

Bylaws of People's Cooperative Services

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Amended and Restated May 2009

Article 1. MEMBERS

Section 1.1 Qualifications and Obligations.

Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of People's Cooperative Services ("Cooperative") upon receipt of electric service from the Cooperative, provided that the potential member ("member") first:

- (a) Agrees to purchase from the Cooperative electric energy as therein specified.
- (b) The individual applying for membership shall be a natural person at least eighteen (18) years of age or an entity that has owners, officers, or authorized representatives that are at least eighteen (18) years of age.
- (c) Agrees to comply with and be bound by the Articles of Incorporation and By-Laws of the Cooperative as they exist from time to time and any rules and regulations adopted by the Board, including grants of easements and rights-of-way.
- (d) Pay such fees as may be required by the Cooperative from time to time.
- (e) The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions.

Section 1.2 Joint Membership.

Two or more persons residing together may jointly become a

member and their application for a joint membership may be accepted in accordance with the provisions of these By-Laws. The joint membership shall be deemed to be one member by the Cooperative and shall be treated as one membership for all purposes. The persons who have a joint membership may determine from time to time who shall have the right to vote.

Section 1.3 Conversion of Membership.

- (a) An existing single membership may be converted to a joint membership between two or more persons residing together at the written request of the holder thereof and the agreement by such holder and the other person(s) seeking joint membership to comply with the requirements of Section 1.1 hereof. The membership shall be amended by adding the names of the joint members, the capital credit account shall likewise be amended to add the names of the joint members, and the pre-existing membership and capital credit account shall continue as a joint membership account.
- (b) When a membership is held jointly, upon the death of a joint member, such membership shall be deemed to be held solely by the survivor(s) with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership may be changed to the survivor(s); and upon the recording of such death on the books of the Cooperative, the surviving person(s) shall become the member, provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

Section 1.4 Transfer and Termination of Membership.

- (a) Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.
- (b) Membership in the Cooperative shall be transferable only with the approval and consent of the Board of Directors. Upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate. Termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

Section 1.5 Well Services.

In the event a well services more than one member, each of the members serviced by the well may jointly become members on the well service account. They shall terminate their interest in this membership when no longer receiving well service from the jointly used well. The parties shall collectively have one (1) vote.

Section 1.6 Purchase of Electrical Energy.

- (a) Each member shall, as soon as electric energy is available, purchase from the Cooperative all central station electric energy used on the premises specified in his/her application for membership, and shall pay therefore on a monthly basis

at rates which shall from time to time be fixed by the Board. The Cooperative shall purchase alternate energy from various sources as required by law. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by the members as capital and each member shall be credited with the capital so furnished as provided in these By-Laws.

Each member shall pay to the Cooperative such minimum amount, regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him/her to the Cooperative as when the same shall become due and payable. The Cooperative may charge interest or late fees on any past due amount up to the maximum legal rate. When a member has more than one service connection from the Cooperative, any payment by such member for service from the Cooperative may, at the Cooperative's option, be allocated and credited to all of the members' outstanding accounts proportionately.

- (b) Members may be required to participate in mandatory load control as determined by the Board of Directors from time to time.
- (c) Production or use of electric energy on a member's premise, regardless of the source thereof, by means of facilities which may be interconnected with the Cooperative's facilities, shall be subject to law and regulations as shall be fixed from time to time by the Cooperative. Any member using such electric energy shall notify the Cooperative at least forty-five (45) days prior to initiating such use.
- (d) The Cooperative will use its best efforts to furnish adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous adequate and uninterrupted supply of electricity.

Section 1.7 Member Classes.

Based upon the Member's use, receipt, or purchase of Cooperative services, the Cooperative may group Members in the following classes:

Class A Member: Any Member using, receiving, or purchasing solely from and through the Cooperative substantially all retail electric power used, received or purchased and with less than 1000 kW of maximum monthly peak demand.

Class B Member: Any municipal utility Member using, receiving, or purchasing solely from and through the Cooperative substantially all wholesale electric power used, received or purchased.

Class C Member: Any Member using, receiving, or purchasing solely from and through the Cooperative substantially all retail electric power used, received, or purchased with 1000 kW or more of maximum monthly demand.

Class D Member: Any Member using, receiving, or purchasing solely from the Cooperative substantially all retail electric power used, received, or purchased to any dwelling, structure, or location that was previously served by a Municipal or Investor Owned electric utility.

Article 2.

RIGHT AND LIABILITIES OF MEMBERS

Section 2.1 Property Interest of Members.

Upon dissolution of the Cooperative, property and assets shall be distributed as set forth in the Articles of Incorporation.

Section 2.2 Easement and Rights-of-Way.

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

Section 2.3 Wiring Standards.

Each member shall cause all premises covered by this membership to become and remain wired in accordance with specifications set forth by various local, state and federal agencies having jurisdiction over such wiring. In addition, the Cooperative may prescribe such additional requirements for wiring standards as the Cooperative deems appropriate. Failure to abide by all local, state and federal wiring codes shall be a basis for disconnection of service pursuant to policies of the Cooperative set from time to time by the Board of Directors.

Section 2.4 Limits of Responsibility.

Each member shall be responsible for and shall indemnify and hold harmless the Cooperative, its officers, directors and employees against injury, loss or damage resulting from improper installation, use or maintenance of the member's premises, wiring and/or apparatus connected thereto. The Cooperative's responsibility for wiring shall terminate at such point as the Cooperative determines from time to time.

Section 2.5 Non-Liability for Debts of the Cooperative.

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

Section 2.6 Forfeiture.

The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member if such member shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these By-Laws or any rules or regulations adopted from time to time by the Board of Directors, in which case the Cooperative shall make such refunds as required by law. The expulsion of a member shall result in such member thereafter having no rights, privileges, or benefits in the Cooperative. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 2.7 Removal of Directors and Officers.

The members shall have the power to remove any director or

officer for cause. Any member may bring charges, which shall be specifically stated, against an officer or director by filing them in writing with the secretary, together with a petition signed by ten (10%) percent of the members, requesting removal of the officer or director in question. Such charges must be filed at least thirty (30) days before an annual meeting and in the manner prescribed by law for a special meeting. The secretary shall immediately inform the officer or director against whom such charges have been brought in writing of such charges. Such officer or director shall have the right to counsel, to present evidence and to be heard in person at the meeting; and the member or members bringing such charges shall have the same right. If more than one director has been charged, voting shall be upon each director separately. The removal shall be voted upon at the next annual or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting.

Article 3. MEETING OF MEMBERS

Section 3.1 **Annual Meeting.**

The annual meeting of the members shall be held on a date and hour fixed and determined by the Board of Directors by a resolution adopted not less than thirty (30) days prior to the day so fixed at the principal place of business of the Cooperative, or at such other place as the resolution shall designate for the purpose of electing directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated for the annual meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 3.2 **Notice of Annual Meeting.**

Notice of the annual meeting shall be given by the secretary, by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative operates, at least two (2) weeks previous to the date of such meeting, or by mailing notices thereof to each and every member personally, not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the record of the Cooperative with postage thereon prepaid. In case of joint membership, notice given to either member shall be deemed notice to both.

Section 3.3 **Special Meetings.**

Special meetings of the members may be called by a majority of the directors or upon a written petition signed by at least twenty (20%) percent of the members. Special meetings of the members may be held at any place within the County of Olmsted in the State of Minnesota specified in the notice of the special meeting.

Section 3.4 **Notice of Special Meeting.**

It shall be the duty of the Chair of the Board to cause the secretary to give notice of the time, place and purpose of a special meeting, either by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative

operates at least two (2) weeks previous to the date of such meeting or by mail notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative with postage thereon prepaid. Such notice shall be issued within ten (10) days from and after the date of the presentation of the written petition mentioned in Section 3.3 of this Article 3, and such special meeting shall be held within thirty (30) days from and after the presentation of such petition. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any act in which may be taken by the members at any such annual or special meeting. In case of a joint membership, notice given to either member shall be deemed notice to both.

