

AMENDED AND RESTATED ARTICLES OF INCORPORATION

As amended at meeting of the Members on June 6, 2023

ARTICLE I – Name

The name of the cooperative shall be Steele-Waseca Cooperative Electric.

ARTICLE II – Purpose – Nature of Business

Section 1. The purpose of Steele-Waseca Cooperative Electric (the “Cooperative”) shall be to sell, provide, deliver, furnish, or distribute electric energy and other services to its members and patrons and to engage in other lawful business.

Section 2. The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its members or nonmember patrons. The Cooperative shall be authorized to exercise and enjoy all of the powers, rights, and privileges granted to or conferred upon cooperatives under Minnesota law as now or hereafter in force, and such additional powers as not restricted by law.

ARTICLE III – Place of Business

The registered office and principal place of business of the Cooperative shall be 2411 W. Bridge Street, Owatonna, MN 55060.

ARTICLE IV – Duration

The duration of the Cooperative shall be perpetual.

ARTICLE V – Membership

Section 1. The Cooperative shall be organized on a membership basis and without capital stock. There shall be only one class of membership. Each member shall be entitled to one vote in the affairs of the Cooperative. Membership shall be transferable only with the approval of the Board of Directors of the Cooperative.

Section 2. Capital stock outstanding at the time of adopting these Amended and Restated Articles of Incorporation shall be retired in an orderly and non-discriminatory manner as the financial condition of the Cooperative permits, according to such policy or policies as shall be adopted from time to time by the Board of Directors.

Section 3. A person or entity may become a member of the Cooperative as set forth in the Bylaws. No person shall hold more than one membership in the Cooperative.

Section 4. Each member shall be bound by these Articles, the Bylaws, applicable law, and the rules, policies, and regulations adopted by the Board, as amended from time to time.

ARTICLE VI – Patronage

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

ARTICLE VII—Board of Directors

The government of this Cooperative and the management of its affairs shall be vested in the Board of Directors who shall be elected by and from the members at the annual meetings of the members and for such terms as the Bylaws may prescribe.

ARTICLE VIII—Director’s Liability

A director’s personal liability to this Cooperative and its members for monetary damages for breach of fiduciary duty as a director is eliminated to the fullest extent permitted by law including Minnesota Statutes, Section 308A.325 and any laws amendatory thereof supplemental thereto.

ARTICLE IX—Amendments

These Articles of Incorporation may be amended in the manner provided by statute.

AMENDED AND RESTATED BYLAWS OF STEELE-WASECA COOPERATIVE ELECTRIC

ARTICLE I GENERAL

Section 1. Adoption. These Amended and Restated Bylaws of Steele-Waseca Cooperative Electric (the “Cooperative”) shall constitute the Bylaws of the Cooperative as of June 6, 2023 (the “Bylaws”), and shall restate and replace fully any and all prior bylaws of the Cooperative.

Section 2. Applicable Law. These Bylaws are subject to applicable law and the Articles of Incorporation, as may be amended and/or restated, of the Cooperative (the “Articles”). If, and to the extent that, a Bylaw conflicts with law or the Articles, then the law or Articles control.

ARTICLE II MEMBERS

Section 1. Qualifications and Obligations. Any person, firm, association, corporation or other legal entity having the capacity to enter into a legally binding contract shall become a member of the Cooperative provided that the member (a) completes an application for members; (b) paid, and continues to pay, the fixed minimum monthly charge; (c) purchases, consumes, requests to purchase, or agrees to purchase from the Cooperative electric energy from the Cooperative; and (c) agrees to comply with and be bound by the Articles of Incorporation, the Bylaws, the policies of the Cooperative, and any amendments to them, as may from time to time be adopted by the Board of Directors. A member who meets the requirements set forth herein shall be referred to as a “Member.” No Member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferrable, except as provided in these Bylaws.

