

2020 PKM Annual Report



ANNUAL MEETING
TUESDAY, JULY 13, 2021



Notice of Annual Meeting

The annual meeting of the members of PKM Electric Cooperative will be held at the **Sky-Vu Drive In Theatre in Warren, Minn.**, at **7 p.m.** on **Tuesday, July 13, 2021**, for the following purposes:

1. **To pass upon reports of officers, directors and committees;**
2. **To elect three directors of the Cooperative;** Elections will be held for a three-year term for one director in each of the following counties:

POLK
Blake Owens
Warren

KITTSON
Chris Mortenson
Kennedy

MARSHALL
Wayne Malm
Argyle

Per the Cooperative Bylaws, nominees for open director seats must submit a petition at least thirty (30) days before the Annual Meeting. Please note that the Bylaws mandate that no nominations for director can be made from the floor at the Annual Meeting nor are write-in nominations accepted. Given that there is only one nominee who properly petitioned for each open director position, the Board has determined not to incur the costs associated with issuing mail ballots for the three uncontested elections. In accordance with the Bylaws, the election of the three candidates to their respective open director seats will be moved upon at the Annual Meeting.

3. **To vote on proposed amendments to the Articles of Incorporation and Bylaws of the Cooperative.**
4. **All other matters, which may properly come before the annual meeting, or any adjournment or adjournments thereof.**

Wayne Malm, Secretary
May 26, 2021

May/June 2021 (Vol. 75, No. 3)

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Officers and Directors

President Mark Hatton
Vice President Michael Beaudry
Secretary-Treasurer Wayne Malm
Directors Paul Aakre, Steve Goodwin, Chris Mortenson,
Blake Owens, C.J. Peterson and Tom Woinarowicz
CEO Mike Schmidt
Editors Jeff Rustad, Megan Dagoberg

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Monday through Friday
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or 800-552-7366

Electrical after-hours emergencies

800-552-7366
e-mail: info@pkmcoop.com
website: pkmcoop.com

Next board meeting
Tuesday, June 29, 2021

This institution is an equal opportunity provider and employer.

PKM Electrical Inspectors

**Marshall and
Kittson Counties**
Ronald Ditsch
218-779-6758

**Polk
County**
George Stage
218-284-1083

Annual Meeting Minutes

The annual meeting of the stockholders (hereinafter referred to as members) of PKM Electric Cooperative, Inc., was held at the Sky-Vu Drive In in the city of Warren, Minn., at 7 p.m. on Tuesday, July 14, 2020, pursuant to the provisions of the bylaws of the cooperative applying to notice of meeting.

The 80th annual meeting was called to order by Tom Woinarowicz, president of the cooperative, who presided, and Wayne Malm, secretary of the cooperative, kept the minutes of said meeting.

CEO Michael Schmidt introduced guests and visitors from other organizations in attendance.

The president read the annual meeting rules. The attendance of a sufficient number of members to constitute a quorum was established by a register showing the members present at said meeting and verified by the president and secretary of the cooperative. The president stated that at least 85 members were present in person and that there were 2,856 accepted members in the cooperative, which established a quorum under Article II, Section 5 of the bylaws of the cooperative. The secretary was directed to file a registration for the establishment of a quorum as a part of the minutes.

The president called for a motion to waive the reading of the Notice of Meeting and Affidavit of Mailing. A motion was duly made, seconded and passed unanimously.

Since the minutes of the last meeting of the members held on April 2, 2019, were included as a part of the annual report mailed to members prior to the meeting and distributed to members registering at the annual meeting, a motion was duly made, seconded and passed that the reading of said minutes be dispensed with and that they be approved as distributed.

The annual report of the president was presented. The Treasurer's report was presented in the annual report. The annual report of the CEO was presented.

Upon conclusion thereof, all reports heretofore presented were upon motion duly made, seconded, carried and received by the membership.

The president called on the CEO, acting secretary to the nominating committee, to read the nominating committee report.

The CEO called for a motion to waive the reading of the nominating committee report. A motion was duly made, seconded and passed unanimously.