Section 3.5 **Quorum.**

Not less than fifty (50) members, present in person at a meeting of the Cooperative, shall constitute a quorum for the transaction of business at all meetings of the members. In determining a quorum at a meeting where a question has been submitted to a vote by mail to the members, the members present in person or represented by mail vote shall be counted. 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 provided that a new notice is given to the members specifying the time and place of such adjourned meeting. In case of a joint membership, the presence at a meeting of either member, or both, shall be regarded as the presence of one member.

Section 3.6 **Establishment of a Quorum.**

The attendance of a sufficient number of Members to constitute a quorum at any meeting of the members shall be established by a registration of the members present at such meeting, which registration shall be verified by the Chair of the Board and secretary, and shall be reported in the minutes of such meeting. In case of a joint membership, registration of either member, or both, shall be regarded as the registration of one member.

Section 3.7 **Voting.**

Each member shall be entitled to one vote in the affairs of this Cooperative, which shall be in person, or, if permitted, by mail, as hereinafter provided in Section 3.9 of this Article. The spouse of a member may vote on behalf of the member, unless the member has indicated otherwise. At all meetings of the members, all elections and all questions shall be decided by a vote of a majority of the members, unless a provision of these By-Laws otherwise provides, voting in person or represented by mail vote, if allowed. Any person casting a vote for a corporation, partnership, governmental agency or other association shall be duly authorized by such organization to cast a vote. The Cooperative shall accept the vote cast by such person, unless the Cooperative shall have reasonable cause to believe that such person is not duly authorized to cast a vote for such organization.

Section 3.8 **Voting by Absentee Ballot.**

Upon their previous resolution, the Board of Directors may allow voting by absentee ballot at any of the regular or special meetings of the membership of this Cooperative; provided, however, that the wife or husband of any member may vote such

membership if the member is not able to vote.

Section 3.9 **Voting by Proxy.**

Upon their previous resolution, the Board of Directors may allow voting by proxy at any of the regular or special meetings of the membership of this Cooperative; provided, however, that at all such meetings the wife or husband of any member may vote such membership if the member is not present at such meeting.

Section 3.10 **Voting by Mail.**

Upon their previous resolution, the directors may allow members to vote by mail upon any motion, resolution, amendment or election to be acted upon at any such meeting by ballot, which shall be in the form prescribed by the Board of Directors and shall contain:

- (a) The exact text of the proposed motion, resolution, amendment or election to be acted upon at such meeting.
- (b) The date of the meeting.
- (c) Spaces opposite the text of such motion, resolution, amendment or election in which the member may indicate his/her affirmative or negative vote thereon. Members shall express their choice by marking an "X" in the appropriate space on such ballot. The envelope enclosing the ballot shall identify the member, and when received by the secretary of the Cooperative, shall be accepted and counted as the vote of such member.

Section 3.11 **Voting List.**

The secretary of the Cooperative shall make, at least fifteen (15) days before each meeting of the members, a complete list in either electronic or paper form, arranged in alphabetical order, of the members entitled to vote at such meeting and their addresses. The list shall be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any member during the whole time of the meeting.

Section 3.12 **Order of Business.**

The order of business at the annual meeting of the members, and so far as possible, at all other meetings of the members, shall be essentially as follows:

- (a) Call of the roll.
- (b) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of, and acting upon, reports of officers, directors and committees.
- (e) Election of directors.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

Article 4. DIRECTORS

Section 4.1 **General Powers.**

The business and affairs of the Cooperative shall be managed by a board of a minimum of seven (7) directors, which shall exer-

cise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these By-Laws conferred upon or reserved to the members.