Section 2. Purchase of Electric Energy. Each Member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises of the Member, and shall pay therefore monthly at rates which shall from time to time be fixed by the Board of Directors, provided however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one Member. It is expressly understood that the amounts paid for electric energy in excess of the cost of service are furnished by Members as capital as provided in these Bylaws. Each Member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each Member shall also pay all amounts owed by the Member to the Cooperative as and when the same shall become due and payable. The Cooperative shall purchase alternate energy from various sources as required by law.

Section 3. Joint Membership

(a) Requirements for Joint Membership. Any two natural persons in a legally recognized relationship who are residents of the same household may hold a joint membership in the Cooperative (“Joint Membership”). The term “Member” includes all those holding a Joint Membership (“Joint Members”). As provided by the Board, a Member may convert the Member’s individual membership to a Joint Membership with a person who otherwise qualifies to be a Member. While a Joint Member, a person may not become or remain a separate, non-Joint Member by using a Cooperative Service at a location different from the Joint Membership location.

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

- (i) notice of a meeting provided to one Joint Member constitutes notice to both Joint Members;
- (ii) a waiver of notice signed by one Joint Member constitutes notice to all Joint Members;
- (iii) The presence of one Joint Member at a meeting constitutes the presence of one Member and waives notice of the meeting for all Joint Members;
- (iv) the vote or other act of one Joint Member binds the Joint Membership and constitutes one vote;
- (v) expulsion or withdrawal of any of those holding a Joint Membership terminates the Joint Membership;
- (vi) 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;
- (vii) Upon the death of any of those holding a Joint Membership, such membership shall be held solely by the survivor;
- (viii) Joint Membership shall not be terminated by divorce or separation;
- (ix) Joint Membership shall continue until such time as the Cooperative shall receive sufficient notice, in writing, of any change in status, signed by both Joint Members.
- (x) a Joint Membership may be transferred by a Joint Member to a single Member, another Joint Membership, or to the remaining holder or holders of the Joint Membership upon written request of all Joint Members and upon agreement to be bound by the terms and conditions of Section 1.

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 entire board, expel any Member of the Cooperative, if such Member shall have ceased to meet the requirements for membership of the Cooperative, have failed to patronize the Cooperative for a period of twelve consecutive calendar months, or have violated or refused to comply with any of the provisions of the Articles of Incorporation, the Bylaws, or any rules or regulations adopted from time to time by the Board of Directors, in which case the Cooperative shall make such refunds as required by law. The membership so forfeited shall be retired and cancelled by the Board of Directors. Any Member so expelled and whose membership has been forfeited may be reinstated as a Member by a majority vote of the Members at any Annual or Special Meeting of the Members. The action of the Members with respect to any such reinstatement shall be final.

Section 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.

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

(c) A membership may be transferred by a Joint Member to the remaining holder 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 subdivision (b) and (c) of section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative.

Section 8. Easements and Access.

(a) Each Member shall furnish to the Cooperative reasonable access to and grants of easement on or over the lands owned (including any right or interest) by the Member to be used for furnishing electric service to the Member and for the construction, operation and maintenance of the electric distribution lines of the Cooperative. Easements for providing or continuing electrical service to the Member shall be provided by the Member on lands owned or leased by the Member at no cost to the Cooperative.

(b) As part of the consideration for electric service, each Member shall agree not to interfere with, impair the operation of, or cause damage to such facilities, and shall use the Member's best effects to prevent others from doing so.

(c) The Cooperative may cut, trim, and control growth on the Member's property by machinery, by chemicals, or otherwise of trees, shrubbery, and other vegetation to the extent necessary to keep the right-of-way clear for the Cooperative's lines or system, and the Cooperative may cut down from time to time all dead, weak, leaning or dangerous trees that are tall enough to strike wires in falling.

Section 9. Interruption of Cooperative Service; Liability Limits. The Cooperative shall provide electric service to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy, and the Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, The Cooperative's responsibility and liability for providing electric service terminates upon delivery of the electric service to the Member.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meeting. A regular meeting of the Members of the Cooperative shall be held annually at such time and place as determined by the Board of Directors and designated in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transaction of such other business as may come before the meeting. In the event of a catastrophic event, natural disaster, or the outbreak of pandemic disease, or other good cause, the annual meeting may be postponed and rescheduled or held by remote communication through which the Members may participate in the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by a majority vote of the directors or upon the written petition of at least twenty percent (20%) of the Members as provided by law.

Section 3. Notice of Meetings. Notice of meetings, both annual and special, shall be mailed to each and every Member personally at the Member's address as it appears on the records of the Cooperative, not less than 15 days before the date of the meeting; or in lieu of such mailed notice, the notice of the meeting may be given by publication in a legal newspaper published in the county of the principal place of business of the Cooperative, at least two weeks prior to the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail.

Section 4. Certification of Mailed Meeting Notice. After mailing special or regular Members' meeting notices, the Secretary shall execute a certificate, setting forth a correct copy of the notice and showing the date of the mailing thereof and that the same was mailed within the time and in the manner herein prescribed. The certificate shall be made a part of the record of the meeting.

Section 5. Failure to Receive Notice. Failure of a Member to receive an annual or special meeting notice and/or ballot does not invalidate an action that is taken by the Members at a Members' meeting.

Section 6. Order of Business. The order of business at the annual meeting of the Members shall be determined by the Board of Directors.

Section 7. Quorum. Fifty (50) Members, present in person or by another approved electronic means, shall constitute a quorum for the transaction of business at all meetings of the Members. In determining a quorum at a meeting on a question submitted to a vote by mail or electronic vote, Members represented by mail vote or electronic 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 President and Secretary of the Cooperative. Such verification of attendance shall be reported in the minutes of such meeting. No action at any meeting of the Members shall be valid or legal in the absence of a quorum at the meeting at which the action was taken.

Section 8. Voting. Each Member shall be entitled to one (1) vote and no more, regardless of the number of services to which the Member subscribes, upon each matter submitted to a vote at a meeting of the Members. No Member shall be entitled to vote by proxy. At all meetings of the Members at which a quorum is present all questions shall be decided by a vote of the majority of the Members voting thereon at such meeting, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws. Joint Members shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the Members.

To vote on behalf of a legal entity Member, an individual must present evidence requested by and satisfactory to the Cooperative that the individual is authorized to vote for the entity. The entity's high-ranking officer such as the President is presumed authorized to vote for the legal entity Member, unless the Cooperative has been advised that another individual is authorized to vote for that entity.

Section 9. Voting By Mail or Electronic Ballot. Except as otherwise provided in these Bylaws, a Member may vote or act by mail or electronic transmission only as provided in this Bylaw and in a manner determined by the Board of Directors.

(1) A Member may vote or act by mail or electronic transmission in conjunction with a Member meeting upon the Cooperative delivering or providing access to a written mail or electronic ballot to the Member(s) entitled to vote on the matter at least fifteen (15) days before the Member meeting.

(2) The ballot shall contain the exact text of the proposed motion, resolution, or amendment to be acted upon at the meeting and provide the opportunity to vote for or against, or to abstain from voting on, the matter.

(3) The ballot shall instruct the Member how to complete, return, or cast the mail or electronic ballot, and state the time and date by which the Cooperative must receive the completed mail or electronic ballot.

(4) A Member submitting a completed mail or electronic ballot for the Member meeting may not vote at the Member meeting regarding a matter described in the mail or electronic ballot.

(5) A properly executed ballot shall be accepted by the Cooperative and counted as the vote of the Member at the meeting. The failure of a Member to receive a copy of any such motion, resolution, amendment or ballot shall not invalidate any action which may be taken by the Members at any such meeting. The Cooperative may count completed mail ballots received before the Member meeting in determining whether a Member quorum exists at the Member meeting.

Section 10. Electronic Documents. If a Member owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, regardless of a contrary Bylaw, as determined by the Board of Directors and as allowed by law:

(1) The Member consents and agrees to (A) use, accept, send, receive and transmit an Electronic signature, contract, record, notice, vote, communication, comment, and other document regarding an action, transaction, business, meeting, or activity with, for, or involving the Cooperative ("Electronic Document"); (B) electronically conduct an action, transaction, business, meeting, or activity with, for, or involving the Cooperative; and (C) electronically give or confirm this consent or agreement.

(2) An Electronic Document sent or transmitted to, or received or transmitted from, the Member satisfies a requirement imposed by the Articles and Bylaws of the Cooperative (the "Governing Documents") that the underlying signature, contract, record, notice, vote, communication, comment, or other document be in writing.

(3) Electronically sending or transmitting an Electronic Document to, or receiving or transmitting an Electronic Document from, the Member satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, comment, or other document be sent or received personally or by mail.

(4) The Member electronically taking an action provided in these Bylaws satisfies a requirement imposed by the Governing Documents regarding the form or manner of taking the action.

An Electronic Document sent or transmitted to a Member or former Member at the Member or former Member's last known electronic address is considered sent, received, transmitted, and effective on the date sent by the Cooperative. An Electronic Document received or transmitted from a Member or former Member is considered sent, received, transmitted and effective on the date received by the Cooperative.

ARTICLE IV DIRECTORS

Section 1. Number of Directors. The business and affairs of the Cooperative shall be managed by a Board of Directors, which shall exercise all of the powers of the Cooperative, except such as are by law or the Articles of Incorporation or these Bylaws conferred upon or reserved to the Members. The number of directors of this Cooperative shall be no less than seven (7) and not more than nine (9).

Section 2. Voting Districts. The Cooperative's service territory shall be divided into districts, the number of which shall equal the number of directors. Each district shall be represented by one director. Each district shall provide generally equivalent representation to all Members. The boundaries for each district shall be set by the Board of Directors within six (6) months of the effective date of this Amendment and shall remain on file with the other corporate records at the Cooperative Headquarters. The district boundaries shall be reviewed and adjusted, if necessary, at least once every ten (10) years, in order to provide generally equivalent representation to all Members, or where the number of directors has changed.

Section 3. Eligibility. No Member shall be eligible to be nominated or elected or to remain a director unless the Member both resides in and receives electrical energy from the Cooperative in the district for which the Member is or was nominated or elected; provided, that if either one of a Joint Member is eligible to be nominated and elected or to remain a director, then either of them but not more than one of them may be nominated and elected or remain a director; provided, further, that nothing in this subsection shall affect the validity of any action by the Board of Directors.

Section 4. Nominations. At least sixty (60) days before each annual meeting of the Members, the Board of Directors shall appoint a nominating committee which shall be comprised of not less than five (5) nor more than nine (9) Members (the "Nominating Committee"). At least one Member of the Nominating Committee shall reside in each district from which a director is to be elected at said annual meeting. No director, officer, or employee of the Cooperative shall be a Member of the Nominating Committee. The Nominating Committee shall nominate at least one Member of this Cooperative for each district from which a director is to be elected at said annual meeting, and the Nominating Committee shall post its nominations in the principal office of the Cooperative at least thirty days before said annual meeting. If any director is removed from office at any meeting of the Members, the Members may, without complying with this Section 3, elect at said meeting a successor to the removed director. Nothing in this Section 3 shall affect the validity of any election.

Any two hundred (200) or more Members may make other nominations in writing over their signatures no less than fifty (50) days prior to the meeting, and the Secretary shall post the same at the same place where the list of nominations made by the selection committee is posted. A ballot containing the names of all nominees so posted, alphabetically arranged by district, shall be mailed with the notice of the meeting. The ballot used for electing directors at the annual meeting shall include and identify any nominations made by petition.

Section 5. Election. At each annual meeting, an election shall be held with candidates from the districts where the terms of directors have expired. The nominee from each district who receives the highest number of votes cast at said annual meeting shall be elected.

Section 6. Term. Directors shall be elected for regular terms of three years each and until their respective successors have been duly elected.