Said report disclosed the nominations of the following members for the board of directors:

POLK COUNTY

(For a three-year term)

Steve Goodwin

Angus, Minnesota

KITTSOON COUNTY

(For a three-year term)

C.J. Peterson

Lancaster, Minnesota

MARSHALL COUNTY

(For a three-year term)

Mike Beaudry

Alvarado, Minnesota

The nominating committee consisted of the eight following members:

Chairman Ron Iverson - *Alvarado, Minn.*

Secretary Pat Osowski - *Alvarado, Minn.*

James Folz - *Angus, Minn.*

Jason Steer - *Euclid, Minn.*

Brian Kasprick - *Angus, Minn.*

James Sollund - *Karlstad, Minn.*

Charles Hayek - *Halma, Minn.*

Kyle Folland - *Karlstad, Minn.*

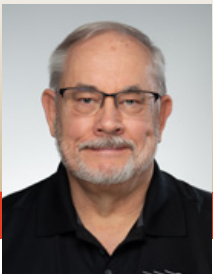
The committee finalized their decision during a meeting held at the cooperative headquarters on Monday, Feb. 24, 2020. The report of the Committee on Nominations was ordered to be certified by the secretary and annexed to the minutes of the meeting.

The CEO called on the cooperative's legal counsel to conduct the election. The attorney stated there are three vacancies on the board, one from each county, for a three-year term. He introduced all candidates starting with Polk, Kittson and Marshall counties. The attorney called for a motion to accept nominations. A motion was duly made, seconded and passed unanimously.

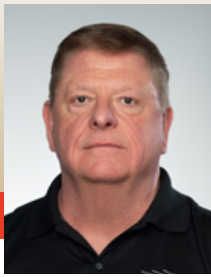
There were no additional questions from members attending the meeting.

The president thanked the members for their support of the cooperative and attending the annual meeting.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.



Mark Hatton
President



Mike Schmidt
CEO

President & CEO's Report

This is your cooperative's annual report, and we are pleased to report 2020 was a very successful year. This is the fifth consecutive year of a \$850,000 or larger margin and the fifth consecutive year of a large general retirement, with this year's retirement being \$350,000. Our kWh sales were down about 5%, but we were able to achieve some cost savings that kept the margin solid.

Rates have been stable (last adjusted in 2015) and there are no current plans to change that. Outage times for 2020 were extremely low. Most importantly, the crews worked safely. All of our lineworkers at this time have achieved journeyman lineworker certification, having started as apprentices and gone through the four-year process of obtaining this licensure.

The board reorganized this year. Tom Woinarowicz stepped down as board chair and Mark Hatton was voted by his peers to take over as board president. Mike Beaudry remains vice president and Wayne Malm remains secretary/treasurer. Tom is now the Minnkota director representing PKM on the Minnkota Power Cooperative board. Tom replaced Jeff Folland, who resigned from the board last year.

Two longtime employees retired in 2020. Rick Bye retired as operations manager and Judy Hennessy retired as general ledger accountant. We would like to thank them for their long and dedicated service to the co-op.

Our board meetings involve extensive discussions on rates, system reliability, equity, loan covenants, capital credit retirements, plant additions, maintenance, government regulations, subsidiary businesses and, most of all, service. We are working on a new four-year work plan, which includes an accelerated replacement of overhead single-phase line.

We have been following the Flexible Financing for Rural America Act – H.R. 2244/S978. This bill would allow rural electric cooperatives the flexibility to refinance their mortgages in a low interest rate environment. Currently we have not been able to do this due to the large prepayment penalties we would incur. PKM members would see significant savings if this bill passes and we are watching this closely.

The COVID-19 pandemic affected how we conducted the business of your cooperative last year. Board meetings were held remotely or at Minnkota Power Cooperative so we had the room to socially distance. Lineworkers took separate vehicles to the job site. The office was reorganized to keep people working in a separated fashion. We did some working from home but found most preferred to work from the office. Meeting attendance was nonexistent. Line materials experienced longer lead times and increased costs. It is very nice to start getting back to "normal."

A number of PKM service area families affected by COVID had very difficult outcomes. The PKM board and employees would like to extend our deepest condolences to families who lost loved ones. May God's grace shine upon you.

The board and staff spent time doing a complete policy review this year. This involved combining some policies, eliminating others and doing a general update. This was an involved process that hadn't been done in some time.

In this annual report, you will see we have gone through the process of updating our bylaws and articles of incorporation. The intent is to clear up quorum requirements, grant flexibility when in-person meetings are not possible, conform to Minnesota law, update language and clear up some definitions. There is blue line clarification to explain the changes as well as a full redline draft available on our website.

Please find the time to attend your annual meeting. As we've said before, you make "three votes" as a cooperative member. The first vote is the election of our board of directors (who have overall authority in the operation of your cooperative). The second vote is during the political process where you select our federal and state political officials (who can and do impact the operations of your cooperative). The third vote is with your wallet. You have choices in the energy market. Our job is to provide enough value so you want us as your energy partner.

At the annual meeting there are attendance gifts, door prizes and a nice meal. We hope to see you there!

Current Board of Directors



Mark Hatton
President
Drayton, ND
Term expires 2022



Mike Beaudry
Vice President
Alvarado, MN
Term expires 2023



Wayne Malm
Secretary/Treasurer
Argyle, MN
Term expires 2021



Paul Aakre
Director
Angus, MN
Term expires 2022



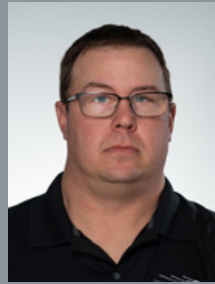
Steve Goodwin
Director
Angus, MN
Term expires 2023



Chris Mortenson
Director
Kennedy, MN
Term expires 2021



Blake Owens
Director
Warren, MN
Term expires 2021



C.J. Peterson
Director
Lancaster, MN
Term expires 2023



Tom Woinarowicz
Director
Stephen, MN
Term expires 2022



Mike Schmidt
CEO

PKM Political Leaders

Federal Legislators

President Joe Biden
The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500
www.whitehouse.gov
202-456-1111

Senator Tina Smith
720 Hart Senate Office Building
Washington, D.C. 20510
Phone: 202-224-5641

Senator Amy Klobuchar
425 Dirksen Senate Building
Washington, D.C. 20510
www.klobuchar.senate.gov
202-224-3244
1-888-224-9043
(Minnesota office)
Fax: 202-228-2186



Congresswoman Michelle Fischbach
1237 Longworth House Office Building
Washington, D.C. 20515
www.fischbach.house.gov
202-225-2165
Fax: 202-225-1593

MN State Legislators

Governor Tim Walz
Capitol Building, Room 130
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155
800-657-3717
www.mn.gov/governor

Senator Mark Johnson
95 University Avenue W.
Minnesota Senate Building,
Room 3111
St. Paul, MN 55155
651-296-5782
sen.mark.johnson@senate.mn
www.senate.mn/members

Representative John Burkel
309 State Office Building
St. Paul, MN 55155
651-296-9635
rep.john.burkel@house.mn

Representative Deb Kiel
255 State Office Building
St. Paul, MN 55155
651-296-5091
800-339-9041
rep.deb.kiel@house.mn

Board of Director Candidates

Polk County



Blake Owens

Three-year term

Blake Owens represents Polk County on the PKM board of directors. He lives near Angus, Minn., and has served on the PKM board for 18 years. He has two grown children and two grandchildren. Director Owens farms with his dad, George, and son, Austin, who took over in 2014 as the sixth generation farmer. They grow wheat, corn, soybeans and several varieties of edible beans. Director Owens has served a total of 123 years on 11 different boards and enjoys the opportunity to serve the patrons. He feels the need for sustainability of secure, reliable, reasonably priced electricity and wants to see improvements to living in rural America. Director Owens says what he enjoys most about the PKM board and staff is the fact that everyone has the same goals – to make our rural communities better, stronger and nicer places to live, all while keeping up with the technology that is ever-changing. Director Owens asks for your support and vote to allow him to continue to serve on the board of your co-op.

Kittson County



Chris Mortenson

Three-year term

Chris Mortenson and his wife, Crisa, live west of Kennedy where they raise their three children. Director Mortenson represents Kittson County in the PKM service territory. He graduated from Kittson Central in 1994 and graduated from UMC in 1998 with a B.S. degree in Ag Economics. Director Mortenson has been farming full-time with his brother since 1997, raising canola, wheat, soybeans and corn. He has since retired from the Kennedy Fire Department after 20 years, but is currently serving on the Kittson-Marshall Rural Water board. He has been a lifelong member of Red River Lutheran Church where he has served on the church board in the past. Director Mortenson has enjoyed serving the members of the co-op and is looking forward to serving another term for the PKM members if elected.

Marshall County



Wayne Malm

Three-year term

Wayne Malm has served the Marshall County District of PKM for eight terms – a total of 24 years. Director Malm lives in Argyle with his wife, Amie. They have three children and one grandchild on the way. He has farmed in rural Argyle for the past 31 years, while also driving over-the-road truck for a few of those years. Director Malm has enjoyed serving the member-owners and getting to work with an excellent board of directors and PKM employees. While the past year and a half has presented many challenges with the pandemic, he is proud of how PKM has been able to remain safe and still provide the services that the communities have come to appreciate. Director Malm looks forward to tackling the challenges of the changing times and helping provide a reliable source of electricity.



Milton R. Young Station Provides Resiliency to Cooperative Members

COAL-BASED POWER PLANT IS THE BACKBONE OF YOUR POWER SUPPLY
WHEN EXTREME WEATHER STRIKES

For PKM Electric Cooperative, the highest demand for electricity comes in the winter months when days are shorter, heating systems are used regularly and people mostly stay inside. During extreme weather events, electricity needs can skyrocket, creating significant strain on power generation and delivery resources. Minnkota Power Cooperative, PKM Electric Cooperative’s wholesale power provider, has been successful in responding to these events by using its coal, wind, hydro and demand response resources.

While all generation resources are impacted by extreme

weather, the biggest operational challenges in our region relate to wind facilities, which can be prone to shut down in extreme subzero temperatures. For Minnkota, the most reliable and resilient resource in its power supply portfolio is the coal-based Milton R. Young Station. This large power plant located 35 miles from Bismarck, N.D., has operated dependably through numerous extreme weather events, which has helped ensure homes stay warm, hospitals are running and essential businesses are able to operate.

The following four attributes help ensure the Young Station is ready for any challenges that may arise.

ATTRIBUTE #1

NO FUEL TRANSPORTATION ISSUES



The Young Station is a mine-mouth power plant. That means the coal mine is located nearby to the power plant, which ensures the plant can receive fuel consistently with no transportation issues. Fuel does not need to be delivered via train or pipeline from long distances. In addition, more than three weeks of coal usage can be stored on-site.

ATTRIBUTE #2

PREPARED FOR MOTHER NATURE



All of the Young Station’s major components are covered, insulated and weatherized to ensure they can operate in extreme cold or heat.

ATTRIBUTE #3

PRUDENT MAINTENANCE



The Young Station is well-maintained, which ensures it is able to run for the majority of hours each year. In fact, in 2020, both generating units were available to produce power more than 93% of the time.

ATTRIBUTE #4

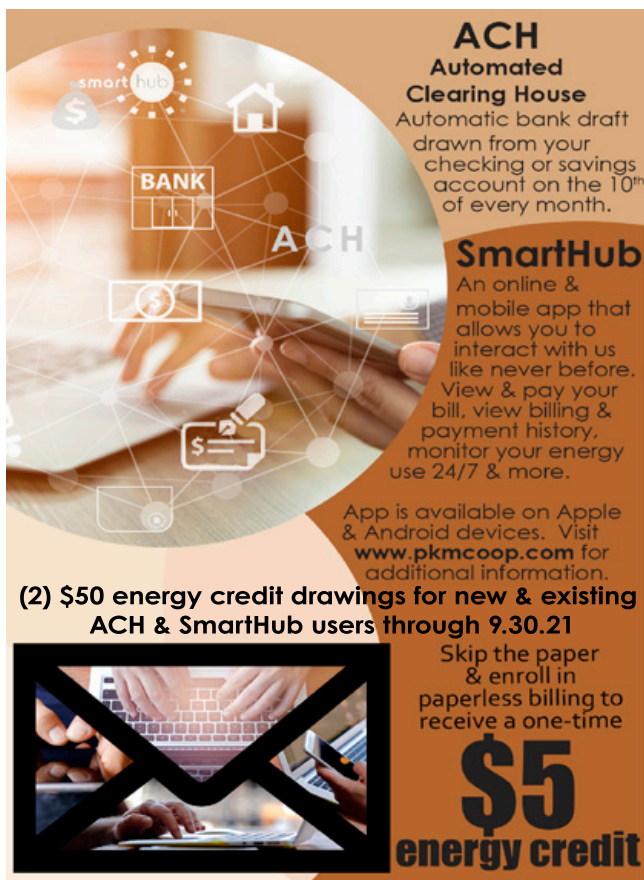
COMMITMENT OF EMPLOYEES



The Young Station has employees on-site 24 hours per day to operate and monitor the generation of power, environmental control technologies and related cyber assets. Personnel are trained and ready to respond to numerous system issues.

Members Currently Enrolled in ACH, SmartHub and Paperless Billing Through May 2021

| **ACH:** 959 | **SmartHub:** 1,000 | **Paperless:** 174 |



ACH
Automated Clearing House
Automatic bank draft drawn from your checking or savings account on the 10th of every month.

SmartHub
An online & mobile app that allows you to interact with us like never before. View & pay your bill, view billing & payment history, monitor your energy use 24/7 & more.

App is available on Apple & Android devices. Visit www.pkmcoop.com for additional information.

(2) \$50 energy credit drawings for new & existing ACH & SmartHub users through 9.30.21

Skip the paper & enroll in paperless billing to receive a one-time **\$5 energy credit**



Stay Safe Exploring the Great Outdoors This Summer

Summer is in full swing, and that means it is time for fun in the sun! As you find yourself spending more time outdoors, PKM Electric Cooperative reminds you to stay safe.

Planning a home improvement project? When working outdoors, you may be using tools, such as ladders, power tools, shovels or even paintbrushes with extendable arms. These items help you get the job done but have the potential to be dangerous if used improperly.

Pay attention to where you place metal ladders or dig for fence posts. Before you start any project, always look up and avoid overhead power lines. Keep a minimum of 10 feet between you and overhead lines.

If you are planning a project that requires digging, remember to dial 811 first to find out if the area you will be working in is clear of underground power lines. Power tools should be kept away from wet surfaces, and outlets should not be overloaded.

Exploring the great outdoors is a great way to spend time with the family, but keep these safety tips in mind.

Children should never climb trees near power lines – always assume a wire is live. Fly kites and remote-controlled airplanes in large open areas like a park or a field, safely away from trees and overhead power lines.

Planning to take a dip in the pool? Electrical devices, such as stereos, should be kept at least 10 feet away from water sources, and outdoor electrical outlets should always be covered. If you hear a rumble of thunder, exit the pool right away.

Speaking of thunder, summer storms can be dangerous if you're caught in the wrong place at the wrong time. If you find yourself outdoors during a storm, move toward suitable shelter with covered sides, and stick to low-lying ground if possible.

These are just a few tips to remember when you are spending time outdoors this summer with your family. Have some fun out there, and always keep safety in mind!

Attention Members – Meter Changeouts in Your Area

Allegiant Utility Services will be changing meters coming up this summer/fall in the Alvarado/Oslo/Warren area and also the Robbin area east of Donaldson. Please contact PKM Electric Cooperative with any questions or concerns at 218-745-4711.



Allegiant
UTILITY SERVICES


USIC Contracted for 811 Locates

PKM Electric Cooperative has contracted USIC to perform all of its 811 locates. Remember, before any digging project, such as planting trees this summer, you must call 811 at least two business days before digging to get utility lines marked and protect you from injury and expense. Safe digging is no accident. Visit www.call811.com for more information, or give us a call at PKM.



COLOR CODING FOR MARKING UNDERGROUND UTILITIES	
WHITE	Proposed excavation
PINK	Temporary survey markings
RED	Electric power lines, cables, conduit and lighting cables
YELLOW	Gas, oil, steam, petroleum or gaseous materials
ORANGE	Communication, alarm or signal lines, cables or conduit
BLUE	Water
PURPLE	Reclaimed water, irrigation and slurry lines
GREEN	Sewer and drain lines





PROJECT TUNDRA

For reliable, affordable electricity in *our region*.
 For cleaner industries across *the United States*.
 For energy stability in societies around *the world*.