Section 4.2 **Qualifications and Tenure.**

Each director shall be a member of the Cooperative and shall be elected by the members at their annual meeting for a three (3) year term. Two or more directors shall be elected at each annual meeting. There shall be a director from each geographical area of the Cooperative, as determined from time to time by the Board of Directors. The nominees receiving the highest number of votes cast in each geographical area shall be elected. In the case of a tie vote, the winner shall be determined by a flip of a coin. A director elected for a fixed term of office may continue to serve until the expiration of such fixed term. A director shall maintain a homestead for tax purposes located within the geographical area which the director represents, and shall receive electrical service from the Cooperative at his/her homestead. No director shall be employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative. No director shall have been an employee of the Cooperative during the five (5) years preceding his/her election to the Board. A director shall not be a close relative of an incumbent director or of an employee of the Cooperative at the time of his/her election to the Board. A close relative of a Board member shall not be hired as an employee of the Cooperative. A close relative is defined as the person related to a Board member as a spouse, child, parent, brother, sister, aunt, uncle, nephew, or niece, whether by blood or through the director's spouse. Nothing in this section contained shall or construe to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Section 4.3 **Nominations.**

It shall be the duty of the Board of Directors to appoint, not less than forty-five (45) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas from which directors are to be elected. The actions of the nominating committee shall be valid as long as at least five (5) members are present for its meeting or meetings. No officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least thirty-five (35) days before the meeting a list of nominations for directors, but any fifteen (15) or more members may make other nominations in writing over their signatures not less than forty-five (45) days prior to the meeting and the secretary shall post the same at the same place where the list of nominations made by the committee is posted. The nominating committee shall nominate at least two (2) persons for each Board position up for election. All nominees for directors shall meet all qualifications as set out in Article 4 Section 4.2 hereof. The secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and show separately the nominations made by the nominating committee and the nominations made by petition, if any. No Nominations may be made from the floor. The members may at any meeting at which a director or directors shall

be removed, as herein before provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations.

Notwithstanding anything in this section, failure to comply with any of the provisions of this section shall not affect in any manner the validity of any election of directors.

Section 4.4 **Vacancies.**

Subject to the provisions of these By-Laws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors. Directors thus elected shall serve until the next annual meeting of the members or until their successors have been elected and qualified.

Section 4.5 **Compensation.**

Directors as such shall not receive any stated salary for their service. However, as determined by resolution of the Board of Directors, the directors shall receive a monthly retainer and shall receive, on a per diem basis, a fixed sum for (a) attending meetings of the Board of Directors and (b) when such has had prior approval of the Board of Directors, for attending meetings, programs and educational seminars sponsored by an organization of which this Cooperative is a member or with which it is otherwise associated and (c) for the performance of other business of the Cooperative. Directors shall also receive reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in attending such meetings, programs and seminars in performing such business of the Cooperative. These expenses may be paid by a fixed sum per diem set by the Board of Directors.

Section 4.6 **Rules and Regulations.**

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

Section 4.7 **Accounting System and Reports.**

The Board of Directors shall cause to be established and maintained a complete accounting system, which among other things, subject to applicable laws and rules and regulations of applicable regulatory bodies, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board of Directors shall require a full and complete audit of the accounts, books and financial condition of the Cooperative, as of the end of each fiscal year. The audit report shall be submitted to the members at the following annual meeting.

Section 4.8 **Election and Credentials Committee.**

The Board of Directors may, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15), who are not close relatives or members of the same household of existing directors or known candidates for directors to be elected at such meeting. In appointing the committee, the Board shall have regard for equitable representation of the geographical areas served by the

Cooperative. The committee shall elect its own Chair and Secretary prior to the member meeting. It shall be the responsibility of the committee to familiarize itself with the manner of conducting member registration and any ballot voting, to pass upon all questions that may arise with respect to the registration of Members, to oversee the count all ballots cast in any election or in any other ballot vote taken, to rule upon the effect of any ballots irregularly or indecisively marked, and to pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. The committee shall cause a recount to be made in the event there are ten (10) or less votes separating contestants in the election. In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the adjournment of the meeting in which the election is conducted. The committee shall thereupon be reconvened, upon notice from its Chair, not less than seven (7) days after such protest or objection is filed. The committee shall hear such evidence as is presented by the protester (s) or objector (s) who may be heard in person, by counsel, or both; and the committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision in writing which may be either to affirm or change the results of the election or to set aside such election. The committee's decision (as reflected by a majority of those actually present and voting) on all such matters shall be final.

Section 4.9 **Dairyland Board.**

A board member shall be appointed by the Board to serve on the board of Dairyland Cooperative. A person must be on the Board to maintain the board position with Dairyland Cooperative.

