

**AMENDED AND RESTATED ARTICLES OF INCORPORATION OF
LAKE REGION ELECTRIC COOPERATIVE**

Effective Date: June 2, 2016

The Articles of Incorporation of LAKE REGION ELECTRIC COOPERATIVE are amended and restated as follows, and are adopted for the purposes of establishing this organization as a body corporate.

ARTICLE I

Section 1. The name of the Cooperative shall be LAKE REGION ELECTRIC COOPERATIVE (hereinafter the "Cooperative").

Section 2. The business of the Cooperative shall be conducted upon the Cooperative's plan. The Cooperative shall be authorized to exercise and enjoy all of the powers, rights, and privileges granted to or conferred upon cooperative associations under Minnesota law as now or hereafter in force, and such additional powers as not restricted by such law.

Section 3. The general purposes of the Cooperative for which it is formed are to engage in any lawful business, to include, without limitation, (i) to generate, manufacture, purchase, acquire and accumulate electric energy and other services and products for its members and patrons, and (ii) to transmit, distribute, furnish, sell and dispose of electric energy and other services and products to its members and patrons.

Section 4. The registered office and principal place of transacting business of the Cooperative is 1401 South Broadway, Pelican Rapids, Minnesota 56572.

Section 5. The period of duration of the Cooperative shall be perpetual.

ARTICLE II

Section 1. The Cooperative is organized on a non-stock membership basis. The Cooperative shall maintain appropriate membership records.

Section 2. Members shall have only one vote in the affairs of the Cooperative. Membership in the Cooperative shall not be transferrable except with the approval and consent of the Cooperative's Board of Directors.

Section 3. No interest or dividends shall be paid upon capital furnished to the Cooperative by its members or patrons.

Section 4. The net income of the Cooperative, except for amounts set aside as capital reserves or additional reserves, shall be administered on the basis of patronage as provided in the

Cooperative's Bylaws. The records of the Cooperative may show the interests of patrons and members in the reserves.

ARTICLE III

Section 1. The governance of the Cooperative and the management of its affairs and business shall be vested in the Board of Directors.

Section 2. The Board of Directors shall have power to make and adopt such rules, policies and regulations, not inconsistent with these Articles, the Bylaws or the laws of the State of Minnesota, as the Board may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 3. The Board of Directors is authorized to do and perform for either 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 purposes of the Cooperative or as may be permitted by applicable law under which the Cooperative is formed.

Section 4. Members of the Board of Directors shall have no personal liability to the Cooperative or its members or patrons for monetary damages for breach of fiduciary duty as a director, except that this article shall not limit or eliminate a director's liability:

- (a) for a breach of the director's duty of loyalty to the Cooperative or its members;
- (b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (c) for a transaction for which the director derived an improper personal benefit; or
- (d) for an act or omission occurring prior to the date the Cooperative adopted these limitations on director's liability.

Section 5. The Board of Directors shall have full power and authority to authorize the execution and delivery of mortgages, security agreements, or other security instruments upon, or otherwise pledge and encumber, any or all of the property, and assets of the Cooperative to include all revenues and income of the Cooperative, all upon such terms and conditions as the Board of Directors shall determine in its discretion are necessary and appropriate to secure any indebtedness of the Cooperative.

ARTICLE IV

The highest amount of indebtedness to which the Cooperative shall at any time be subject shall be established by the Board of Directors through a duly-enacted resolution.

ARTICLE V

Section 1. Any person may become a member of the Cooperative as set forth in the Bylaws. No person shall hold more than one membership in the Cooperative.

Section 2. Each member shall be bound by these Articles, the Bylaws, applicable law, and the rules, policies and regulations adopted by the Board, all as amended from time to time.

Section 3. The Bylaws of the Cooperative define and fix the duties and responsibilities of the members, as well as the officers and directors of the Cooperative and may also contain any other provision for the regulation of the business and affairs of the Cooperative not inconsistent with these Articles of Incorporation or the laws of the State of Minnesota.

ARTICLE VI

The Articles may be altered, amended, or repealed by the affirmative vote of a majority of the members of the Cooperative present in person or voting by other permitted means at any regular or special meeting of the Cooperative's members at which a quorum of the members is registered as being present or represented as present by other permitted means; provided, these Articles shall not be altered, amended, or repealed at any meeting of the members unless notice of such proposed alteration, amendment, or repeal and the text or a summary of such alteration, amendment, or repeal shall have been contained in or provided along with the notice of any such meeting.

IN TESTIMONY WHEREOF, these Amended and Restated Articles of Incorporation were approved by the Cooperative's Board of Directors on August 27, 2015, and adopted by the Cooperative's membership on June 2, 2016, and the following officers' signatures have been affixed in attestation thereof.

In presence of:

Charles Kvare, Board Chair

Joyce Valley, Board Secretary

**AMENDMENT TO BYLAWS OF
LAKE REGION ELECTRIC COOPERATIVE
AS AMENDED AND RESTATED JUNE 6, 2019**

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Lake Region Electric Cooperative
Bylaws
As Amended and Restated June 6, 2019

Article 1 – General

Section 1.1 – Adoption. These Amended and Restated Bylaws of Lake Region Electric Cooperative (the "Cooperative") shall constitute the Bylaws of the Cooperative as of June 6, 2019 ("Bylaws"), and shall restate and replace fully any prior Bylaws of the Cooperative.

Section 1.2 – Applicable Law. These Bylaws are subject to applicable law and the Articles of Incorporation, as may be amended and/or restated, of the Cooperative ("Articles"). If, and to the extent that, a Bylaw conflicts with law or the Articles, then the law or Articles control.

Article 2 – Cooperative Membership

Section 2.1 – Member Qualifications. Except as otherwise provided in these Bylaws, an Individual or Entity may become and remain a Member of the Cooperative only if: (1) the Individual or Entity is a person with the capacity to enter legally binding contracts ("Person"); and (2) the Person consumes, receives, purchases, or otherwise uses ("Uses"), or requests or agrees to Use, when available, electric energy generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided ("Provided") by the Cooperative. A "Cooperative Service" is: (1) electric energy Provided by the Cooperative; and (2) such other goods or services Provided by the Cooperative as determined by the Cooperative's Board of Directors ("Board") to be included within the term Cooperative Service for purposes of these Bylaws.

An "Entity" includes a domestic or foreign: cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government. "Individual" means a natural person or human being. "Occupies" means if a Person resides at, engages in a business at, owns, controls, or otherwise occupies a residence, office, building, premise, structure, facility, or other location ("Location"), the Provision of a Cooperative Service to which Location is the basis of membership.

Section 2.2 – Membership Procedure. A Person, either as an Individual or through an Entity not considered legally separate from the Person, may not hold more than one (1) membership in the Cooperative. Except as otherwise provided in these Bylaws or by the Board, a qualified Person seeking to become or remain a Member ("Applicant") must complete the procedures stated in this Bylaw to the Cooperative's satisfaction ("Membership Procedures") within a reasonable time of using the first Cooperative Service Used by the Applicant.

To become or remain a Member, an Applicant agrees to, among other requirements set forth in the Cooperative's membership application, (as currently existing or as later adopted or amended):

- (1) comply with the Governing Documents;
- (2) ensure that Member Equipment connected to Cooperative Equipment, and any act or omission involving Member Equipment connected to Cooperative Equipment, complies with the Governing Documents;
- (3) be a Member;
- (4) at prices, rates, or amounts determined by the Board, and pursuant to the terms, conditions, time, and manner specified by the Cooperative, pay the Cooperative for: (A) Cooperative Services Provided to the Applicant or Provided to or for a Location Occupied by the Applicant; (B) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (C) interest, late payment fees, and collection costs, including attorney and collection fees, related to amounts owed, but not timely paid, to the Cooperative;
- (5) voluntarily receives an annual subscription to the Cooperative's member publication and to pay an annual subscription price through dues, assessments, fees, rates, and other amounts charged or assessed by the Cooperative.

The "Governing Documents" are the written membership application signed by an Applicant or Member and the following documents and actions, all as currently existing or as later adopted or amended: (1) all laws regarding or affecting the Cooperative's property, property rights, and assets ("Assets"), the Cooperative's operation, the Cooperative's Members and Patrons, the Provision and Use of Cooperative Services, Cooperative Equipment, and Member Equipment connected to Cooperative Equipment; (2) the Articles; (3) these Bylaws; (4) the Cooperative's service rules and regulations; (5) the Cooperative's rate or price schedules; and (6) all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Cooperative. A copy of the Governing Documents will be available for Member review at the Cooperative's office. A Cooperative Director, Officer, employee, agent, or representative ("Cooperative Official") shall provide access to the Governing Documents in accordance with the requirements of the Governing Documents.