Section 7. Vacancies. If the office of any director or directors becomes vacant, the remaining directors shall elect a successor or successors. A director elected to fill a vacancy shall hold office until the next annual meeting of the Members or until a successor shall have been elected and qualified.

ARTICLE V MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after the annual meeting of the Members, and at the same place as the annual meeting or by unanimous consent in any other convenient location. Regular meetings of the Board of Directors shall also be held monthly at such time and place as the Board of Directors may determine.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or any three 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. 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 of the Board of Directors shall be given at least five days prior to the meeting, by written notice, delivered personally, electronically or mailed to each director at the director's last known address.

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 the majority of the directors shall be present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Compensation. The compensation, if any, of the directors or officers or both may be fixed at each annual meeting of, the Members of the Cooperative; but upon any failure of the Members to do so, the Board of Directors may do so.

Section 6. Audit. The Board of Directors shall have the books of the Cooperative audited by a certified public accountant at least once each fiscal year; and the report of such audit shall be made at the next annual meeting of the Members.

Section 7. Borrowings. The Board of Directors shall have power, which may be exercised only by a vote of a majority of the directors, to authorize and approve the borrowing of money and the pledging and mortgaging of any or all of the assets of this Cooperative as security for the sums so borrowed.

ARTICLE VI OFFICERS

Section 1. Election of Officers. Promptly following each annual meeting of the Members, the Board of Directors shall hold its first meeting and shall elect from among the directors a President and a Vice-President, and shall at the same time elect a Secretary and a Treasurer who may, but need not, be directors. The Secretary and Treasurer may be held by the same person, and the person filling the office shall be termed Secretary-Treasurer. Each officer shall hold office for the term of one (1) year and until a successor shall have been duly elected and shall have qualified. The Board of Directors may appoint such additional officers with such titles, powers, and duties and terms as it deems appropriate.

Section 2. Vacancies. Each officer shall hold office until the first board meeting following the next Members' meeting or until the officer's successor has been elected and qualified. Except as otherwise provided by law, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term. Any officer elected by the Board of Directors may be removed by the Board of Directors whenever in its sole judgment the best interest of the Cooperative will be served.

Section 3. President. The President shall:

- (a) Preside over all meetings of the Members and of the Board of Directors and of the Executive Committee; and
- (b) Have all authority ordinarily held by the president of a corporation but shall not be obligated either to devote his or her full time to the business of the Cooperative or to actively supervise all of its ordinary business.

Section 4. Vice President. In the absence, death, disability, or inability to act of the President, the Vice President shall perform the duties of the President. The Vice President shall also perform all other duties as from time to time may be assigned to the Vice President by the Board of Directors.

Section 5. Secretary. The Secretary shall:

- (a) Take or supervise the taking of complete minutes of all meetings of the Members and of the Board of Directors and of the Executive Committee;
- (b) Be custodian of the Cooperative's minute book and of its corporate seal, if any;
- (c) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (d) Keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; and
- (e) 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.

Upon the request of the Secretary, the Board of Directors shall authorize the Secretary to delegate any or all of the duties to responsible employees of the Cooperative.

Section 6 Treasurer. The Treasurer shall:

- (a) Have charge and custody and be responsible for all funds and securities of this Cooperative;
- (b) Receive and give receipts for monies due and payable to this Cooperative from any sources whatsoever, and deposit all such monies in the name of the Cooperative in such banks as the Cooperative selects
- (c) In general, perform all 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.

Upon the request of the Treasurer, the Board of Directors shall authorize the Treasurer to delegate any or all of the duties to responsible employees of the Cooperative.

Section 7. General Manager. The Board of Directors shall employ a General Manager, and determine all terms of the General Manager's employment, including compensation. The General Manager shall actively supervise all of the ordinary business of the Cooperative, and shall employ and discharge all other employees of the Cooperative, and shall perform such additional duties and shall have such additional powers as the Board of Directors may require of or delegate to the General Manager.

ARTICLE VII DISTRIBUTION OF EARNINGS

Section 1. Interest or Dividends Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of all Members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 2. Allocation of Capital Credits. The term "patron" means, during a fiscal year: (1) a Member of the Cooperative and (2) any other individual or entity purchasing a good or service from the Cooperative to whom the Cooperative is obligated to allocate capital credits, which obligation existed before the Cooperative received payment for the good or service.

Section 3. Capital Furnished by Members.

(a) 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 and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, Members and non-members alike, for all amounts received and receivable from the furnishing of electric energy of various classes, in excess of operating costs and expenses properly chargeable against the furnishing of such electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, Members and non-members alike, as capital.

(b) 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 and reserves.

(c) The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of the capital, if any, so furnished by each patron, is clearly reflected and credited in an appropriate record of the capital account of each patron.

(d) The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each Member of the amount of capital credited to the Member's account.

(e) 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 amounts for capital.

(f) All other amounts received by the Cooperative from its operations 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;
- b. To the extent not needed for that purpose, allocated to its patrons on a patronage basis; and
- c. Any amount so allocated shall be included as part of the capital credited to the accounts of Members, as herein provided.

Section 4. Repayment of Capital Furnished.

(a) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid and the membership, if any, paid by each Member returned, outstanding capital credits shall be retired without priority on a pro rata basis.

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

(c) 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.

Section 5. Assignment or Transfer. Capital credited to the account of each patron shall be assignable as the Board of Directors, acting under policies of general application, shall determine.

Section 6. Right to Offset. The Cooperative shall at no time be required to retire the equity account of any Member or the membership capital of any Member who has not paid the Member's obligations to the Cooperative and the Board of Directors may, in its discretion, apply any Member's capital pursuant to Section 3 of this Article then credited against the unpaid obligations for electric service of the Member in the same manner as if the Member were deceased.

Section 7. Deceased patron. Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of the patron's estate shall request in writing that the capital credited to any such 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 of Directors, acting under policies of general application, and the legal representative of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Section 8. Articles of Incorporation and Bylaws. 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 provisions of this article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place.

Section 9. Assignment of Capital Credits. Any failure by a patron or former patron to claim any cash retirement of capital credits or other payment from the Cooperative within two years after payment of the same has been made available to the patron or former patron by notice or check mailed to the patron at the patron's last address furnished to the Cooperative, shall be and constitute an irrevocable assignment and gift by such patron of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such patron or former patron to cash any check mailed to the patron by the Cooperative at the last address furnished by the patron to the Cooperative; failure to leave with the Cooperative an accurate current mailing address at which mail can be delivered to such patron; or failure to correspond with the Cooperative concerning such payment after notice of the availability thereof has been mailed to such patron or former patron at the last address furnished to the Cooperative. The assignment and gift provided for under this section shall become effective only upon the expiration of two (2) years from the date when such payment was made available to such patron or former patron without claim therefor and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60) day period, such gift to Steele-Waseca Cooperative Electric shall become effective.

ARTICLE VIII DISSOLUTION

In the event of the dissolution or liquidation of this Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of Members. All remaining amounts shall be paid to current and former Members for the past 20 years based on the percentage obtained by dividing each Member's cumulative patronage by all Member's cumulative patronage.

ARTICLE IX FISCAL YEAR

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

ARTICLE X ELECTRONIC RECORDS AND SIGNATURES

Any signature required or document required to be in writing by these Bylaws will be effective and enforceable if it is in electronic form.

ARTICLE XI AMENDMENT

These Bylaws may be amended as provided by law.

The Board of Directors, in order to ensure continuity of operations and promote the health, safety, and welfare of the Members, may adopt temporary emergency bylaws altering, amending, or repealing the Bylaws of the Cooperative, on a temporary basis, during any period of emergency resulting from enemy attack, terrorism, disease, accident, or other natural or man-made disaster. Unless repealed earlier, an emergency bylaw shall expire as of the adjournment of the annual meeting of the Members next succeeding the emergency bylaw's adoption. This temporary emergency power is in addition to amendments as provided by law and is to be used only on rare occasions.