Article 5. MEETINGS OF DIRECTORS

Section 5.1 **Regular Meetings.**

A meeting of the Board of Directors shall be held without notice, other than these By-Laws, after the annual meeting of the members and prior to the next scheduled Board of Directors' meeting. A regular meeting of the Board of Directors shall be held monthly at such time and place as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 5.2 **Special Meetings.**

Special meetings of the Board of Directors may be called by the Chair of the Board or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Olmsted County, Minnesota) for the holding of any special meeting of the Board of Directors called by them.

Section 5.3 **Notice.**

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto by written notice, delivered personally or mailed to each director at his/her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of

notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 5.4 **Quorum.**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time; provided that a new notice is given to the Board of Directors specifying the time and place of such adjourned meeting.

Section 5.5 **Manner of Acting.**

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Article 6. OFFICERS

Section 6.1 **Number.**

The officers of the Cooperative shall be a Chair of the Board, vice-Chair, secretary and treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of secretary and treasurer may be held by the same person.

Section 6.2 **Election and Term of Office.**

The officers shall be elected by ballot, annually, by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his/her successor shall have been duly elected and shall have qualified, subject to the provisions of these By-Laws with respect to the removal of officers.

Section 6.3 **Removal.**

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

Section 6.4 **Vacancies.**

Except as otherwise provided in these By-Laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 6.5 **Chair of the Board.**

The Chair shall:

- (a) Be the principal executive officer of the Cooperative and preside at meetings of the members and of the Board of Directors.
- (b) Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these ByLaws to some other officer or agent of the Cooperative or shall be required by law to be

otherwise signed or executed.

- (c) In general, shall perform all duties incident to the office of Chair of the Board and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6.6 **Vice-Chair of the Board.**

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

Section 6.7 **Secretary.**

The secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose.
- (b) Seeing that all notices are duly given in accordance with these By-Laws or as required bylaw.
- (c) Being custodian of the corporate records and of the seal of the Cooperative, and ensuring the seal of the Cooperative is affixed, if necessary, to all documents, the execution of which, under seal, is duly authorized in accordance with the provisions of these By-Laws.
- (d) Keeping a register of the post office address of each member, which shall be furnished, to the secretary by each member.
- (e) Signing with the chair certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors.
- (f) Having general charge of the books of the Cooperative in which a record of the members is kept.
- (g) Keeping on file at all times a complete copy of the By-Laws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of the By-Laws and of all amendments thereto to each member; and in general, perform all duties to the office of secretary and such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 6.8 **Treasurer.**

The treasurer shall be responsible for:

- (a) Having charge and custody of and be responsible for all funds and securities of the Cooperative.
- (b) Receiving and giving receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit, all such monies in the name of the Cooperative in investment or financial institutions that are federally insured as shall be selected in accordance with the provisions of these By-Laws.
- (c) Generally, performing all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 6.9 **President and Chief Executive Officer (CEO).**

The Board of Directors shall appoint a president and CEO as an executive officer who may be, but who shall not be required to be, a member of the Cooperative. The president and CEO shall per-

form such duties as the Board of Directors may from time to time require of him/her and shall have such authority as the Board of Directors may from time to time vest in him/her.

Section 6.10 **Bonds of Officers.**

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

Section 6.11 **Compensation.**

The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined by the members, as provided elsewhere in these By-Laws; and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Directors.

Section 6.12 **Reports.**

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

Article 7.

CONTRACTS, CHECKS AND DEPOSITS

Section 7.1 **Contracts.**

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

Section 7.2 **Checks, Drafts, etc.**

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

Section 7.3 **Deposits.**

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such investment or financial institutions that are federally insured as the Board of Directors may determine.

Article 8.

