receive compensation for serving the Cooperative unless such compensation shall be specifically authorized by a vote of the members.

**Section 7. 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 8. 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. Such audit reports shall be submitted to the members at the following annual members' meeting.

**Section 9. Nominations and Elections.** The areas to be served by the Cooperative shall be divided by and at the discretion of the board of directors into nine (9) director districts, and not less than ten (10) days nor more than fifty (50) days prior to the date of the annual members' meeting, and in accordance with the mailed notice to each of the members therein affected, district meetings shall be held at which eligible candidates for the office of director from each respective district shall be nominated, and the names of the two (2) candidates receiving the greatest number of votes (including the number of votes cast for each of them) shall be certified to the annual meeting members.

Members seeking to run for the Board of Directors shall, not less than five (5) business days prior to the district meeting in which there is a director election, submit to the corporate office a completed candidate packet, as provided by the Cooperative, by which the Cooperative will verify said member's qualifications to be an eligible candidate for the director position as articulated in Article III, Section 2.

At the annual meeting not more than one candidate from each district shall be elected to the board of directors.

Election of directors shall be determined on the basis of a plurality of the votes properly cast.

Notwithstanding anything in these Bylaws or applicable procedural rules to the contrary, a candidate who is the only qualified nominee for a seat up for election may be elected at the annual meeting of the members by motion adopted or by a voice vote, show of hands or other appropriate means.

The Secretary of the Cooperative shall include in the notice of the annual members' meeting and notice of district meetings, a statement of the number of directors and terms thereof, to be elected.

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.

In case of a tie vote, the tie shall be broken by the Chair flipping a coin.

## **ARTICLE IV MEETINGS OF DIRECTORS**

**Section 1. Regular Meetings.** A regular meeting of the board of directors may be held without notice other than this bylaw, immediately after, and at the same place as, the annual meeting of the members.

A regular meeting of the board of directors shall also be held monthly 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. Special Meetings.** Special meetings of the board of directors may be called by the Chair or any three (3) directors.

The person(s) 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.

The matters that may be acted upon at a special meeting are restricted to those stated in its call and notice.

**Section 3. Notice.** Notice of the time, place, and purpose of any special meeting shall be given at least five (5) days previous thereto, by written notice, delivered personally, electronically or mailed 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 properly 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 of notice of such meeting, except in a case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

**Section 4. Quorum.** A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, provided, that if less than a majority of the directors shall be present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

**Section 5. Manner of Acting.** The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

**Section 6. Emergencies.** Any or all directors may participate in any meeting of the board of directors by any means of communication through which the directors may simultaneously hear and speak to each other during such meeting. For purposes of establishing a quorum and taking any action, such directors participating pursuant to this section shall be deemed present in person

at the meeting. This section is intended to be utilized only in unusual or emergency situations and not to replace normal attendance at board of directors' meetings.

## **ARTICLE V OFFICERS**

**Section 1. Number.** Annually the following officers shall be elected by ballot by and from the board at its first meeting following the annual members' meeting: Chair, Vice Chair, Secretary and Treasurer.

The offices of Secretary and Treasurer may be held by the same person and if combined the person filling the office shall be termed Secretary-Treasurer.

If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.

**Section 2. 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 this Cooperative would be served thereby.

**Section 3. Vacancies.** A vacancy in any office may be filled by the board of directors for the unexpired portion of the term.

**Section 4. Chair.** The 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 Chair and such other duties as may be prescribed by the board of directors from time to time.

**Section 5. Vice Chair.** In the absence of the Chair, or in the event of the Chair's inability or refusal to act, the Vice Chair shall perform the duties of the Chair, and when so acting shall have all the powers of and be subject to all restrictions upon the Chair and shall perform such other duties as from time to time may be assigned to the Vice Chair by the board of directors.

**Section 6. Secretary.** The Secretary shall:

(a) keep the minutes of the members' and the board of directors' 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 post office address of each member, which shall be furnished, to the Secretary by such member;
- (e) execute certifications of mailed or published meeting notices in accordance with these bylaws or as required by law;
- (f) keep on file at all times a complete copy of the bylaws 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, forward a copy of the bylaws and of all amendments thereto to each member upon request; and
- (g) 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 7. Treasurer.** The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the 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 banks 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 8. President and CEO.** The board of directors shall appoint a President and CEO who may be, but who shall not be required to be, a member of the Cooperative. The President and CEO shall be the principal executive officer of the cooperative and 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 shall perform such duties as the board of directors may from time to time require and shall have authority as the board of directors may, from time to time, vest in the position.

**Section 9. Director and Officer Liability Insurance.** The board of directors shall require the purchase by the Cooperative of officers' and directors' liability insurance to cover the acts and/or omissions of such persons while working in their capacity on behalf of the Cooperative.

**Section 10. Salaries.** The compensation, if any, of any officer of the Cooperative shall be determined by the board of directors.



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

**Section 12. Additional Officers.** The board may appoint such additional officers that may be directors or members, but shall not be required to be, as the board determines is in the best interests of the Cooperative. Such officers shall serve for a term not exceeding the term of the Chair and shall have such power and duties as the board determines.

**Section 13. Delegation of Duties.** If the board delegates any responsibilities and duties of the officers to employees or agents of the Cooperative, to the extent that the board delegates those duties and responsibilities, the officer whose duties and responsibilities are delegated shall be released from such duties and responsibilities.

## **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 patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**Section 2. Capital Furnished by Members.** 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 non-profit 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 such 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 the capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record of the capital account of each member.

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.

**Section 3. Repayment of 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, but not less than annually, 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, priority, and order of retirement, if any, for all amounts furnished as capital.

**Section 4. Assignment or Transfer.** 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 a part of such member's premises served by the Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.

**Section 5. Right to Offset.** The Cooperative shall at no time be required to retire the equity account of any member or the membership capital of any member who has not paid the member's obligations to the Cooperative and the board may, in its discretion, apply any member's capital pursuant to Section 2 of this article then credited against the unpaid obligations for electric service of the member in the same manner as if the member were deceased.

**Section 6. Early Repayment.** The board of directors, at its discretion, shall have the power at any time upon the death of any member who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

**Section 7. 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 or services shall, insofar as permitted by law, be considered non-operating margins, and treated as shown in Section 8.

**Section 8. Non-operating Margins.** At the discretion of the board of directors, funds and amounts, other than operating margins, received by the Cooperative that exceed the Cooperative's costs and expenses may be:

(a) allocated as capital credits to patrons in the same manner as the Cooperative allocates capital credits to members; and/or

(b) used by the Cooperative as permanent, non-allocated capital.

**Section 9. Articles and Bylaws Provisions are a Contract.** The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and members 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 section of the bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

## **ARTICLE VII SALE 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 annual or special members' meeting by the affirmative vote of two-thirds (2/3) of the total number of members of the Cooperative.

## **ARTICLE VIII AMENDMENTS**

These bylaws may be altered, amended or repealed by the members at any annual or special members' meeting, provided that notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal; provided further that Article I, Section 9(a) (relating to one member-one vote); Article VII (relating to sale of property); and Article VIII (relative to amendments) of the bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative.