

# **BY-LAWS**



**TRAVERSE ELECTRIC COOPERATIVE, INC.**

**WHEATON, MINNESOTA**

## Traverse Electric Cooperative, Inc.

### By-Laws as Amended to March ~~1998~~ 2020

#### BY-LAWS

##### ARTICLE 1

##### Member

**Section 1. Qualifications and Obligations.** Any person may become a member in the Cooperative by; (a) agreeing to purchase from the Association the amount of electric energy hereinafter in Section 3 of this article specified; and (b) agreeing to comply with and be bound by the Articles of Incorporation and By-Laws of the Association and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors of the Association. ~~provided, however, that no person shall become a member unless and until his/her application for membership has been accepted for membership by the Board of Directors or the members.~~ At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all applications for membership received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such by the applicant with the conditions set forth in subdivisions (a) and (b) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the members' meeting to which his/her application will be submitted and such applicant may be present and heard at the meeting.

Any two or more natural persons, each of whom qualifies to be a member, may hold a joint membership in the Cooperative for a location to which the Cooperative provides electric service by completing the application for joint membership, provided the persons qualify and ~~A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a) and (b).~~

**Section 2. Membership.** ~~Acceptance of a person's application for membership by the Board of Directors or the members shall make the person a member eligible for service.~~ All memberships shall be automatically effective upon receipt of electric service from the Cooperative. Receipt of electric service from the Cooperative constitutes agreement by the member to comply with and be bound by the Articles of Incorporation and By-Laws of the Association and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors of the Association.

**Section 3. Purchase of Electric Energy.** Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy, unless a member shall qualify and engage in cogeneration and/or small power generation, used on the premises referred to in the application of such member for membership, and shall pay therefore at rates which shall from time to time be fixed by resolution of the board of directors; provided, however, that the electric energy which the cooperative

shall furnish to any member may be limited to such an amount as the board of directors shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the board of directors from time to time, regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable.

**Section 4. Non-liability for Debts of the Cooperative.** The private property of the members shall be exempt from execution for the debts of the Cooperative and no member shall be individually responsible for any debts or liabilities of the Cooperative.

**Section 5. Forfeiture of Membership.** 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 members shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Cooperative or these bylaws or any rules or regulations adopted from time to time by the Board of Directors. Such member shall thereafter have 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 by of the members. The action of the members with respect to any such reinstatement shall be final.

**Section 6. Withdrawal of Membership.** Any member may withdraw from membership upon payment in full of all liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

**Section 7. Transfer and Termination of Membership.**

(a) Membership in the Cooperative shall be transferable only with the approval and consent of the Board of Directors except as hereinafter otherwise provided. The Cooperative shall have the first right and privilege of purchasing the membership offered for sale by any member. Upon the death, cessation of existence, expulsion or withdrawal of membership of such member shall be terminated. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Cooperative; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

(b) A membership may be transferred by a member to himself or herself and ~~his or her spouse, as the case may be~~ **one or more natural persons**, jointly upon written request of such member and compliance by such ~~persons husband and wife~~ **persons** jointly with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative.

(c) When a membership is held jointly by ~~a husband and wife~~ **two or more natural persons**, upon death of either such membership shall be deemed to be held solely by the survivor with the same effects as though such membership had been originally obtained solely by him or her, as the case may be, upon the recording of the such death on the books of the Cooperative provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

**Section 8. Removal of Directors and Officers.** The members shall have the power to remove any director or officer for cause. Any member may bring charges against an officer or director by filing them in writing with the secretary together with a petition signed by twenty per centum (20%) of the members requesting the removal of the officer or director in question. The removal of a director shall be voted on at the next regular or special meeting of the members of the district in which said director resides, or at the annual meeting of the members by the members of said district, and any vacancy created by such removal may be filled by the members from said district ~~at said meeting~~ **as provided in Section 3 of Article III**. The removal of an officer shall be voted upon at the next regular or special meeting of the

members of the cooperative and any vacancy created by such removal may be filled by the ~~members at such meeting~~ Board of Directors as provided in Section 4 of Article V. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against such director or officer shall have the same opportunity.

## ARTICLE II

### Meeting of Members

**Section 1. Annual Meeting.** The annual meeting of the members shall be held within the first six months of each calendar year, at the principal place of business of the cooperative or at any other place conveniently located within the area served by the cooperative, said time and place to be determined by the board of directors, 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 herein for any 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 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 2. Notice of Annual Meeting.** Notice of the annual meeting shall be given by the Secretary by publication in legal newspaper or newspapers or circulated in the counties where the Cooperative operates at least two (2) weeks previous to the date of such meeting, or by mailing notice thereof to each and every member personally no 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. In case of a joint membership, notice given to ~~either husband or wife~~ one joint member shall be deemed notice to ~~both~~ all joint members.

**Section 3. Special Meetings.** Special meeting of the members may be called by a majority of the directors or upon a written petition signed by at least twenty per centum (20%) of all the members. Special meeting of the members may be held at any place within the County of Traverse in the State of Minnesota specified in the notice of the special meeting.

**Section 4. Notice of Special Meeting.** It shall be the duty of the President 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 mailing 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 State 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 of this Article II. And such special meeting shall be held within thirty (30) days from and after the date of 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 action which may be taken by the members at any such annual or special meeting. In case of joint membership, notice given to ~~husband or wife~~ one joint member shall be deemed notice to all joint members.

**Section 5. Quorum.** As long as the total number of members does not exceed five hundred (500), ten percent (10%) of the total number of the members present in person shall constitute a quorum. In case the total number of members shall exceed five hundred (500), fifty (50) members shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. In case of a joint membership the presence at a meeting of ~~either husband or wife, or both,~~ [one or more of the joint members](#) shall be regarded as a presence of one (1) member.

**Section 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 President and Secretary and shall be reported in the minutes of such meeting. In case of a joint membership, registration of ~~husband or wife, or both,~~ [one or more of the joint members](#) shall be regarded as the registration of one member.

**Section 7. Voting.** Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the articles of incorporation of the Cooperative or these bylaws. If a ~~husband and wife~~ [two or more natural persons](#) hold joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

**Section 8. Voting by Mail.** Any member who is absent from any meeting may vote by mail upon any motion, resolution, amendment, [or other matter](#) to be acted upon at such meeting, if so, provided by the Board of Directors, on a ballot containing the exact text of the proposed motion, resolution or amendment. Such member shall indicate his/her affirmative or negative vote thereon by marking an "X" in the appropriate space upon such ballot. Such ballot shall be signed by the member and [mailed or delivered to the Cooperative or to a location designated by the Cooperative in a plain, sealed envelope inside another envelope bearing the member's name or otherwise indicating the member's identity. A properly executed ballot shall be accepted by](#) the Secretary of the Cooperative shall be ~~accepted and~~ counted as the vote of such absent member at such meeting. If a ~~husband and wife~~ [two or more natural persons](#) hold a joint membership and are absent from any annual or special meeting of the members they shall jointly be entitled to vote by mail as provided in this Section. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

**Section 9. 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:

1. Call of the roll.
2. 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.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.

4. Presentation and consideration of, and acting upon, reports and officers, directors and committees.
5. Election of Directors.
6. Unfinished Business.
7. New Business.
8. Adjournment.

Section 10. Postponement of Meeting of the Members. In the event of inclement weather or the occurrence of a catastrophic event, natural disaster, or other good cause, any annual, special, or district meeting of the members may be postponed and rescheduled by the President or in the President's absence by any other available officer of the Board. Notice of the postponement and rescheduling shall be given by the Cooperative in any media of general circulation or broadcast serving the area served by the Cooperative.

Section 11. Electronic Voting. A member shall also be entitled to vote by electronic means if an electronic vote is authorized by the Board of Directors and conducted in accordance with the laws of the State of Minnesota.

### **Article III**

#### **Directors**

**Section 1. General Powers.** 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 article of incorporation of the Cooperative or be these bylaws conferred upon or reserved to the members.