"Cooperative Equipment" is a product, equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative. "Member Equipment" is a product, equipment, structure, facility, or other good: (1) owned, controlled, operated, or furnished by an Applicant or Member; and (2) located on property owned, controlled, operated, or furnished by an Applicant or Member.

Section 2.3 – Membership. Except as otherwise provided in these Bylaws or by the Board, a qualified Person becomes a member of the Cooperative ("Member") and consents to being a Member upon Using, or requesting or agreeing to Use, a Cooperative Service Provided by the Cooperative and upon completing the Membership Procedure. For good cause determined by the Board, the Board may refuse a qualified Person membership in the Cooperative. Except as otherwise provided in these Bylaws or by the Board in advance and in writing, a Cooperative membership, and a right or privilege associated with the Cooperative membership, may not be sold, purchased, assigned, disposed of, acquired, or otherwise transferred.

Section 2.4 – Member Classes. Based upon the Cooperative Service Used or to be Used by a Member, the Cooperative may group Members in classes as may be determined and

approved by the Board ("Member Classes"). Except as otherwise provided in these Bylaws or determined by the Board in approving a Member Class, a Member includes all Member Classes and all Members have the same rights and obligations.

Section 2.5 – Membership Agreement. A Member shall: (1) comply with the Governing Documents; (2) provide and maintain a current mailing address and telephone number with the Cooperative; and (3) pay the Cooperative for the Cooperative's damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member's failure to comply with the Governing Documents. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative Service Provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (2) bring and maintain a legal action to order the Member to comply with the Governing Documents. The Articles and these Bylaws are contracts between the Cooperative and a Member.

Section 2.6 – Joint Membership. Individuals who qualify independently to be Members may hold a joint membership in the Cooperative ("Joint Membership"). A Joint Membership may consist only of Individuals engaged in a common enterprise concerning, or Individuals occupying, the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service. If a husband and wife qualify to be Members, and unless or until the husband and wife notifies the Cooperative otherwise in writing, then the husband and wife hold a Joint Membership.

(a) Creating a Joint Membership. Except as otherwise provided in these Bylaws, to hold a Joint Membership, qualified Individuals must jointly complete the Membership Procedures within a reasonable time of initially Using, or requesting or agreeing to Use, the first Cooperative Service Used or to be Used. Qualified Individuals become joint Members of the Cooperative ("Joint Members") and consent to being Joint Members in the same manner as Members become Members and consent to being Members. As provided by the Board, a Member may convert the Member's Individual membership to a Joint Membership with a qualified Individual. While a Joint Member, a qualified Individual may become or remain a separate, non-Joint Member by Using a Cooperative Service at a Location different from the Joint Membership Location.

(b) Rights and Obligations of Joint Members. Except as otherwise provided in these Bylaws, a Joint Member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a Member. Joint Members are jointly and severally liable for complying with the Governing Documents. As used in these Bylaws, and except as otherwise provided in these Bylaws, a membership includes a Joint Membership and a Member includes a Joint Member. For a Joint Membership:

- (1) notice of a meeting provided to one Joint Member constitutes notice to all Joint Members;
- (2) waiver of notice of a meeting signed by one Joint Member constitutes waiver of notice for all Joint Members;

- (3) the presence of one or more Joint Members at a meeting constitutes the presence of one Member at the meeting;
- (4) the presence of one Joint Member at a meeting waives notice of the meeting for all Joint Members;
- (5) the presence of one Joint Member at a meeting may invalidate a Mail Ballot previously mailed by the Joint Member;
- (6) if only one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action;
- (7) if more than one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the Joint Membership and constitutes one vote, signature, or action of the Joint Members;
- (8) except upon the cessation of the legally recognized relationship, the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members; and
- (9) a Joint Member qualified to be a member of the Board ("Director") may be a Director, regardless of whether another Joint Member is qualified to be a Director, but if more than one Joint Member is qualified to be a Director, then only one Joint Member may be a Director.

(c) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a cessation of the common enterprise or the occupancy of the same Location forming the basis for the Joint Membership. Upon determining or discovering the cessation of the qualifying relationship:

- (1) if one Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of such Individual;
- (2) if more than one Joint Member remains qualified to be a Joint Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a new Joint Membership comprised of such Individuals; and
- (3) if no Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership terminates.

Section 2.7 – Provision of Cooperative Service. A Member shall comply with any and all procedures required by the Cooperative regarding the Provision of a Cooperative Service. Based upon different costs of Providing a Cooperative Service to different groups of Members, the Cooperative may charge each group a different rate or price for Providing the Cooperative Service. The Cooperative will use reasonable efforts to Provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service.

Section 2.8 – Suspension or Termination of Cooperative Service. After providing a Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative

may suspend or terminate the Provision of a Cooperative Service to the Member for good cause. Without providing a Member notice or an opportunity to comment, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member upon determining or discovering:

- (1) that Cooperative Equipment used to Provide the Cooperative Service has been tampered with, altered, interfered with, damaged, or impaired;
- (2) that Member Equipment connected to Cooperative Equipment adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
- (3) the unsafe condition of Cooperative Equipment or Member Equipment connected to Cooperative Equipment; or
- (4) an imminent hazard or danger posed by Cooperative Equipment or Member Equipment connected to Cooperative Equipment.

Section 2.9 – Grant of Property Rights. As required by the Cooperative for a Cooperative Purpose, a Member shall, at no compensation, cost or fee: (1) provide the Cooperative safe and reliable access to or use of real or personal property in which the Member possesses a legal or equitable right or interest ("Member Property"); and (2) pursuant to terms and conditions specified by the Cooperative, grant or convey to the Cooperative a written or oral easement, right-of-way, license, or other right or interest in Member Property, and execute any necessary documents regarding this grant or conveyance.

A "Cooperative Purpose" is at any time, and in a manner determined by the Cooperative: (1) purchasing, installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading, or replacing Cooperative Equipment or Member Equipment connected to Cooperative Equipment; (2) clearing, trimming, removing, or managing any trees, bushes, brush, or other vegetation; (3) Providing a Cooperative Service to a Member or one or more other Members; (4) monitoring, measuring, or maintaining a Cooperative Service Provided to a Member or one or more other Members; (5) Providing electric energy to a Person or one or more other Persons; (6) monitoring, measuring, or maintaining electric energy Provided to a Person or one or more other Persons; (7) authorizing, permitting, satisfying, or facilitating an obligation incurred, or right granted, by the Cooperative regarding use of Cooperative Equipment; or (8) safely, reliably, and efficiently operating the Cooperative or Providing a Cooperative Service.

Section 2.10 – Member Termination. Except as otherwise provided in these Bylaws, a Member is terminated upon: (1) the Member's death, legal dissolution, or legal cessation of existence; (2) the Member requesting termination; or (3) the Cooperative learning that the Member has permanently ceased Using a Cooperative Service. Termination of a Member does not release the Member from debts, liabilities, or obligations owed to the Cooperative.

Article 3 – Member Meetings and Member Voting

Section 3.1 – Annual and Regular Member Meetings. The Cooperative: (1) shall annually hold a meeting of Members ("Annual Member Meeting"); and (2) may regularly hold meetings of Members ("Regular Member Meetings"). The Cooperative's failure to hold an Annual or Regular Member Meeting does not affect an action taken by the Cooperative. At each Annual Member Meeting, a Cooperative Official shall provide a written or oral report regarding the activities and financial condition of the Cooperative.

Section 3.2 – Special Member Meetings. The Cooperative shall hold a special meeting of Members ("Special Member Meeting") upon receiving: (1) a written or oral request from the Board through the affirmative vote of a majority of the Directors or from the Chair; or (2) one or more written demands signed and dated within thirty (30) days of the first signature by at least twenty percent (20%) of the total number of Members in good standing ("Total Membership") ("Member Demand").

Section 3.3 – Member Action. Except as otherwise provided in these Bylaws, Members may not act without a Member Meeting. The Board shall determine the agenda, program, and order of business for all Member Meetings, and shall determine the date, time, and location of any Member Meeting. Except as otherwise provided by the Board before or at a Member Meeting, for each Member Meeting, Members may consider, vote, or act only upon a matter described in the notice of the Member Meeting. Any Member may introduce a resolution at a meeting of the Members that is different than a matter described in the notice of the Member Meeting, so long as said resolution is submitted in written form. However, any such resolution that is approved by the Members shall not be binding upon the Cooperative and shall be advisory only.