NON-PROFIT OPERATION

Section 8.1 **Interest or Dividends on Capital Prohibited.**

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

Section 8.2 **Member Capital in Connection with Furnishing Electrical Energy.**

(a) In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members will through

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

- (b) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis.
- (c) If, from time to time, prior to dissolution or liquidation, the Board of directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to member's accounts may be retired in full or in part. The repayment of capital credits pursuant to this provision shall be as determined by the policy of People's Cooperative Services as set from time to time by its Board of Directors.
- (d) In no event shall any capital be retired contrary to the provisions of any unsatisfied mortgage executed by the Cooperative. Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such member's premises served by the Cooperative unless the Board of Directors, acting under policies or general application, shall determine otherwise.
- (e) The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each member for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's members, (c) provide for appropriate notifications to members with respect to the power supply portion of capital credited to their accounts, and (d) preclude a general

retirement of the power supply portion of capital credited to members for any fiscal year prior to the general retirement of other capital credited to members for the same year or of any capital credited to members for any prior fiscal year, except as otherwise provided in these By-Laws.

- (f) The Board of Directors, at its discretion, shall have the power upon the death of any member, who was a natural person, if the legal representatives of his/her estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of the By-Laws, to retire capital credited to any such member immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Section 8.3 Patronage Refunds in Connection with Furnishing Other Services.

In the event that the Cooperative should engage in the business of furnishing goods or services other than electrical energy, all amounts received and receivable there from which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be pro-rated annually on a patronage basis and returned to those members from whom such amounts were obtained.

Article 9. DISPOSITION OF PROPERTY AND OTHER SIGNIFICANT ACTS

The Cooperative may not sell, mortgage, lease, or exchange more than twenty-five (25%) percent of its facilities, property rights, privileges, and franchises with no off setting exchange of facilities; merge with or consolidate into another entity that is not a rural electric cooperative association within the meaning of the Rural Electrification Act of 1936; or dissolve the Cooperative, without authorization for the above act(s) obtained by the affirmative vote of the holders of two-thirds (2/3) (if for sale, mortgage, lease or exchange) or a majority (if for merger, consolidation or dissolution) of the shares of stock issued and outstanding given at a members meeting duly called for that purpose, or obtained by the written consent of the holders of said two-thirds (2/3) or said majority of the shares of stock issued and outstanding provided that such affirmative vote or written consent of the members shall also represent the affirmative vote or written consent of at least two-thirds (2/3) or a majority of the individual members of the Cooperative, depending on the approval ratio required; and provided further, however, that notwithstanding anything herein contained, the Board of Directors without authorization by the members shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof or from any other lender and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidence of indebtedness and to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing of any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the

Cooperative, whether acquired or to be acquired, and wherever situated all upon such terms and conditions as the Board of Directors shall determine. For purposes of this Article, a merger with or consolidation into another rural electric cooperative association shall not be deemed a sale, mortgage, lease or exchange. Other provisions of these By-Laws notwithstanding, any repeal, amendment, or alteration of this Article that would result in a change in the member approval requirements for acts described herein, must be approved by at least twenty-five (25%) percent of all members of the Cooperative. The Board of Directors shall submit any actions referred to in this Article to a mail vote by the members of the Cooperative.

Article 10. WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by law, the Articles of Incorporation or these By-Laws. In case of a joint membership, a waiver of notice signed by any joint member shall be deemed a waiver of notice of such meeting by both joint members.

Article 11. FISCAL YEAR

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

Article 12. MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may, upon the authorization of the Board of Directors, purchase stock and/or become a member of any corporation or organization.

Article 13. SEAL

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

Article 14. AMENDMENT

These By-Laws may be altered, amended or repealed by the members of the Cooperative at any regular or special meeting. The notice of the meeting shall contain a copy of the proposed amendment, alteration or repeal to be considered at the meeting. In the event the proposed amendment comes from a member rather than from the Board of Directors, the following shall apply:

- a. Any proposed by-law or by-law change shall be submitted to the Board of Directors at least ninety (90) days prior to the annual or special meeting at which the by-law change is to be addressed.
- b. The Board of Directors shall present at the meeting and/or before such meeting any additional information deemed necessary for a fair presentation of the proposed bylaw amendment to the membership.
- c. The Board of Directors shall present a recommendation in favor of, opposed to, or to postpone action on the proposed by-law amendment.



People's Cooperative Services

Your Touchstone Energy® Cooperative