

**BYLAWS OF
ITASCA-MANTRAP CO-OP ELECTRICAL ASS'N**
(As amended through June 11, 2015)

ARTICLE I.
MEMBERS

Section 1. Qualifications and Obligations. Any person or entity that has the legal capacity to enter into a binding contract may become a Member of this Association by:

- (a) completing an application for Membership; and
- (b) agreeing to purchase electric energy from this Association; and
- (c) agreeing to comply with and be bound by the Articles of Incorporation of this Association, these Bylaws and amendments thereto, and such rules and regulations as may from time to time be adopted by the Board of Directors.

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

- (a) The presence at a meeting of any Member constitutes the presence of all joint Members and is a joint waiver of notice of the meeting;
- (b) The vote of any of those holding joint Membership, separately or all, jointly constitutes one joint vote;
- (c) A waiver of notice signed by any of those holding the joint Membership is a joint waiver;
- (d) Notice to any of those holding the joint Membership is notice to all holding the joint Membership;
- (e) Expulsion or withdrawal of any of those holding a joint Membership terminates the joint Membership;
- (f) No more than one of those holding a joint Membership may be elected or appointed as an officer or Director, provided that all of those holding the joint Membership meet the qualifications for such position;
- (g) Upon the death of any of those holding a joint Membership, such Membership shall be held solely by the survivors; and
- (h) Joint Membership shall continue until such time as the Association shall receive sufficient notice, in writing, of any change in status.

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

Section 3. Fee.

- (a) There shall be no Membership fee, as such; but each applicant for Membership shall pay into the general fund of the Association a non-refundable fee as established by the Board of Directors to, in part, defray the cost of processing such application.
- (b) Any Member desiring more than one service connection shall pay into the general fund of the Association the fee as established by the Board of Directors for each additional service connection.

Section 4. Purchase of Electric Energy. As soon as electric energy shall become available, each Member shall:

- (a) purchase from the Association all purchased electric energy for use on the premises specified in the application for Membership; and
- (b) pay therefore at rates and under such rules and regulations which shall from time to time be fixed by the Board of Directors; and
 - (1) The Board of Directors may limit the amount of electric energy which the Association shall be required to furnish to any one Member.
 - (2) It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by Members as capital as provided in these Bylaws.
- (c) pay to the Association such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time; and
- (d) pay all amounts owed to the Association as and when the same shall become due and payable.

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

Section 5. Non-liability for Debts of the Association. The private property of the Members shall be exempt from execution for the debts of the Association, and no Member shall be individually responsible for any debts or liabilities of the Association.

Section 6. Forfeiture of Membership.

- (a) The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the entire Board, expel any Member of the Association, if such Member has violated or refused to comply with any of the provisions of the Articles of Incorporation, the Bylaws or any rules or regulations adopted from time to time by the Board of Directors, in which case the Association shall make such refunds as required by law.
- (b) The Membership so forfeited and surrendered shall be retired and cancelled by the Board of Directors, and such Member shall thereafter have no rights, privileges, or benefits in the Association.
- (c) Any Member so expelled may be reinstated as a Member by vote of the Members at any annual or special Members' meeting. The action of the Members with respect to any such reinstatement shall be final.

Section 7. Withdrawal of Membership. Any Member may withdraw from Membership upon payment in full of all liabilities of such Member to the Association and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 8. Transfer and Termination of Membership.

- (a) Membership in the Association shall be transferable only with the approval and consent of the Board of Directors, except as otherwise provided in these Bylaws.
- (b) Upon the death, cessation of existence, expulsion or withdrawal of a Member, the Membership of such Member shall thereupon terminate. Termination of Membership in any manner shall not release the Member from the debts and liabilities of such Member of the Association.
- (c) The Membership of a Member who, after service is made available, has not purchased electric energy from the Association, or of a Member who has ceased to purchase energy from the Association, may be cancelled by and at the determination of the Board of Directors.

Section 9. Voting Privileges.

- (a) A Member of the Association is only entitled to one vote.
- (b) Any Member having more than one electric service shall use the service located at the Member's principal place of residence, or non-natural Member's principal place of business, within the service territory for voting and representation purposes.
- (c) If a vote of Members is taken on any matter, the spouse of the Member may vote on behalf of the Member, unless the Member has indicated in writing otherwise.

- (d) A Member may exercise voting rights on any matter that is before the Members at a Members' meeting from the time the Member arrives at the Members' meeting until the voting closes.
- (e) A Member's vote at a Members' meeting must be in person or by mail and not by proxy except as provided above for a vote by a spouse.
- (f) A Member may vote by mail on the ballot (the "Mailed Ballot") prescribed in this section on any motion, resolution, or amendment that the Board submits for a vote by mail to the Members, and a Member shall be allowed to vote by mail for the election of Directors.
- (g) The Mailed Ballot shall be in the form prescribed by the Board and the mailing shall contain:
 - (1) The exact text of any proposed motion, resolution, or amendment to be acted on at the meeting; and
 - (2) The names of the candidates for the Director position(s) to be filled; and
 - (3) Spaces opposite the text of the motion, resolution or amendment, or candidate's name, in which the Member may indicate an affirmative or negative vote.
- (h) The Member may express a choice by marking the appropriate space on the Mailed Ballot and mail or deliver the Mailed Ballot to the Association in a plain, sealed envelope (the "Privacy Envelope") inside another envelope (the "Return Identification Envelope") bearing the Member's name.
- (i) Any material soliciting approval of any action by Mailed Ballots must:
 - (1) Contain, or be accompanied by, a copy or summary of such proposed action; and
 - (2) Specify the time by which the Association must receive the completed Mailed Ballot.
- (j) A properly executed Mailed Ballot received by the specified time on the date of the Members' meeting shall be accepted by the Association and counted as the vote of the Member.
- (k) A Member who is other than a natural person must designate a natural person to represent it by giving the Association a written notice at or before the Members' meeting, which shows that the named representative has been authorized by the managing Board of such Member to represent it at the meeting of this Association. An individual may represent no more than one such Member, but may also vote as an individual if (s)he is a Member individually.

- (l) Unless otherwise provided by law, the Articles of Incorporation, or these Bylaws, a majority of the Member votes cast, either in person or by mail, shall determine the passage of any motion, resolution or amendment submitted to the Membership. The candidate receiving a plurality of the votes cast, in person and by mail, for each Directorship shall be elected. A coin flip shall resolve any tie.

ARTICLE II *MEETINGS OF MEMBERS*

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

Section 2. Notice of Annual Members' Meeting.

- (a) Notice of the annual Members' Meeting shall be given by the Secretary by:
 - (1) publication in a legal newspaper published in the county of the principal place of business of the Association; or
 - (2) publication in a magazine, periodical, or other publication of the Association that is regularly published by or on behalf of the Association and circulated generally among Members; or
 - (3) mailing the annual Members' meeting notice to each Member personally at the person's last known post office address.
- (b) The annual Members' meeting notice must be published at least two (2) weeks before the date of such meeting, or mailed at least fifteen (15) days before the date of the meeting.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at the address as it appears on the records of the Association, with postage thereon prepaid.

- (c) The notice shall include that the purposes of the meeting are to elect Directors, pass upon reports covering the previous fiscal year and transact such other business as may come before the meeting. The notice shall contain a statement of the number of Director seats, and the term length, to be elected.

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

Section 4. Notice of Special Members' Meetings.

- (a) The Chair shall give notice of a special Members' meeting by:
 - (1) publication in a legal newspaper published in the county of the principal place of business of the Association; or
 - (2) publication in a magazine, periodical, or other publication of the Association that is regularly published by or on behalf of the Association and circulated generally among Members; or
 - (3) mailing the special Members' meeting notice to each Member personally at the person's last known post office address.
- (b) The special Members' meeting notice shall state the time, place, and purpose of the special Members' meeting.
- (c) The special Members' meeting notice shall be issued within ten (10) days from and after the presentation of a Members' petition, and the special Members' meeting must be held by thirty (30) days after the date of the presentation of the Members' petition.

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

Section 6. Certification of Mailed Meeting Notice.

- (a) After mailing the special or annual Members' meeting notices, the Secretary shall execute a certificate containing:
 - (1) A correct copy of the mailed or published notice; and
 - (2) The date of mailing or publishing the notice; and
 - (3) A statement that the special or annual Members' meeting notices were mailed or published as prescribed by these Bylaws.
- (b) The certificate shall be made a part of the record of the special or annual meeting.

Section 7. Quorum.

- (a) The quorum for a Member's meeting to transact business is fifty (50) Members.

- (b) In determining a quorum at a meeting, on a question submitted to a vote by mail, Members present in person or represented by mail vote shall be counted. The attendance of a sufficient number of Members to constitute a quorum at any meeting of the Members shall be established and verified by the Chair and Secretary of this Association. Such registration shall be reported in the minutes of such meeting. No action at any meeting of the Members shall be valid and legal unless a quorum is present at the meeting at which such action may be taken.

Section 8. Voting List. The Secretary of this Association shall make a complete list, arranged in alphabetical order, of the Members entitled to vote at such a meeting and their addresses. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 9. Order of Business. The Board of Directors shall determine the agenda and order of business for Member meetings; provided, however, that the order of business at any meeting may be amended by motion and majority vote of the Members at such meeting.

ARTICLE III. *DIRECTORS*

Section 1. General Powers. The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with these Bylaws, the Articles of Incorporation of this Association and the laws of the State of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of this Association.

Section 2. Number and Qualifications.

- (a) **Number.** The number of directors of this Association shall be seven (7). The Association shall be divided into director districts as determined by the Board of Directors.
- (b) **Qualifications.** Persons eligible to become or remain a Director of the Association shall:
- (1) be a Member in good standing of the Association, receiving electric service at the Member's primary residence in the district from which the Director is nominated; provided, further that "primary residence" is defined as the residence that is the chief or main residence of the person and where the person actually occupies the residence for more than nine (9) months of the year;
 - (2) not be, nor within three (3) years preceding a Director candidate's nomination, have been an employee of the Association;

- (3) not be, become, nor shall have been at any time during the five (5) years preceding a Director candidate's nomination, employed by a labor union which represents, or has represented, or has endeavored to represent any employees of the Association;
- (4) not be a close relative of an employee or Director, where as found in these Bylaws "close relative" means any individual who is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling, or principally resides in the same residence;
- (5) not be employed by, materially affiliated with, or have a material financial interest in, any Director, individual or entity which either is:
 - a) directly or substantially competing with the Association; or
 - b) selling goods and services in substantial quantity to the Association; or
 - c) possessing a substantial conflict of interest with the Association;

For purposes of this section, the terms "material" or "substantially" shall be interpreted as constituting a minimum of five percent (5%) of a Member's total hours of employment, sales, or income on an annual basis;
- (6) not be or become the full-time employee or agent of, or be or become the full-time employer or principal of, another Director;
- (7) not be absent without being excused by the Board, it being the intent that Board Members attend all meetings;
- (8) be only one, and not more than one, Member of a joint Membership; provided, however, that none shall be eligible to become or remain a Director or to hold a position of trust in the Association unless all shall meet the qualifications herein above set forth;
- (9) if a representative or agent of a Member is not a natural person, *i.e. a corporation, partnership, limited liability company, or similar*, then the representative or agent designated as a nominee for Director shall be an individual residing within the boundaries of the district from which (s)he is nominated; and
- (10) never have been convicted of a felony.

- (c) **Exceptions.** In regard to the restrictive provisions of this section that are based upon close relative relationships, no incumbent Director shall lose eligibility to remain a Director or to be re-elected a Director if, during a Director's incumbency, a Director becomes a first kindred relative of

another incumbent Director or of an Association employee because of a marriage or an adoption to which the Director was not a party.

- (d) **Disqualification.** After the Board of Directors determines that a Director or a nominee for Director lacks eligibility under the provisions of this section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Board to promptly make a disqualification. After the Board of Directors determines that any person being considered for, or already holding, a Directorship lacks eligibility under this section, it shall be the duty of the Board to withhold such position from such person or to cause a Director to be removed therefrom, as the case may be.
- (e) **Actions of the Board of Directors.** Nothing contained in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board unless such action is taken with respect to a matter in which one or more of the Directors has a personal interest in conflict with that of the Association.

Section 3. Director Districts and Election. The Association's service area shall be divided into seven (7) Director districts by the Board of Directors. The boundaries of said districts shall be along geographic township lines with a practical proportional number of Members in each district. It shall be the responsibility of the Board of Directors to establish an election schedule for the seven (7) Directors that shall lend itself to fair representation and easy administration.

The Directors to be elected at each annual Members' meeting shall serve at large and for a term of three (3) years, or until their successors shall have been elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of Directors.

Section 4. Filling Vacancies. If a Director's position is vacant, the Board may appoint a Member of the Association to fill the Director's position until the next annual or special Members' meeting. At the next annual or special Members' meeting, the Members must elect a Director to fill the unexpired term of the vacant Director's position.

Section 5. Removal.

- (a) **By Members:**
 - (1) Members may remove a Director for cause related to the duties of the position of Director.
 - (2) Any Member may bring charges against a Director by filing them in writing with the Secretary, together with a petition signed by ten percent (10%) of the Members, requesting the removal of the Director in question.
 - (3) The removal shall be voted upon at the next annual or special Members' meeting, and any vacancy created by such removal shall be filled in accordance with Article III, Section 4 of these Bylaws.

- (4) The Director against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person(s) bringing the charges against the Director shall have the same opportunity.
- (b) **By Directors:** Upon failure of a Director to meet or maintain the qualifications described in these Bylaws, the Board of Directors shall remove a Director at a Board of Directors meeting and fill the vacancy caused by the removal pursuant to Article III, Section 4.

Section 6. Compensation.

- (a) Directors shall receive reasonable compensation for service to the Association as determined by resolution of the Board of Directors.
- (b) Except in emergencies, no Director shall receive compensation for serving the Association in any other capacity, nor shall any close relative (as defined herein above at Article III, Section 2) of a Director receive compensation for serving the Association unless such compensation shall be specifically authorized by a vote of the Directors.

Section 7. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the Articles of Incorporation of this Association, these Bylaws and the laws of the State of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of this Association.

Section 8. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which shall conform to Generally Accepted Accounting Principles.

The Board of Directors shall arrange for a full and complete audit of the books, accounts, and financial condition of this Association as of the end of each fiscal year. Such audit reports shall be submitted to the Members at the following annual Members' meeting.

Section 9. Nomination.

- (a) Any ten (10) or more Members who maintain their primary Membership in any one Director district may nominate an eligible Member for a Director candidate position in that district. Such nomination shall be in writing and shall include the legible printed names, addresses and signatures of the nominating Members, which shall be delivered to a representative of the Secretary at the Association's headquarters offices by the close of scheduled business hours at least sixty (60) days before the Members' meeting. In the event the aforementioned sixty (60) days deadline falls on a day when the

Association's headquarters offices are closed to business, the deadline shall be extended to the close of the next following business day.

- (b) In the event that no nominees via petition are received at least sixty (60) days before the Members' meeting, the seated Board of Directors may nominate one or more candidates per district to be elected; provided, however, that such candidates be designated as Board-nominated on the ballot(s).
- (c) No Member may be elected to a Director position unless nominated in the manner provided by this section. No write-in ballots shall be accepted.
- (d) All Director nominees shall submit to a criminal background check to verify that said nominees have "never been convicted of a felony" in accordance with Article III, Section 2.
- (e) In the event there is only one candidate duly nominated for election to a Director position for a district, the single candidate nominated for such district shall be deemed elected by acclamation as an unopposed candidate, and no Member voting shall be required for such uncontested Director position. The official notice of the Annual Meeting of the Members shall state the name of any candidate elected by acclamation, and the individual presiding at the Annual Meeting will announce that the uncontested candidate was elected by acclamation, and that no vote was required. Each elected Director shall take office as of the end of such Annual Meeting.

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. The nominee receiving the highest number of votes cast shall be elected, and in case of a tie vote, the winner shall be determined by a flip of a coin.

ARTICLE IV. *MEETINGS OF DIRECTORS*

Section 1. Meetings. A reorganization meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after, and at the same place as, the annual meeting of the Members.

A regular meeting of the Board of Directors shall also be held monthly and at such time and place as the Board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chair or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them. The matters that may be acted upon at a special meeting are restricted to those stated in its call and notice.

Section 3. Notice. Notice of the time, place and purpose of any special meeting shall be given at least five (5) days previous thereto, by written notice, delivered personally, electronically or mailed to each Director at the Director's last known address. If mailed, such notice shall be deemed to be delivered when deposited into the United States mail so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver or notice of such meeting, except in a case 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.

In the event of an emergency situation that has or may result in damage or loss of assets, the inability to provide service, hardship, or detrimental well being of the Association, the aforementioned five (5) days written notice may be waived.

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. No action at any meeting of the Directors shall be valid and legal unless a quorum is present at the meeting at which such action may be taken.

Section 5. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Emergencies. Any or all Directors may participate in any meeting of the Board of Directors by any means of communication through which the Directors may simultaneously hear and speak to each other during such meeting. For purposes of establishing a quorum and taking any action, such Directors participating pursuant to this section shall be deemed present in person at the meeting. This section is intended to be utilized only in unusual or emergency situations and not to replace normal attendance at Board of Directors meetings.

ARTICLE V. OFFICERS

Section 1. Officers. Annually, the following officers shall be elected by and from the Board at its reorganization meeting following the annual Members' meeting: Chair, Vice Chair, Secretary and Treasurer. The offices of Secretary and Treasurer may be held by the same person, and if combined, the person filling the office shall be termed Secretary-Treasurer. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.

Section 2. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of this Association would be served thereby.

Section 3. Vacancies. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. Chair. The Chair:

- (a) shall be the principal executive officer of the Association and preside at all meetings of the Members and of the Board of Directors except the reorganization meeting;
- (b) shall sign, with the Secretary or any other proper officer of this Association authorized by the Board of Directors so to do, any deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of this Association, 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 and such other duties as may be prescribed by the Board of Directors from time to time.

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

Section 6. Secretary. The Secretary shall:

- (a) keep the minutes of the Members' and the Board of Directors meetings in one or more books provided for that purpose;
- (b) see that all notices are duly given and execute certifications of mailed or published meeting notices in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records;
- (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member;
- (e) keep on file at all times a complete copy of the Bylaws of the Association containing all amendments thereto, which copy shall be open to the inspection of any Member during regular business hours, and at the expense of the Association, forward a copy of the Bylaws and of all amendments thereto to each Member upon request;
- (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

Section 7. Treasurer. The Treasurer shall:

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

Section 8. President-CEO. The Board of Directors shall appoint a President-CEO who may be, but who shall not be required to be, a Member of the Association. The President-CEO shall perform such duties as the Board of Directors may from time to time require and shall have authority as the Board of Directors may from time to time vest in the position. The Board of Directors shall determine and fix the President-CEO compensation.

Section 9. Director and Officer Liability Insurance. The Board of Directors shall require the purchase by the Association of Officers' and Directors' liability insurance to cover the acts and/or omissions of such persons while working in their capacity on behalf of the Association.

Section 10. Reports. The officers of this Association shall submit at each annual meeting of the Members reports covering the business of this Association for the previous fiscal year and showing the condition of this Association at the close of such fiscal year.

Section 11. Additional Officers. The Board may appoint such additional officers that may be Directors or Members, but shall not be required to be, as the Board determines is in the best interests of the Association. Such officers shall serve for a term not exceeding the term of the Chair and shall have such power and duties as the Board of Directors determines.

Section 12. Delegation of Duties. If the Board of Directors delegates any responsibilities and duties of the officers to employees or agents of the Association, to the extent that the Board delegates those duties and responsibilities, the officer whose duties and responsibilities are delegated shall be released from such duties and responsibilities.

ARTICLE VI. *EARNINGS - DISTRIBUTION*

Section 1. Interest or Dividends on Capital Prohibited. The Association shall at all times be operated on a Cooperative not-for-profit basis for mutual benefit of its patrons.

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

Section 2. Capital Furnished by Members. The Association's operations shall be so conducted that all Members will, through their patronage, furnish capital for the Association.

In order to induce patronage and to assure that the Association will operate on a not-for-profit basis, the Association is obligated to account on a patronage basis to all its Members for all amounts received and receivable in excess of operating costs and expenses properly chargeable against the furnishing of electric energy.

The Association 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 Association 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.

All such amounts credited to the capital account of any Member shall have the same status as though they had been paid to the Member in cash in pursuance of a legal obligation to do so and the Member had then furnished the Association corresponding amounts for capital.

Section 3. Repayment of Capital. In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of Members.

If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to Members' accounts may be retired in full or in part.

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

All capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Association shall be distributed among the Members and former Members in the proportion which the aggregate patronage of each bears to the total patronage of all Members during the ten (10) years next preceding the date of the filing of the certificate of dissolution.

Section 4. Assignment or Transfer. Capital credited to the account of each Member shall be assignable only on the books of the Association 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 Association unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Section 5. Right to Offset. The Association shall at no time be required to retire the equity account of any Member or the Membership capital of any Member who has not paid the Member's obligations to the Association, and the Board may, at its discretion, apply any Member's capital pursuant to section 2 of this article against the unpaid obligations to the Association.