Section 3.4 – Notice of Member Meetings.

(a) Notice of Annual Regular Member Meeting. Notice of an Annual or Regular Member Meeting shall be given by the Secretary in the official publication of the Cooperative for two (2) months prior to a meeting, or in a legal newspaper published or circulated in the counties in which the Cooperative has Member Districts at least two (2) weeks previous to the date of a meeting, or by mailing notice thereof to each and every Member not less than fifteen (15) days previous to the date of a meeting.

(b) Notice of Special Member Meeting. Notice of a Special Member Meeting shall be given by the Secretary in the official publication of the Cooperative for one (1) month prior to a meeting, or in a legal newspaper published or circulated in the counties where the Cooperative operates at least two (2) weeks previous to the date of a meeting, or by mailing notice thereof to each and every Member not less than fifteen (15) days previous to the date of a meeting. Such notice shall be issued within ten (10) days after a Board or Chair request, or presentation of a Member Demand, for a Special Member Meeting, and a Special Member Meeting shall be held within sixty (60) days from the date of the Board or Chair request or Member Demand.

(c) As directed by the Board, a Member Meeting notice must indicate the date, time, and location of the meeting, and describe any matter to be considered, voted or acted upon at the meeting.

(d) The failure of any Member to receive notice of any Member meeting shall not invalidate any action which may be taken by the Members at any such Member meeting, whether Annual, Regular, or Special.

Section 3.5 – Member Quorum. The presence at a Member Meeting of at least fifty (50) Members, present in person or represented by mail or Electronic ballot, shall constitute a quorum for the transaction of business at any Member Meeting. If an insufficient number of Members is present to constitute a quorum, a majority of the Members present may adjourn the meeting from time to time without further notice. The presence of a sufficient number of Members to constitute a quorum at any Member Meeting shall be verified by the Chair and Secretary and shall be reported in the minutes of such meeting.

Section 3.6 – Credentials and Election Committee. Before a Member Meeting, the Board shall appoint a Credentials and Election Member Committee ("C&E Committee") for the Member Meeting consisting of an uneven number of Members between three (3) and nine (9). The Board shall select a chair for the C&E Committee who may be, but need not be, a member of the C&E Committee or of the Cooperative. It shall be the responsibility of the C&E Committee to carry out those duties assigned to it by the Board concerning the following: the registration of Members in person or by mail, the supervision of any ballot or other voting, the counting of all ballots or other votes cast in any matter submitted to a Member vote, or any other similar matters as assigned by the Board. In the exercise of its responsibility, the C&E Committee shall consult with the Cooperative's legal counsel. A C&E Committee member must not be: (1) a Cooperative Official or Director candidate; or (2) a Close Relative of a Cooperative Official or Director candidate.

Section 3.7 – Member Meeting Voting.

(a) Director Elections. Directors shall be elected by vote of the Electing Members of each Director District at each Annual Member Meeting. The Secretary of the Cooperative shall place in nomination from Director District Nominations or Member Petition Nominations the names of the candidates from each Director District for which a Director position is scheduled for election. The candidate from each Director District receiving the highest number of votes cast by the Electing Members from such Director District present in person or voting by other permitted means at such Member Meeting shall be considered elected as a Director. In the event there is only one candidate duly nominated for election to a Director position, the single candidate nominated shall be deemed elected by acclamation as an unopposed candidate, and no voting shall be required for such uncontested Director District election. The notice of the Annual Member Meeting shall state the name of the candidate elected by acclamation, and the individual presiding at the Annual Member Meeting may announce that the uncontested candidate was elected by acclamation, and that no vote was required. Each elected Director shall take office as of the time set forth below in Section 4.5.

A Member may be an "Electing Member" for only one Director District. For purposes of determining eligibility of a Member for Director District election voting, a Member will be deemed to be an "Electing Member" of that Director District in which the records of the Cooperative show the membership of the Member is held. If a Member Uses a Cooperative Service at locations in more than one Director District, then (1) if the Member is an Individual, the Member is deemed an Electing Member of the Director District in which the Member's permanent legal residence is located; and (2) if the Member is an Individual and does not have their permanent legal residence located within a Director District, or if the Member is an Entity, the Member will be deemed an Electing Member of the Director District in which the Member first Used, and continues to Use, a Cooperative Service.

All votes for Directors shall be by ballot submitted by an Electing Member in person, by mail, or by Electronic transmission. The Cooperative shall at each Member Meeting provide a registry which shall be verified by each Member as he/she makes his/her appearance, and forthwith upon such registration, each Electing Member who has not submitted a ballot by mail or Electronic transmission shall receive a "Ballot For Directors" for the election of a Director from the Director District of the Electing Member, if a contested election for such District is to be held at such Member Meeting. Not less than fifteen (15) days before a Member Meeting, the Cooperative shall make available, via mail or Electronically, a "Ballot for Directors" to each Electing Member in the Director Districts from which Directors are to be elected that year in a contested election. A Ballot for Directors shall be in the form prescribed by the Board and shall contain the name of the candidates, listing first any incumbent candidate, then as listed in order of Director District Nominations and next Member Petition Nominations, and shall also contain spaces opposite the candidate's name in which a Member may indicate the Member's vote for such candidate. Any Electing Member of a Director District may vote Electronically or by mail by returning the Ballot for Directors to the Cooperative by enclosing the ballot in a return envelope, which envelope includes the Electing Member's name and address and is addressed to the Secretary. When a Ballot for Directors is received by mail, Electronically or through personal delivery to the Cooperative's official headquarters on or before 9:00 a.m. on the date of a Member Meeting, it shall be accepted and counted as a vote for Directors by ballot of such Electing Member. In the event of a tie vote between two candidates, the Director shall be determined by a flip of a coin with the person whose last name appears first in the alphabet choosing heads or tails and the winner shall be the Director. In the event of a tie vote of more than two candidates, the Director shall be determined by a flip of a coin with each candidate selecting either heads or tails. The candidate whose last name is first in the alphabet shall choose first, the candidate whose last name is second in the alphabet shall choose second, and so on. If more than one candidate is left after the first coin flip, the same process shall be followed until one candidate is left and the last candidate shall be the Director.

(b) Other Member Actions. If upon the determination of the Board there is any other matter to be submitted to the Members for action at a Member Meeting as required by the Articles, these Bylaws or applicable law, including, without limitation, any amendments to the Articles or these Bylaws, the Members approve such matter if (i) a quorum is established, and (ii) a majority (or greater percentage as otherwise may be required) of the Members present in person or voting by other permitted means at such Member Meeting vote in favor of the matter.

All votes for Member action shall be by ballot submitted by a Member in person, by mail,

or by Electronic transmission. In the event a matter is to be submitted to the Members for action at a Member Meeting, the Cooperative shall provide a registry which shall be verified by each Member as he/she makes his/her appearance, and forthwith upon such registration, each Member who has not submitted a ballot by mail or Electronic transmission shall receive a "Member Action Ballot" for the matter to be acted upon. Not less than fifteen (15) days before a Member Meeting at which Member action is to be taken, the Cooperative shall make available, via mail or Electronically, a "Member Action Ballot" to each Member. A Member Action Ballot shall be in the form prescribed by the Board and shall contain the exact text or a summary of the proposed motion, resolution or amendment to be acted upon, and shall also contain spaces opposite the text or summary of such motion, resolution or amendment in which a Member may indicate the Member's affirmative or negative vote thereon. Any Member may vote Electronically or by mail by returning the Member Action Ballot to the Cooperative by enclosing the ballot in a return envelope, which envelope includes the Member's name and address and is addressed to the Secretary. When a Member Action Ballot is received by mail, Electronically or personal delivery to the Cooperative's official headquarters on or before 9:00 a.m. on the date of a Member Meeting, it shall be accepted and counted as a vote by ballot of such Member.

Section 3.8 – Additional Voting Protocols.

(a) Each Member shall be entitled to one (1) vote upon each matter submitted to a vote at a Member Meeting, except that Directors elections shall be voted upon solely by the Electing Members of a Director District. Proxy voting shall not be permitted. At all Member Meetings at which a quorum is present, all matters submitted to the Members of action shall be decided by a vote of a majority of the Members voting thereon at such meeting in person, by mail, or Electronic transmission, except as otherwise provided by law, the Articles, or these Bylaws.

(b) Whenever these Bylaws require or provide for a vote of the Members, the spouse of a Member may vote on behalf of and instead of the Member unless the Member has indicated otherwise. Where a person reasonably represents himself or herself to be the spouse of a Member, the Cooperative may rely upon such reasonable representation and need not conduct further inquiry. However, if the Cooperative deems it necessary to seek further information as to the identity of the purported spouse and such information is not promptly provided, the Cooperative may refuse to accept such person's vote. A Member who wishes to prevent his or her spouse from voting on such Member's behalf shall deliver a written, signed and dated notice to the Cooperative's office.

(c) To vote in person for an Entity Member, an Individual must present evidence requested by and satisfactory to the Cooperative that the Individual is authorized to vote for the Entity Member. Any ballot submitted for an Entity Member must be submitted by the president or secretary, a partner designated by the partners to have authority to act on behalf of the partnership, a trustee of a trust, or persons occupying similar positions of authority for other entities.

(d) A Member may vote or act by mail or Electronic transmission only on an action that may be taken in conjunction with a Member Meeting, and only by the Cooperative delivering a written or Electronic ballot to each Member entitled to vote on such matter.

Electronic voting shall be permitted only on terms and conditions as approved and prescribed by the Board.

(e) Notwithstanding anything set forth in this Article 3, any failure by a Member to comply with any of the provisions of this Article 3 shall not in any manner whatsoever affect the validity of any matter voted upon by the Members. The failure of any Member to obtain a ballot or ballots shall not invalidate any action be taken by the Members at any Member Meeting.

Article 4 – Board of Directors

Section 4.1 – Director Districts. The Board shall divide the general area in which the Cooperative provides a Cooperative Service ("Cooperative Service Area") into nine districts that equitably represent the Members based upon geographic, regional, population, membership, or other equitable considerations ("Director Districts"). Each Director District shall be represented by one (1) Director. The Board shall have authority to realign the Director Districts. The Board shall conduct a survey or analysis periodically to determine whether the number of Members in a Director District has materially changed. If the number of Members in a Director District changes by fifteen percent (15%) or more, the Director Districts shall be realigned and be apportioned so that no Director District varies by more than approximately ten percent (10%) from the average number of Members for all Director Districts.

Section 4.2 – Board. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles or by these Bylaws conferred upon or reserved to the Members. Except as otherwise provided in these Bylaws:

- (1) Cooperative powers must be exercised by the Board, or under the Board's authority;
- (2) Cooperative activities and affairs must be managed under the Board's direction and subject to the Board's oversight; and
- (3) the Board shall reasonably administer and enforce these Bylaws, or shall ensure that these Bylaws are reasonably administered and enforced.

To the extent the Governing Documents authorize a Person to exercise a power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

Section 4.3 – Director Qualifications. A Director or Director candidate must comply with this Bylaw.

(a) General Director Qualifications. To become and remain a Director, a Person must comply with the following general qualifications ("General Director Qualifications"):

- (1) be an Individual;
- (2) have the capacity to enter legally binding contracts;
- (3) not have been previously removed or disqualified as a Director;
- (4) while a Director, and during the five (5) years immediately before becoming a

- Director, not be convicted of, or plead guilty to, a felony or a crime involving theft or dishonesty;
- (5) before becoming a Director, has graduated from high school or earned an equivalent degree or certification;
 - (6) except as otherwise provided by the Board for good cause, attend at least a majority of all Board Meetings during each calendar year; and
 - (7) comply with any other reasonable qualifications as determined by the Board.

(b) Membership Director Qualifications. To become or remain a Director, an Individual must comply with the following membership qualifications ("Membership Director Qualifications") while a Director and during the one (1) year immediately before becoming a Director or Director candidate:

- (1) be an unsuspended Member who receives a Cooperative Service Provided by the Cooperative in the Director District from which the Member is nominated or elected; and
- (2) have his/her permanent legal residence be within the Director District from which nominated or elected; however, the Member may have a permanent legal residence within a city located within the Director District but not served by the Cooperative.

An Entity Member may designate an Individual who is an owner of the Entity and is actively involved in operating the Entity to be eligible for election as a Director, provided the Individual meets the other applicable requirements for eligibility.

(c) Independence Director Qualifications. To become and remain a Director, an Individual must comply with the following independence qualifications ("Independence Director Qualifications") while a Director and during the one (1) year immediately before becoming a Director or Director candidate (except for such other periods as specifically provided below):

- (1) annually complete and sign an independence and conflicts of interest certification and disclosure form approved by the Board;
- (2) while a Director and during the three years immediately before becoming a Director, not be an employee of the Cooperative or an employee of an Entity controlled by the Cooperative or in which the Cooperative owns a majority interest ("Cooperative Subsidiary");
- (3) not be a close relative of any existing Director other than a Director who will cease being a Director within one (1) year;
- (4) not be a close relative of an existing Officer or employee;
- (5) not be employed by, materially affiliated with nor sharing a material financial interest with any other Director;
- (6) Not be engaged in any business nor employed by, materially affiliated with, nor having a material financial interest in any Individual or Entity, other than an Entity in which the Cooperative owns an interest, that is:
 - (a) Regularly, directly and substantially competing with the Cooperative or any Cooperative Subsidiary;
 - (b) Regularly selling goods or services to the Cooperative or a Cooperative

Subsidiary; and

(c) Possessing any substantial conflict of interest with the Cooperative or a Cooperative Subsidiary.

(7) A close relative is defined as parent (including step or in-law), child (including step or in-law), brother (including step, in-law or half brother), sister (including step, in-law or half sister), grandparent or grandchild.

(d) Director Disqualification. After being nominated, elected, designated, or appointed, if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications"), then, except as otherwise provided by the Board for good cause, the Board shall disqualify the Director and the Individual is no longer a Director if:

- (1) the Board notifies the Director in writing or Electronically of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and
- (2) within thirty (30) days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.

Section 4.4 – Director Nominations. Directors shall be nominated for election on a Director District basis. For each Director position for a Director District scheduled for election by Members at an Annual Member Meeting, the Members of such Director District eligible to vote in such District as Electing Directors ("Nominating Members") shall nominate Individuals for election as provided in this Bylaw.

(a) Director District Meeting Nominations. Not less than ninety (90) days nor more than one hundred fifty (150) days before the Annual Member Meeting, the Board shall call a separate meeting of the Members of each Director District for which an election will be held, at a suitable place in such Director District (or such place within a reasonable distance of a Director District if a suitable place within the District is not available), for the purpose of nominating candidates for election by the Nominating Members of such Director District, and also for the purpose of discussing any matters of any kind or nature pertaining to the business of the Cooperative.

The notice of a Director District Meeting shall be mailed by the Cooperative to each Member of the Director District not less than seven (7) days before such meeting and shall indicate the Director District to which such Member belongs as a Nominating Member. The notice shall state the time and place of the Meeting, whether nominations for a Director are to be made at such meeting, and any business matters to be discussed at such meeting. The meeting shall be open for discussion of any matters pertaining to the business of the Cooperative regardless of whether such matters were listed in the notice of the meeting, and recommendations with respect thereto may be submitted to the Board.

A Director District meeting shall be called to order by the Director representing the Director District or by another designated representative of the Board of Directors. The Members of the Director District present shall then proceed to elect a Meeting chair who shall be someone other than a Director and who shall appoint a secretary to act for the duration of the meeting. Ten (10) Members of the Director District present at such duly called meeting shall constitute a quorum. Members of other Director Districts present at the meeting may be heard but shall have no vote.

Nominations for candidates for Director from the Director District shall be made from the floor at the meeting, and any Nominating Member of the Director District shall have the right to nominate one (1) candidate. The meeting shall remain open for nominations until no further nominations are forthcoming, but in no case shall such an open period last less than two (2) minutes. Any candidate, to be eligible to be nominated, must meet the Director Qualifications specified in these Bylaws and otherwise determined by the Board. Voting shall be by ballot. Proxy voting shall not be permitted. Each Nominating Member may vote for only one (1) candidate nominated. The two (2) candidates nominated receiving the highest number of votes from Nominating Members shall be declared the official candidates for the election of the Director District. In the event of a tie vote between two nominees for the second candidate position, the candidate shall be determined by a flip of a coin with the person whose last name appears first in the alphabet choosing heads or tails and the winner shall be the second candidate. In the event of a tie vote of more than two nominees for the second candidate position, the candidate shall be determined by a flip of a coin with each nominee selecting either heads or tails. The nominee whose last name is first in the alphabet shall choose first, the nominee whose last name is second in the alphabet shall choose second, and so on. If more than one nominee is left after the first coin flip, the same process shall be followed until one nominee is left and the last nominee remaining shall be the second candidate. The minutes of each Director District meeting shall set forth generally any action taken thereat, and the names of each person nominated at the meeting, if nominations were necessary, the name of the Member nominating each candidate, and the number of votes received by each and shall specify the two (2) official election candidates of the Director District. A certified copy of the minutes signed by the secretary and chair of a Director District meeting shall be delivered to the Secretary of the Cooperative within five (5) days after such Director District meeting and at least twenty-five (25) days prior to the Annual Member Meeting.

(b) Member Petition Nominations. In addition to Director District Meeting Nominations, Director District Nominating Members may nominate, through written petition, a Member to run for election for a Director position scheduled for election ("Member Petition Nominations") at the next Annual Member Meeting. Nominating Members may make Member Petition Nominations by delivering to the Secretary of the Cooperative not more than thirty (30) days after the Director District Member Meeting a writing for each Member Petition Nomination ("Member Petition"):

- (1) listing, on each page of the Member Petition, the name of the Member Petition Nominee;
- (2) indicating, on each page of the Member Petition, the Director position for which the Member Petition Nominee will run; and
- (3) containing the printed names, addresses, and telephone numbers, and original dated signatures of at least fifty (50) Members of the Director District.

The Member Petition shall be on a form approved by the Board. Any Director District Nominating Members who want to proceed with the Member Petition shall request the Member Petition from the Chief Executive Officer of the Cooperative after the Director District Meeting applicable to the Director District up for election at the next Annual Meeting. Neither the Chief Executive Officer of the Cooperative, nor anyone else, shall provide the Member Petition prior to Director District Meeting applicable to the Director District up for election at the next Annual Meeting. A Director District Nominating Member cannot request, and cannot receive, the Member Petition form prior to the Director District Meeting applicable to the Director District up for election at the next Annual Member Meeting. Any Member Petition and/or signatures obtained prior to the Director District Meeting on the Member Petition shall be invalid.

The Board must determine, and the Secretary of the Cooperative must certify, whether a Member Petition is qualified and whether a candidate nominated meets all Director Qualifications specified in these Bylaws and otherwise determined by the Board. Any certified candidate nominated by a certified Member Petition shall be placed on the ballot for the Director District Election in order of nomination and following those candidates nominated at the Director District Meeting. A Nominating Member of a Director District shall only have the right to nominate one candidate for election, whether at a Director District Meeting or by joining/signing a Member Petition.

(c) Nominations from the Floor; Write-In Candidates. Members may not nominate at, or from the floor of, a Member Meeting an Individual to run for election to a Director position scheduled for election, and may not write-in candidates for a Director position.

(d) Notice of Director Nominations. At least ten (10) days before a Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:

- (1) director positions scheduled for election by the Members;
- (2) names and corresponding Director positions of all Nominating Committee Nominations; and
- (3) names and corresponding Director positions of all Member Petition Nominations.

Section 4.5 – Director Terms. Except as otherwise provided in these Bylaws, a Director's term is three (3) years or until a successor Director is elected or appointed and takes office ("Director Term"). A Director Term begins: (1) after the Individual consents to being elected or appointed as a Director; and (2) immediately after adjournment of the annual Member Meeting at which elected, or if appointed, at the end of the Board Meeting at which the Director is appointed. A Director Term ends after: (1) a successor Director consents to being elected or appointed as a Director; and (2) immediately after adjournment of the Annual Member Meeting at which a successor is elected, or if appointed, at the end of the Board Meeting at which the successor Director is appointed. The Cooperative shall stagger Director Terms by dividing the total number of authorized Directors into groups of approximately equal number. Members must annually elect an approximately equal number of Directors. No member of the Board of Directors of the Cooperative shall serve more than five (5) consecutive Director Terms.

Section 4.6 – Director Resignation. A Director may resign at any time. To resign, a Director must sign and deliver a written or Electronic notice of resignation to the Board Chair or

Secretary. Except as a later date is otherwise provided in a written or Electronic notice of resignation, a Director's resignation is effective when the Board Chair or Secretary receives the notice of resignation. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be filled before the effective date of the Director's resignation.

Section 4.7 – Director Removal. Except as otherwise provided in these Bylaws, the Board may remove a Director designated or appointed by the Board for any reason. As provided in this Bylaw, and for cause related to the duties of the Director position, the Members of a Director District ("Removing Members") may remove a Director for whom the Removing Members may have voted.

(a) Director Removal Petition. For a Director for whom removal is requested, the Removing Members must deliver to the Board Chair or Secretary a dated written petition ("Director Removal Petition"):

- (1) identifying the Director to be removed on each page;
- (2) explaining, on each page, the basis for the Director's removal; and
- (3) containing the printed names, printed addresses, and original and dated signatures of at least ten percent (10%) of the Removing Members as existing on the Director Removal Petition date.

Within fifteen (15) days after the Chair or Secretary receives a Director Removal Petition: (1) the Cooperative shall forward a copy of the Director Removal Petition to the implicated Director; and (2) the Board shall meet to review the Director Removal Petition.

(b) Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Director District Member Meeting within sixty (60) days following the Board's determination. Notice of the Director District Member Meeting must state that: (1) a purpose of the Meeting is to consider removing a Director; (2) evidence may be presented, the implicated Director may be heard, the Removing Members may be heard, and that a Member vote will be taken of the Removing Members, regarding removing the Director; and (3) the Removing Members may at such meeting elect a successor Director to fill the unexpired term of any Director removed.

At the Director District Member Meeting, then for the Director named in a Director Removal Petition:

- (1) before a Member vote, evidence must be presented supporting the basis for removing the Director;
- (2) the Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and
- (3) after the Director's presentation and Member discussion, the Removing Members must vote whether to remove the Director.

If a majority of the Removing Members present vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Director District Member Meeting, the Removing Members shall elect a new Director to succeed the removed

Director without complying with the Director Nomination or notice provisions of these Bylaws. A successor Director elected by the Removing Members must comply with the Director Qualifications and serve the unexpired Director Term of the removed Director. A Director Removal Petition or Director removal does not affect a Board action. Members may vote to remove a Director only in person at a Director District Meeting.

Removing Members may not remove a Director for lawfully opposing a Transfer of Cooperative Assets or a Cooperative dissolution.

Section 4.8 – Director Vacancy. Except as otherwise provided in these Bylaws:

- (1) by an affirmative vote of the majority of remaining Directors, the Board shall fill a vacant Director position; and
- (2) a Director selected to fill a vacant Director position must serve until the next Director District election, through which the Members must elect a new Director to fill the unexpired Director Term of the previously vacant Director position. The Director District election process shall be held as set forth in these Bylaws along with the other annual Director District elections regularly scheduled to be held.

Section 4.9 – Director Compensation. A Director is not an employee of the Cooperative. As allowed by law and the Articles and as determined or approved by the Board, the Cooperative may reasonably reimburse, compensate, pay a salary to, or pay a fixed fee to, or provide insurance or other benefits to directors for attending any:

- (a) Board meeting;
- (b) Function, meeting, or event involving or relating to the Cooperative; or
- (c) Function, meeting, or event involving or relating to, or reasonably enhancing the Director's ability to serve in the role of director.

The Board shall determine or approve the manner, method, and amount of Director compensation or benefits.

Section 4.10 – Rules and Regulations. The Board of Directors shall have authority to make and adopt such policies, rules, regulations and standards consistent with law, the Articles or these Bylaws as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 4.11 – Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, complies with applicable laws and rules and regulations of any regulatory body. The Board of Directors shall also cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of each fiscal year. Such audit reports shall be available to the Members for inspection.

Article 5 – Board Meetings and Director Voting

Section 5.1 – Regular Board Meetings. The Board shall regularly meet at a date, time, and location as determined by the Board ("Regular Board Meeting"). Except as otherwise provided in these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the Chair may change the date, time, or location of a Regular Board Meeting. A Director not attending a Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change at least two days before the next Regular Board Meeting. All Directors are entitled to receive notice of a Chair's change in a Regular Board Meeting date, time, or location at least two days before the changed Regular Board Meeting.

Section 5.2 – Special Board Meetings. The Board, the Chair, or at least three (3) Directors, may call a special meeting of the Board ("Special Board Meeting") by providing each Director at least two (2) days' prior written or Electronic notice indicating the date, time, and location and purpose of the Special Board Meeting.

Section 5.3 – Waiver of Board Meeting Notice. At any time, a Director may waive notice of a Board Meeting by delivering to the Cooperative a written or Electronic waiver of notice signed by the Director and later filed with the Board Meeting minutes or the Cooperative's records. A Director's attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting, unless the Director:

- (1) at the beginning of the Board Meeting, or upon arrival objects to holding or transacting business at the Board Meeting; and
- (2) does not vote for, or assent to, action taken at the Board Meeting.

Section 5.4 – Board Action by Written Consent. Without a Board Meeting, the Board may take an action required or permitted to be taken at a Board Meeting if the action is: (1) taken by all Directors; and (2) evidenced by one or more written or Electronic consents ("Director Written Consent"): (A) describing the action taken; (B) signed by each Director; (C) delivered to the Cooperative; and (D) included with the Cooperative's Board Meeting minutes. Except as a different effective date is provided in the Director Written Consent, action taken by Director Written Consent is effective when the last Director signs the Director Written Consent. A Director Written Consent has the effect of, and may be described as, a Board Meeting vote.

Section 5.5 – Director Quorum and Voting. A quorum of Directors is a majority of the Directors in office immediately before a Board Meeting begins ("Director Quorum"). If a Director Quorum is present when a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, then the affirmative vote of a majority of Directors present and voting is the act of the Board. A Director may not vote by proxy.

Section 5.6 – Committees. The Board may create a committee of the Board ("Board Committee") and appoint Directors to serve on the Board Committee. A Board Committee must consist of two or more Directors and serves at the Board's discretion. The Board may create a committee of the Members ("Member Committee") and appoint Members, including Directors,

to serve on the Member Committee. The Board may appoint one or more Directors or Members, respectively, as alternate members of any Board or Member Committee to replace any absent or disqualified Committee member during the Committee member's absence or disqualification.

(a) Creation and Appointment of Committees. Except as otherwise provided in these Bylaws, at least a majority of Directors currently in office must approve the: (1) creation of a Board Committee or Member Committee; (2) appointment of Directors to a Board Committee; and (3) appointment of Members to a Member Committee.

(b) Conduct of Committee Meetings. To the same extent as the Board and Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees, and to Member Committees and Members serving on Member Committees.

(c) Committee Authority. A Member Committee may act as specified by the Board, but may not exercise Board authority. Except as otherwise provided in this Bylaw, the Board may authorize a Board Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act, to: (1) retire and pay Capital Credits; (2) approve the Cooperative's dissolution or merger, or the sale, pledge, or Transfer of all, or substantially all, Cooperative Assets; (3) elect, appoint, disqualify, or remove a Director, or fill a Board or Board Committee vacancy; or (4) adopt, amend, or repeal Bylaws.

Article 6 – Officers, Indemnification, and Insurance

Section 6.1 – Required Officers. The Cooperative must have the following officers: Chair, Vice-Chair, Secretary, and Treasurer ("Required Officers"). The Board shall elect Required Officers: (1) at the first Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient; (2) by affirmative vote of a majority of Directors in office; and (3) by secret written ballot without prior nomination.

A Required Officer must be a Director. One Director may simultaneously be Secretary and Treasurer. Except as otherwise provided by Law, this Director may not execute, acknowledge, or verify a document in more than one capacity. Subject to removal by the Board, a Required Officer holds office until the Required Officer's successor is elected. The Board shall fill a vacant Required Officer's position for the unexpired portion of the Required Officer's term. A Required Officer may delegate duties and responsibilities to a non-Director Cooperative employee or agent.

Section 6.2 – Chair. Except as otherwise provided by the Board or these Bylaws, the Chair:

- (1) shall preside, or designate another Individual to preside, at all Board and Member Meetings;
- (2) on the Cooperative's behalf, may sign a document properly authorized or approved by the Board or Members; and

- (3) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.3 – Vice-Chair. Except as otherwise provided by the Board or these Bylaws, the Vice-Chair: (1) upon the Chair's death, absence, disability, or inability to act, shall perform the duties, and have the powers, of the Chair; and (2) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.4 – Secretary. Except as otherwise provided by the Board or these Bylaws, the Secretary:

- (1) shall be responsible for preparing, or supervising the preparation of, minutes of Board and Member Meetings;
- (2) shall be responsible for maintaining and authenticating the Cooperative's records;
- (3) may affix the Cooperative's seal to a document authorized or approved by the Board or Members; and
- (4) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.5 – Treasurer. Except as otherwise provided by the Board or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board. The Treasurer may, from time to time, authorize other personnel of the Cooperative to assist with the performance of any of the functions of this office.

Section 6.6 – Other Officers. The Board of Directors may appoint a Chief Executive Officer who may be but who shall not be required to be a Member of the Cooperative. The Chief Executive Officer shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in the Chief Executive Officer. The Board may create other offices and elect or appoint other officers ("Other Officers"). Except as otherwise provided by the Board, the Cooperative's Chief Executive Officer may create other offices and elect, appoint, retain, or employ Other Officers. The same Individual may simultaneously hold more than one office. Except as otherwise provided by Law, this Individual may not execute, acknowledge, or verify a document in more than one capacity. Except as otherwise provided by the Board, Other Officers:

- (1) may be Directors, Cooperative employees, or other Individuals;
- (2) must be elected or appointed by the affirmative vote of a majority of current Directors, or elected, appointed, retained, or employed by the Chief Executive Officer ;
- (3) may be elected by secret written ballot and without prior nomination;
- (4) may assist Required Officers; and
- (5) shall perform all duties and functions, shall have all responsibilities, and may exercise all authority, prescribed by the Board or the Chief Executive Officer .

Section 6.7 – Officer Resignation and Removal. At any time, a Required Officer or Other Officer (collectively, "Officer" or "Cooperative Officer") may resign. To resign: (1) an Officer elected or appointed by the Board must deliver to the Board an oral or written or Electronic resignation; and (2) an Officer elected, appointed, retained, or employed by the

Cooperative's Chief Executive Officer must deliver to the Chief Executive Officer an oral or written or Electronic resignation. Except as a later effective date is otherwise provided in the Officer resignation, an Officer resignation is effective when received. If an Officer resignation states a future effective date, and if, as appropriate, the Board or Chief Executive Officer accepts the future effective date, then, as appropriate, the Board or Chief Executive Officer may fill the vacant Officer position before the future effective date, but the successor Officer may not take office until the future effective date.

At any time: (1) the Board may remove with or without cause an Officer elected or appointed by the Board; and (2) the Chief Executive Officer may remove with or without cause an Officer elected, appointed, retained, or employed by the Chief Executive Officer.

Section 6.8 – Officer Contract Rights. The election, appointment, retention, or employment of an Officer, by itself, does not create a contract between the Cooperative and the Officer.

Section 6.9 – Authority to Execute Documents. On the Cooperative's behalf, any two (2) Required Officers may sign, execute, and acknowledge a document properly authorized or approved by the Board or Members. The Board may authorize by resolution other Cooperative Officers to sign, execute, and acknowledge documents on the Cooperative's behalf.

Section 6.10 – Indemnification. As determined by the Board:

(a) Indemnification Director or Officer. The Cooperative shall indemnify: (1) an Individual who is or was a Director or Officer; (2) an Individual who, while a Director or Officer, is or was serving at the Cooperative's request as a director, officer, partner, trustee, employee, or agent of another Entity; or (3) the estate or personal representative of such an Individual (collectively, "Indemnification Director or Officer") who was successful, on the merits or otherwise, in defending a threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal ("Indemnification Proceeding") to which the Indemnification Director or Officer was, is, or is threatened to be made a named defendant or respondent ("Indemnification Party") because the Indemnification Director or Officer is or was a Director or Officer.

This indemnification is against reasonable expenses, including attorney fees ("Indemnification Expenses") actually incurred by the Indemnification Director or Officer in connection with the Indemnification Proceeding.

(b) Indemnification Individual. The Cooperative shall indemnify an Individual who is or was a Cooperative Employee ("Indemnification Individual") and was made, because the Indemnification Individual is or was a Cooperative Employee, an Indemnification Party to an Indemnification Proceeding other than an Indemnification Proceeding: (1) by or in the right of the Cooperative in which the Indemnification Individual was adjudged liable to the Cooperative; or (2) charging, and in which the Indemnification Individual was adjudged liable for receiving, improper personal benefit or financial benefit to which the Indemnification Individual was not entitled, whether or not involving action in the Indemnification Individual's official capacity.

This indemnification is against reasonable Indemnification Expenses incurred in connection with an Indemnification Proceeding by or in the right of the Cooperative; or against the obligation to pay a judgment, settlement, penalty, fine, or reasonable expense, including attorney fees, actually incurred in connection with any other Indemnification Proceeding, if the Indemnification Individual:

- (1) acted in good faith;
- (2) reasonably believed: (A) for conduct as a Cooperative Employee, that the Indemnification Individual's conduct was in the Cooperative's best interest; and (B) for all other conduct, that the Indemnification Individual's conduct was not opposed to the Cooperative's best interests; and
- (3) in the case of any criminal Indemnification Proceeding, had no reasonable cause to believe the Indemnification Individual's conduct was unlawful (collectively, "Indemnification Standard of Conduct")

To provide this indemnification, a majority vote of the Director Quorum, excluding Directors that are currently Indemnification Parties to the Indemnification Proceeding ("Indemnification Director Quorum"), must determine: (1) that the Indemnification Individual met the Indemnification Standard of Conduct; and (2) reasonable Indemnification Expenses.

Section 6.11 – Insurance. Regardless of indemnification authority or requirement, the Cooperative may purchase and maintain insurance on behalf of an Individual who is or was a Cooperative Official. This insurance is against a liability, including judgment, settlement, or otherwise, or reasonable expenses, including reasonable attorney fees, asserted against or incurred by the Cooperative or the Individual in his or her individual capacity, or arising from the Individual's status, as a Cooperative Official.

Article 7 – Cooperative Operation

Section 7.1 – Nonprofit and Cooperative Operation. The Cooperative: (1) shall operate on a non-profit and cooperative basis for the mutual benefit of all Members; and (2) may not pay interest or dividends on capital furnished by Patrons.

Section 7.2 – Allocating Capital Credits. The Cooperative shall allocate Capital Credits as provided in this Bylaw.

(a) Patron. The term "Patron" means, during a fiscal year: (1) a Member; and (2) any other Person Using a Cooperative Service to whom the Cooperative is obligated to allocate Capital Credits, which obligation existed before the Cooperative provided the Cooperative Service.

(b) Allocating Earnings. For each Cooperative Service Provided during a fiscal year, the Cooperative shall equitably allocate to each Patron, in proportion to the quantity or value of the Cooperative Service Used by the Patron during the fiscal year, the Cooperative's operating earnings from Providing the Cooperative Service during the fiscal year. Operating earnings mean the amount by which the Cooperative's operating revenues from Providing a Cooperative Service exceed the Cooperative's operating expenses of Providing the Cooperative Service, all as

determined under federal cooperative tax law.

For each fiscal year, the Cooperative may, as determined by the Board in its sole discretion, use, retain, or equitably allocate all or a portion of the Cooperative's non-operating earnings.

(c) Capital Credits. For each amount allocated to a Patron, the Patron shall contribute a corresponding amount to the Cooperative as capital. The Cooperative must credit all capital contributions from a Patron to a capital account for the Patron. The Cooperative shall maintain books and records reflecting the capital contributed by each Patron. At the time of receipt by the Cooperative, each capital contribution is treated as though the Cooperative paid the amount allocated to the Patron in cash pursuant to a pre-existing legal obligation and the Patron contributed the corresponding amount to the Cooperative as capital. The term "Capital Credits" means the amounts allocated to a Patron and contributed by the Patron to the Cooperative as capital.

Consistent with this Bylaw, the allocation of Capital Credits is in the discretion of the Board and the Board must determine the manner, method, and timing of allocating Capital Credits. The Cooperative may use or invest unretired Capital Credits as determined by the Board. To secure a Patron's obligation to pay amounts owed to the Cooperative, including any compounded interest and late payment fees, and in return for the Cooperative providing a Cooperative Service to the Patron, the Cooperative has a security interest in Capital Credits allocated to the Patron. The Patron authorizes the Cooperative to perfect this security interest by filing a financing statement.

(d) Different and Separate Allocations. As reasonable and fair, the Cooperative may allocate Capital Credits to classes of similarly situated Patrons under different manners, methods, and timing, provided the Cooperative allocates Capital Credits to similarly situated Patrons under the same manner, method, and timing. If the Cooperative is a member, patron, or owner of an Entity from which the Cooperative Uses a good or service in Providing a Cooperative Service and from which the Cooperative is allocated a capital credit or similar amount, then, as determined by the Board in its sole discretion and consistent with this Bylaw, the Cooperative may separately identify and allocate to the Cooperative's Patrons this capital credit or similar amount allocated by the Entity or may include such capital credit or similar amount allocated by the entity as non-operating earnings.

(e) Joint Memberships. Upon receiving written notice and sufficient proof of the termination, conversion, or alteration of a Joint Membership: (1) through the death of a Joint Member, the Cooperative shall assign and transfer to each the decedent Member and the surviving Joint Member(s) an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership; or (2) other than through the death of a Joint Member, the Cooperative shall assign and transfer to each Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership.

Section 7.3 – Notification and Assignment of Capital Credits. Within a reasonable time after the end of each fiscal year, the Cooperative may notify each Patron of the stated dollar amount of Capital Credits allocated to the Patron for the preceding fiscal year. Except as otherwise provided by the Board or these Bylaws, to assign or transfer a Patron's Capital Credits:

(1) the Cooperative must receive a written or Electronic request signed by the Patron to assign or transfer the Capital Credits; (2) the Patron and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and (3) the Board must approve of the assignment or transfer. Consent to assignment may be granted or withheld at the Board's sole discretion.

Section 7.4 – Retiring Capital Credits. The Cooperative may retire and pay Capital Credits allocated to Patrons and former Patrons as provided in this Bylaw.

(a) General Capital Credit Retirements. At any time before the Cooperative's dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay some or all Capital Credits allocated to Patrons and former Patrons.

(b) Special Capital Credit Retirements. The Cooperative may specially retire and pay some or all Capital Credits allocated to an Individual Patron or former Patron: (1) after the death of the Individual; (2) after receiving a written or Electronic request from the deceased Individual's legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the deceased Individual's legal representative. The Cooperative may not specially retire and pay Capital Credits allocated to an Entity Patron or former Entity Patron, whether or not during or after the Entity's dissolution, liquidation, or other cessation of existence. The Cooperative will pay the allocated amounts of capital credits to be retired in full, without discount. Notwithstanding the foregoing, the Cooperative is not required to retire and pay Capital Credits allocated to a Member from any Entity in which the Cooperative is or was a member, patron, or owner, if such Entity has not retired and paid such allocated Capital Credits to the Cooperative.

(c) Capital Credit Recoupment and Offset. Regardless of a statute of limitation or other time limitation, upon retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by the Patron or former Patron, including any compounded interest and late payment fees, by reducing the allocated amount of retired Capital Credits paid to the Patron or former Patron by the amount owed to the Cooperative.

(d) Capital Credit Retirement Discretion. The Cooperative may retire and pay Capital Credits only if the Board determines that the retirement and payment will not adversely impact the Cooperative's financial condition. The retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments. The manner, method, and timing of retiring and paying Capital Credits may be determined only by the Board.

(e) Different and Separate Capital Credit Retirements. As reasonable and fair, the Cooperative may retire and pay Capital Credits to classes of similarly situated Patrons and former Patrons under different manners, methods, and timing, provided the Cooperative retires and pays Capital Credits to similarly situated Patrons and former Patrons under the same manner, method, and timing. If the Cooperative separately identified and allocated Capital Credits representing capital credits or similar amounts allocated to the Cooperative by an Entity in which the Cooperative is or was a member, patron, or owner, then the Cooperative may retire and pay

these Capital Credits only after the Entity retires and pays the capital credits or similar amounts to the Cooperative.

(f) Unclaimed Capital Credits. The Cooperative may regularly impose a reasonable dormancy or service charge for each year a Patron or former Patron fails to claim Capital Credits retired and paid to the Patron or former Patron. As allowed by Law, the Cooperative may retain Capital Credits retired and paid to a Patron or former Patron, but not claimed by the Patron or former Patron within a period of five (5) years of retirement and payment.

Section 7.5 – Patron Agreement. Each Patron and former Patron agrees that:

- (1) Capital Credits are not securities under state or federal Law;
- (2) The Patron's right to Capital Credits vests, accrues, becomes redeemable, and becomes payable only upon the Cooperative retiring the Capital Credits as provided in these Bylaws, and not upon the Cooperative allocating the Capital Credits; and
- (3) As required by Law, each Patron will: (A) report to the appropriate Entity all allocated or retired Capital Credits; and (B) pay the appropriate Entity any tax or similar amount on allocated or retired Capital Credits.