**Section 2. Districts: ~~Qualifications and~~ Tenure of Directors.** The territory of the Cooperative shall be divided into nine (9) districts as follows:

District One shall comprise of the following territory: Croke, Dollymount, Leonardsville and Tara Townships in Traverse County, Minnesota, and Eldorado, Everglade and Baker Townships in Stevens County, Minnesota

District Two shall comprise of the following territory: Tintah, Redpath and Clifton Townships in Traverse County, Minnesota and North Ottawa, Elbow Lake, Gorton and Logan Townships in Grant County, Minnesota plus any area in Grant County located east of and adjacent to said Gorton and Logan Townships.

District Three shall comprise of the following territory: Breckenridge, Sunnyside, Brandrup, Bradford, Campbell and Champion Townships in Wilkin County, Minnesota, and Lawrence Township in Grant County, Minnesota. Also, any area served by the Cooperative and located in Richland County,

North Dakota, directly west of and adjacent to Breckenridge, Brandrup and Campbell Townships in Wilkin County.

District Four shall comprise of the following territory: Browns Valley, Toqua, Graceville, Moonshine, Foster, Prior and Almond Townships in Big Stone County, Minnesota.

District Five shall comprise of the following territory: Walls, Windsor, Folsom, Arthur and Parnell Townships in Traverse County, Minnesota.

District Six shall comprise of the following territory: Taylor, Monson, and Lake Valley Townships in Traverse County, Minnesota.

District Seven shall comprise of the following territory: White Rock, Victor and Harmon Townships in Roberts County, South Dakota, plus the area in Richland County, North Dakota, located adjacent to and due north of White Rock Township in Roberts County, South Dakota.

District Eight shall comprise of the following territory: Red Iron Lake Township in Marshall County, South Dakota, Long Hollow, Sisseton, Grant, Bryant, Hart, Enterprise, Drywood Lake, Goodwill and Easter Townships in Roberts County, South Dakota.

District Nine shall comprise of the following territory: Lien, Minnesota, Norway and Bossko Townships in Roberts County, South Dakota and Veblen and McKinley Townships in Marshall County, South Dakota plus the area in Richland County, North Dakota located adjacent to and north of Norway, Lien and Minnesota Townships in Roberts County, South Dakota.

The Board of Directors shall at all times consist of nine (9) members all of whom must be members of the Cooperative and consumers of electrical energy sold by the Cooperative through its own distribution system. After July 1, 1959, no more than one (1) director shall have his/her residence in each of the nine districts. Should any director change his/her residence from the district from which he/she was elected or move his/her residence from the territory served by the Cooperative, a vacancy shall automatically exist on the Board of Directors from the district from which he/she was elected. At the annual meeting of the members in 1959, the directors from Districts One, Four and Seven shall be elected for a term of one year; the directors from Districts Two, Five and Eight for a term of two years; the directors from Districts Three, Six and Nine for a term of three years. Thereafter at the expiration of each term, directors shall be elected for a term of three years and until their successors have been elected and qualified, subject to the provisions of these bylaws with respect to the removal of directors. In case of elections to fill any vacancies arising before a term ends, the election shall be for the balance of the term, so that the terms of the three directors shall expire each year. ~~No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is not a bonafide resident of the area served by the Cooperative, or who is in any way employed by or financially in a competing enterprise or a business selling electric energy or supplies to the cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in the Section contained shall or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.~~

~~In 1962, and every third year thereafter,~~ The Board of Directors shall review the boundaries of the districts and propose recommended by-law changes to reapportion the district if the Board determines that

the district boundaries should be changed. Any new territory shall be included in the closest adjoining district.

### **Section 3. Nominations and Election.**

(a) Each year and at least 30 days before the annual meeting of the members, a meeting of the members shall be held in each district which a vacancy will exist on the Board of Directors at the next annual meeting. Such a meeting shall be called at the time and place within the district as may be designated by the Board of Directors. Notice of the district meetings shall be given by the Secretary of the Cooperative by mailing a notice thereof to each and every member residing within the district not less than seven (7) days previous to the day of such meeting. At least ~~ten (10)~~ **five (5)** members, who reside within the district, present in person, shall constitute a quorum for the transaction of business. The Board of Directors shall appoint a director to act as temporary chairman of the meeting and until a chairman and secretary have been elected by the members present. The members from said district present at such meeting shall nominate one or more members from the district as candidates for the Board of Directors. Nominations may not be closed until all the members present have had an opportunity to nominate. A list of nominations for directors shall be immediately prepared, signed by the Chairman and Secretary, and posted at the principal place of business of the Cooperative.