Section 6. Early Repayment. Provided the financial condition of the Association will not be impaired, the Board of Directors, at its discretion and acting under policies of general application, shall have the power to retire Capital Credits to:

- (a) the representative of a deceased Member, who was a natural person, if the legal representative requests in writing that the Capital Credits allocated to any such deceased Member be retired or;
- (b) the representative of a dissolved entity who was a Member, if the legal representative requests in writing that the Capital Credits allocated to the entity be retired.

The legal representative must provide the Association with the proper paperwork to substantiate either a Member death or the dissolution of an entity.

Section 7. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Association 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 considered non-operating margins, and treated as shown in Section 8.

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

- (a) allocated as capital credits to patrons in the same manner as the Association allocates capital credits to Members; and/or
- (b) used by the Association as permanent, non-allocated capital.

Section 9. Article and Bylaw Provisions are a Contract. The Members of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Association and each Member, and both the Association and Members are bound by such contract, as fully as though each Member had individually signed a separate instrument containing such terms and provisions. The provisions of this section of the Bylaws shall be called to the attention of each Member of the Association by posting in a conspicuous place in the Association's office.

ARTICLE VII.
SALE OF PROPERTY

The Board of Directors may sell the property of the Association upon such terms and conditions as it deems appropriate and in the best interests of the Association.

No sale of more than twenty-five percent (25%) of the property of the Association shall be effective, however, unless authorized at a regular or special Members' meeting by the affirmative vote of two-thirds (2/3) of the total number of Members of the Association.

ARTICLE VIII.
AMENDMENTS

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

/signed/ Tim Kivi, Secretary
/signed/ Nancy M. Utke, Chair

**ARTICLES OF INCORPORATION OF
ITASCA-MANTRAP CO-OP ELECTRICAL ASS'N**
(As amended through June 8, 2006)

The Articles of Incorporation of Itasca-Mantrap Cooperative Electrical Association are amended and restated as follows:

ARTICLE I.
NAME, PURPOSE, BUSINESS ADDRESS

Section 1. The name of this Association shall be Itasca-Mantrap Co-op. Electrical Ass'n.

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

Section 3. This Association shall be authorized to exercise and enjoy all of the power, rights and privileges granted to or conferred upon associations of the character of this Association by the laws of the State of Minnesota now or hereafter in force.

Section 4. The registered office and principal place of business of this Association is at 16930 County Road 6, Park Rapids, Minnesota 56470.

ARTICLE II.
DURATION

The period of duration of this Association shall be perpetual.

ARTICLE III.
NONSTOCK ORGANIZATION

Section 1. This Association shall be organized on a Membership basis and without capital stock. The Association will maintain appropriate membership records.

Section 2. Individual Members shall have only one (1) vote in the affairs of this Association and Membership in this Association shall not be transferable except with the approval and consent of the Board of Directors of this Association.

Section 3. Qualification for Membership in this Association shall be stated in the Bylaws.

Section 4. This Association shall at all times be operated on a Cooperative not-for-profit basis for the mutual benefit of its Members. No interest or dividends shall be paid or payable by the Association on any capital furnished by its Members. The net income of this Association, except for amounts set aside as capital reserves or additional reserves shall be distributed on the basis of patronage. The records of this Association may show the interest of Members in the reserves. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Capital credited to the account of each Member shall be assignable only on the books of this Association 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 Association unless the Board of Directors, acting under policies of general application, shall determine otherwise.

ARTICLE IV.
DIRECTORS

Section 1. The government of this Association and the management of its affairs and business shall be vested in a Board of Directors as provided in the Bylaws.

Section 2. To the fullest extent permitted by laws governing Cooperative Associations, as the same exists or may hereafter be amended, a Director of this Association shall not be personally liable to the Association or its Members for monetary damages for breach of fiduciary duty as a Director.

Section 3. The Board of Directors shall have the power to do and perform, either for itself or its Members and patrons, any and all acts as may be permitted by the laws of the State of Minnesota.

Section 4. The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation, the Bylaws of this Association and the laws of the State of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of this Association.

ARTICLE V.
AMENDMENT

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

ARTICLE VI.
POWERS DELEGATED TO THE BYLAWS

The Bylaws of this Association may define and fix the duties and responsibilities of the Members, officers and Directors and may also contain any other provision for the regulation of the business and affairs of this Association not inconsistent with these Articles of Incorporation and the laws of the State of Minnesota.

/signed/ Royce Peterson, Secretary
/signed/ John Roehl, Chair