Section 7.6 – Non-Member Patrons and Non-Member Non-Patrons. As a condition of Using a Cooperative Service, and except as otherwise provided by the Board:

- (1) To the same extent as a Member, a Patron who is not a Member ("Non-Member Patron") and a Person Using a Cooperative Service who is not a Member or Patron ("Non-Member Non-Patron") must abide by and be bound to the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members;
- (2) A Non-Member Patron or Non-Member former Patron has none of the rights granted by the Governing Documents to Members, other than the rights to: (A) be allocated Capital Credits; and (B) be paid retired Capital Credits; and
- (3) A Non-Member Non-Patron has none of the rights granted by the Governing Documents to Members.

Section 7.7 – Reasonable Reserves. Regardless of a contrary Bylaw, and to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses ("Reasonable Reserves"). The Cooperative must keep records necessary to determine, at any time, each Member's rights and interest in Reasonable Reserves.

Section 7.8 – Contract. The Patrons 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 Patron, and both the Cooperative and the Patron are bound by such contract as fully as though each Patron had individually signed a separate instrument containing such terms and provisions.

Article 8 – Disposition of Cooperative Assets

Section 8.1 – Transfer of Cooperative Assets. Except for a sale, lease, exchange, disposition, conversion, or other transfer ("Transfer") of Cooperative Assets: (1) to secure indebtedness; (2) pursuant to condemnation or threat of condemnation; (3) pursuant to a contractual or other legal obligation; (4) associated with a consolidation or merger; (5) consisting of the Cooperative's ownership in an Entity; (6) to an Entity operating on a cooperative basis and Providing electric energy; or (7) to a Cooperative Subsidiary, the Cooperative may Transfer more than twenty-five percent (25%) of the Cooperative's Assets only if (i) the Board approves the proposed Transfer, and (ii) at least a two-thirds (2/3) of the Members present in person or by other permitted means at any regular or special meeting of the Cooperative's Members at which a quorum of the Members is registered as being present or represented as present by other permitted means approves the proposed Transfer. Notice of a Member Meeting at which Members will consider the proposed Transfer must state that one of the purposes of the Member Meeting is to consider the Transfer, and must include a copy or summary of the proposed Transfer documents. Except as otherwise provided by the Members, after the Members approve a Transfer, the Board may abandon the Transfer. For purposes of this Section 8.1, a merger or consolidation shall not be deemed a sale, lease or exchange. Except as limited by this Section 8.1, the Board at its discretion may otherwise approve any Transfer of Cooperative Assets.

Article 9 – Miscellaneous

Section 9.1 – Electronic Documents and Actions. If a Member or Director has reasonable access to the applicable or necessary hardware and software, then, regardless of a contrary Bylaw, as determined by the Board, and as allowed by Law:

- (1) the Member or Director consents and agrees to: (A) use, accept, send, receive, and transmit an Electronic signature, contract, record, notice, vote, communication, comment, and other document regarding an action, transaction, business, meeting, or activity with, for, or involving the Cooperative ("Electronic Document"); (B) Electronically conduct any action, transaction, business, meeting, or activity with, for, or involving the Cooperative; and (C) Electronically give or confirm this consent and agreement;
- (2) an Electronic Document sent or transmitted to, or received or transmitted from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, comment, or other document be in writing;
- (3) Electronically sending or transmitting an Electronic Document to, or receiving or transmitting an Electronic Document from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, comment, or other document be sent or received personally or by mail; and
- (4) the Member or Director Electronically taking an action provided in these Bylaws satisfies a requirement imposed by the Governing Documents regarding the form or manner of taking the action.

Except as otherwise provided in these Bylaws, an Electronic Document Electronically sent or transmitted to a Member or Director or former Member at the Member or Director or former Member's last known Electronic address is considered sent, received, transmitted, and effective on the date sent by the Cooperative. An Electronic Document Electronically received or transmitted from a Member or Director or former Member is considered sent, received, transmitted, and effective on the date received by the Cooperative.

As used in these Bylaws, subject to the context requiring otherwise, and as determined by the Board:

- (1) "Electronic" and "Electronically" mean relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
- (2) To sign an Electronic Document means, with present intent to authenticate or adopt the Electronic Document, to attach to, or logically associate with, the Electronic Document an Electronic sound, symbol, or process; and
- (3) Electronic transmission includes transmission through: (A) Electronic mail; (B) the Cooperative's website; or (C) a website or information processing system that the Cooperative has designated or uses to send, receive, or transmit Electronic Documents or Electronic information, or to Electronically conduct an action, transaction, business, meeting, or activity.

Section 9.2 – Bylaw Amendment. Except as otherwise provided in these Bylaws, these Bylaws may be altered, amended, or repealed ("Amended") only by the affirmative vote of a majority of the Members of the Cooperative present in person or voting by other permitted means at any Member Meeting at which a quorum of the Members is registered as being present or represented as present by other permitted means. Except as otherwise provided in a Bylaw amendment, an amendment is effective the first calendar day after the vote approving the amendment. Only the Board may sponsor or propose a Bylaw amendment. Notice of a Member Meeting at which Members will consider a proposed Bylaw amendment must: (1) state that the purpose, or one of the purposes, of the Member Meeting is to consider the proposed Bylaw amendment; and (2) contain, or be accompanied by, the text or a summary of the proposed Bylaw amendment.

Section 9.3 – Rules of Order. Except as otherwise provided by the Board at any time, and except as otherwise provided in the Articles of Incorporation or these Bylaws, the rules contained in the most recent edition of *Robert's Rules of Order Newly Revised*, govern all Member, Board, Member Committee, and Board Committee meetings, in all cases to which they are applicable and in which they are not inconsistent with the Articles of Incorporation, these Bylaws, or any special rules of order the Cooperative may adopt from time to time.

Section 9.4 – Fiscal Year. Except as otherwise provided by the Board, the Cooperative's fiscal year shall begin on the first (1st) day of January of each year and end on the thirty-first (31st) day of December of the same year.

Section 9.5 – Notice and Communication. In these Bylaws:

- (a) Notice and Communication Type. Except as otherwise provided in these Bylaws, a notice or communication may be: (1) oral or written or Electronic; and (2) communicated: (A)

in person; (B) by telephone, telegraph, teletype, facsimile, Electronic communication or transmission, or other form of wire or wireless communication; (C) by mail or private carrier; or (D) if the above-listed forms of communicating are impractical, then by newspaper of general circulation in the area where published, or radio, television, or other form of public broadcast communication.

If addressed or delivered or transmitted to an address shown in the Membership List or Cooperative records, then a written or Electronic notice, communication, or report delivered or transmitted as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written or Electronic notice, communication, or report to all Members: (1) residing at the address; or (2) having the same address shown in the Cooperative's records.

(b) Notice and Communication Effective Date. Except as otherwise provided in these Bylaws: (1) an oral notice or communication is effective when communicated, if communicated in a comprehensible manner; and (2) a written notice or communication is effective upon the earliest of: (A) when received; (B) with the postmark evidencing deposit in the United States Mail, and if correctly addressed and mailed with first class postage affixed, then five (5) days after deposit in the United States Mail, or if correctly addressed and mailed with other than first class, registered, or certified postage affixed, then thirty (30) days after deposit in the United States Mail; or (C) if sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

A written notice or communication is correctly addressed to a Member if addressed to the Member's address shown in the Cooperative's records; and an Electronic notice or communication is effective when transmitted, provided no return is made as undeliverable.

Notwithstanding the above, however, if: (1) the Cooperative sends or transmits two written or Electronic notices or communications to a former Member or former Patron at the address shown in the Cooperative's records; (2) both notices or communications are sent or transmitted to the same address; and (3) both notices or communications are returned to the Cooperative as undeliverable or the Cooperative is informed that neither notice or communication was deliverable, then, until the Cooperative receives a different address from the former Member or former Patron, the Cooperative is not required to send or transmit additional notices or communications to the former Member or former Patron.

Section 9.6 – Borrowing and Securing Indebtedness. Notwithstanding anything herein to the contrary, 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 any other financing source, and in connection with such borrowing to authorize the making and issuance of notes or other evidence of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of mortgages, security agreements, or other security instruments upon, or otherwise pledge and encumber, any or all of the property and assets of the Cooperative, to include all revenues and income of the Cooperative, all upon such terms and conditions as the Board of Directors shall determine in its discretion are necessary and appropriate to secure any indebtedness of the Cooperative.

IN TESTIMONY WHEREOF, these Amended and Restated Bylaws were approved by the Cooperative's Board of Directors on June 27, 2019, and adopted by the Cooperative's Members on June 6, 2019, and the following Officers' signatures have been affixed in attestation thereof.

In presence of:

Charles Kvare, Board Chair

Joyce Valley, Board Secretary