(b) Nominations by petition. Any ~~fifteen (15)~~ **ten (10)** or more members from any district in which a vacancy will exist on the Board of Directors at the next annual meeting may make other nominations in writing over their signatures not later than 25 days before the annual meeting and the secretary shall post the same at the same place where the list of nominations made by the district meetings is posted.

(c) A ballot marked "Ballot for Directors, District Number \_\_\_\_" shall be prepared for each district in which a vacancy will exist on the Board of Directors at the next annual meeting, which ballot shall contain the number of the district, the names of all nominees from the district so posted, alphabetically arranged, and be distinctive from the ballots for the other districts ~~because of~~ **by color or mixup**, which ballot shall be delivered to the members of said district, either by mailing or otherwise before the annual meeting or given to said members at the annual meeting. ~~Nominations by members of said district may also be made from the floor at the annual meeting. No member may vote by mail for directors. The members from a district may, at any meeting at which the director from that district be removed, as hereinbefore provided, elect a successor thereto, from the district in which the vacancy exists, without compliance with the foregoing provisions with respect to nominations.~~ In every election, the nominee from each district in which a vacancy exists receiving the largest number of votes shall be elected to the Board of Directors. In case of a tie vote for director, the incumbent shall remain on the board until the next annual meeting, and the procedure for nomination and election shall be repeated and a director elected at the following annual meeting for the balance of the three-year term. If there is a tie vote and no incumbent, the vacancy can be filled by the directors for the period until the next annual meeting. To notwithstanding anything in this Section contained, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of directors.

**Members may not nominate from the floor of an annual or special meeting of the members an individual to run for election as a director candidate.**

**(D) Uncontested Elections.** Notwithstanding anything in these bylaws or applicable procedural rules to the contrary, if for any director election there is only one nominee for a board position so that the nominee is running unopposed, ballots need not be provided by mail to the members in that district, and the election shall be made by the chairperson of the member meeting entertaining a motion to elect the single candidate by a voice vote, show of hands, or other appropriate means.



**Section 4. Vacancies.** Subject to the provisions of these bylaws 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 and directors thus elected shall serve for the remainder of the term in which the vacancy occurs and until their successors shall have been elected and shall have qualified.

Section 5. Qualifications. No person shall be eligible to become or remain a director of the Cooperative who:

- (a) is not a bona fide member of the Cooperative receiving electric service from the Cooperative in the district that the director represents or would represent if elected;
- (b) is not a bona fide resident of the district from which he or she is elected or for which he she is a candidate; (bona fide resident shall be defined as occupying and continuously and materially purchasing electric service at a location within any director district from which the director is elected or for which he or she is a candidate for at least nine (9) months each calendar year);
- (c) is in any way employed by or substantially financially interested in an enterprise Substantially competing with the Cooperative or any Cooperative-affiliated business;
- (d) within five (5) years preceding a director candidate's nomination was or during service on the Board of Directors is adjudged to be guilty of a felony;
- (e) within five (5) years preceding a director candidate's nomination was a full-time employee of the Cooperative;
- (f) within five (5) years preceding a director candidate's nomination was an employee of a statewide association of electric cooperatives, an electric generation and transmission cooperative, or any other entity in which an electric cooperative is a member.
- (g) within five (5) years preceding a director candidate's nomination or during his or her term if elected was or becomes employed by a labor union which represents, has represented or has endeavored to represent any employee of the cooperative;
- (h) is a close relative of an incumbent who is not up for reelection at that time;
- (i) is a close relative of an employee of the Cooperative;
- (j) is or becomes the full-time employee or agent or, who is or becomes the full-time employer or principal of, another director;
- (k) does not have the capacity to enter legally binding contracts;
- (l) is absent from three or more regular meetings ("Unexcused Absences") of the Board of Directors during any consecutive twelve-month period, unless excused for good cause (an "Excused Absence") by the Board. If a director participates in more than one regular meeting during any consecutive twelve-month period by electronic communication, that director shall be considered absent from that meeting for purposes of determining the number of the director's Unexcused Absences, unless the attendance by electronic communication is approved for good cause by the Board.

A "close relative" as used in these Bylaws is a person who:

- a. is by blood, law, or marriage (including half, step, foster, and adoptive relations) a child, grandchild, parent, grandparent, or sibling); or
- b. is a spouse or resides in the same residence.

With regard to the provisions in Paragraphs (h) and (i) above, no incumbent director shall lose eligibility to remain a director or to be reelected a director if, during a director's incumbency, a director becomes a first kindred relative of another director or of a Cooperative employee because of a marriage or an adoption to which the director was not a party.

After the Board of Directors determines that a director or nominee for director lacks eligibility under the provisions of this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Board to promptly make a disqualification. After the Board of Directors determines that any director nominee or any existing director lacks eligibility under this Section, it shall be the duty of the Board to withhold such position from such director nominee or to cause a director to be removed from the Board of Directors, as the case may be.

Notwithstanding anything contained in this Section, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of directors or any action taken by them.

A former director is ineligible to become an employee of the Cooperative for five (5) years following termination of the director's service on the Board of Directors.

**Section 5. Compensation.** Directors as such shall not receive any salary for their services, but by resolution of the board of directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors, and for attendance at any other meeting on behalf of the Cooperative which is authorized by the board of directors. Except in emergencies, no director shall receive compensation for service the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the members.

**Section 6. Rules and Regulations.** The board of directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

**Section 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 any regulatory body, 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 also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit report shall be performed by a certified public accountant, and a summary of the report shall be submitted to the members at the following annual meeting. The audit report shall be provided to a member upon request.

~~**Section 8. Change in Rate.** Written notice shall be given to the Administrator of the Rural Utilities Service of United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.~~

**Section 9. Indemnification.**

**(a) General.** Every person (and the heirs and legal representatives of such person) who is or was a director or officer or employee of this Association, or any other Association which he/she serves or served at the request of this Association, and which was related to this Association, may be indemnified by this Association against the liability and reasonable expense that may be incurred by him/her in connection with or resulting from any claim, action, suit, or other proceedings, civil, criminal, administrative or investigative (including any appeal relating thereto) in which he/she may become involved as a party or otherwise, by reason of his/her position with this Association, whether he/she

occupies such position at the time such liability or expense incurred or not. The Board of Directors, acting by a quorum consisting of directors who are not parties to such claim, action, suit or proceeding, shall determine whether or not indemnification shall be available in any case, and their decision shall be final, unless they later determine to change it but without any right to appeal to any other forum. In the event more than two directors are parties to the claim, the entire Board of Directors shall make the determination regarding indemnification.

**(b) Rights not Exclusive.** The rights of indemnification provided in this Section 9 shall be in addition to any rights to which any person (or the heirs or legal representatives of such person) referred to in paragraph (a) may otherwise be entitled by contract or as a matter of law and shall be available whether or not the claim asserted against such person is based on matters which antedate the adoption of this Section 9.

**(c) Insurance.** The officers and directors of this Association are hereby authorized to purchase such insurance as they may deem appropriate to insure this Association against losses or expenditures it might have in making indemnification as provided in this Section 9.

## **ARTICLE IV**

### **Meetings of Directors**

**Section 1. Regular Meetings.** A regular meeting of the board of directors shall be held without notice other than by this by-law, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the board of directors shall also be held monthly at such time and place in Traverse County, Minnesota, 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 2. Special Meetings.** Special meetings of the board of directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the board of directors may fix the time and place (which shall be in Traverse County, Minnesota), for the holding of any special meeting of the board of directors called by them.

**Section 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 express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

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

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

## ARTICLE V

### Officers

**Section 1. Number.** The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the board of directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

**Section 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 conveniently may be. 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 bylaws with respect to the removal of officers.

**Section 3. Removal.** Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the Cooperative will be served thereby.

**Section 4. Vacancies.** Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the board of directors for the unexpired portion of the term.

**Section 5. President.** The President shall:

- (a) be the principal executive officer of the Cooperative and shall preside at all meeting of the members and of the board of directors;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the board of directors, and may 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 by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the board of directors from time to time.

**Section 6. Vice-President.** In the absence of the President, or in the event of his/her inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him/her by the board of directors.

**Section 7. Secretary.** The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;

- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the President, 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 by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed.
- (f) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and
- (g) in general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the board.

**Section 8. Treasurer.** The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) the general performance of 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.

**Section 9. Manager.** The board of directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform 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 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 give bond 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 other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

**Section 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 bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the board of directors.

**Section 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 VI

## **Contract, Checks and Deposits**

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

**Section 2. Checks, Drafts, etc.** All checks, drafts or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, or 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 3. Deposits.** All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of Directors may select.

## **ARTICLE VII**

### **Membership Certificates**

**Section 1. Certificates of Membership.** No membership certificate shall be issued, all memberships shall be automatically effective upon receipt of electric service from the Cooperative as evidenced from the books and records of the Cooperative. No member may hold more than one membership in the Cooperative.

## **ARTICLE VIII**

### **Non-Profit Operation**

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

**Section 2. Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. In order to induce Patronage 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 patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron 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 patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his/her account. All such amounts credited to the capital account of any

patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amount for capital.

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

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 prorated basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' account may be retired in full or in part.

Capital credited to the account of each patron 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 patron's premises served by the Cooperative unless the board, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provisions of these bylaws, the board at its discretion shall have the power at any time upon the death of any patron, if the legal representative of his/her estate shall request in writing that the capital credited to any patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided however, that the financial condition of the Cooperative will not be impaired thereby.

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 patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provision of this article of the bylaws, shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Any and all disputes, claims or controversies ("disputes") between the Cooperative and each patron arising from or related in any way to the Cooperative's providing of electricity or other services, or in its furnishing of any goods, or in the conduct of its operations, shall be governed by and construed in accordance with the substantive and procedural laws of the State of Minnesota, without giving effect to the principles of conflict of laws. All proceedings related to disputes between the Cooperative and each patron shall be venued in the Minnesota District Court in Traverse County, Minnesota.

**Section 3. Patronage Refunds in Connection with Furnishing Other Service.** In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom 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 prorated annually on a patronage basis and returned to those patrons, from whom such amounts were obtained.

## **ARTICLE IX**

### **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 bylaws. In case of a joint membership a waiver of notice signed by ~~either husband or wife~~ **any one joint member** shall be deemed a waiver of notice of such meeting by ~~both~~ **all** joint members.

## **ARTICLE X**

### **Disposition of Property**

The Cooperative may at any meeting of its Board of Directors, sell, mortgage, lease or exchange all of its property, rights, privileges and franchises upon such terms and conditions as the Board of Directors deem expedient, and for the best interests of the Cooperative, when and as authorized by the affirmative vote of the holders of two-thirds (2/3) of the shares of stock issued and outstanding, given at a member's meeting duly called for that purpose, or when authorized by the written consent of the holders of two-thirds (2/3) of the shares of stock issued and outstanding; provided, however, that such affirmative vote or written consent of the stockholders shall also represent the affirmative vote or written consent of at least two-thirds (2/3) of the individual members, and that such sale, mortgage, lease or exchange shall be subject to the terms of any agreement between the Cooperative, the Cooperative's Generating Cooperative, the Cooperative's Transmitting Cooperative and the Member Cooperatives of said Generating and Transmitting Cooperatives, creating reciprocal rights of first refusal to purchase assets: 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 United States of America, or any agency or instrumentality thereof or any other lender and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences 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 encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquire or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

## **ARTICLE XI**

### **Fiscal Year**

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



## **ARTICLE XII**

### **Membership in Other Organizations**

The Cooperative may become a member of other Cooperatives or other organizations, upon majority vote of the Board of Directors at any duly called meeting, provided said action does not violate the Articles of Incorporation or bylaws of the Cooperative, or any law of the State of Minnesota or of the United States of America.

## **ARTICLE XIII**

### **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 XIV**

### **Amendments:**

These bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

## **Non-Discrimination Statement**

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs).

Remedies and complaint filing deadlines vary by program or incident.

Person with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202)720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800)877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

- (1) mail: U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW  
Washington, D.C. 20250-9410;
- (2) fax: (202) 690-7442; or
- (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov)

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