Project Tundra is helping develop the carbon capture technology necessary to meet our global climate goals – right in the heart of North Dakota.

See the video at ProjectTundraND.com



Proposed Amendments to the

ARTICLES OF INCORPORATION AND BYLAWS OF THE COOPERATIVE

Your Cooperative's board of directors is proposing to amend and restate the Cooperative's Articles of Incorporation, which define its existence as a cooperative corporation in the State of Minnesota, as well as its Bylaws, which govern how your Cooperative functions from a governance standpoint. Minnesota law requires that the membership approve of any proposed amendment to the Articles of Incorporation by a majority vote of the members present at an appropriately held meeting of the members. The Cooperative's Bylaws allow for amendments made by a majority vote of the members present at an appropriately held meeting of the members.

The proposed changes are more specifically described in the proposed documents, but a general summary of the proposed changes include, but is not limited to, the following: more clearly defining member meeting quorum requirements and allowing the Cooperative more latitude in member participation when it may be physically impossible to hold an in-person membership meeting, to ensure the documents conform with the current laws of Minnesota, to clean up dated language, to more clearly establish how the Cooperative interacts with its members, to more accurately define its membership and to more clearly define the requirements of becoming and staying a director.

To view the proposed changes in redline please go to <https://www.pkmcoop.com/> and locate the **ABOUT US** tab. Hover the mouse cursor over ABOUT US and a drop-down list will appear. Click the link to **"Proposed Bylaw Changes"** to access the proposal.

The Articles have been amended to remove unnecessary information that was required when the Original document was filed. Minnesota law has changed, so P.K.M. intends to give its governing document an update to clean up old language and to move certain language from the Articles to the Bylaws which gives the Cooperative more flexibility in its own governance.

ARTICLE I

Section 1. The name of this corporation shall be P.K.M. Electric Cooperative, Inc.

Section 2. The conduct of the business of this Cooperative shall be upon the cooperative plan.

Section 3. The purposes of the Cooperative are to purchase, acquire, accumulate, sell, provide, deliver, furnish, transmit or distribute electric energy and other services and products to its Members and patrons and to engage in any other lawful business.

Section 4. This Cooperative shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon cooperatives of the character of this Cooperative by the laws of the State of Minnesota, now or hereafter in force.

Section 5. The registered office and principal place of business of the Cooperative is 406 North Minnesota Street, Warren, Minnesota 56762.

Article I has been modified to conform with MN law requirements and to give the Cooperative more flexibility in what it can do as an entity.

ARTICLE II

The period of duration of this Cooperative shall be perpetual.

Language clean up.

ARTICLE III

Section 1. The amount of the authorized capital stock of this Cooperative shall be Twenty-Five Thousand Dollars (\$25,000.00), divided into five thousand (5,000) shares of the par value of Five Dollars (\$5.00) each. The shares of the authorized capital stock may be issued from time to time, and shall be paid for at such time or times and in such manner, as the board of directors of this Cooperative shall determine, provided, however, that no share shall be issued for less than its par value nor unless the same has been paid for in full in cash or its equivalent and such payment has been deposited with the Treasurer of this Cooperative.

Section 2. The ownership of the capital stock in this Cooperative by any

individual stockholder shall not exceed the par value of Two Hundred Dollars and no/100 Cents (\$200.00).

Section 3. Individual stockholders shall have only one vote in the affairs of this Cooperative and the shares of stock of this Cooperative shall not be transferrable except with the approval and consent of the board of directors of this Cooperative.

Section 4. No interest or dividends shall be paid or payable on any capital stock issued by this Cooperative or on any capital furnished by its Members or patrons.

Section 5. The Cooperative shall, at all times, be operated on a cooperative nonprofit basis for the mutual benefit of its Members. In pursuance thereof, the net income of this Cooperative available for distribution among its Members shall be distributed only on the basis of patronage, except such amounts as are required to be set aside as additions to reserves or may be set aside by the board of directors as permitted by the Minnesota Cooperative Law Act as amended under which the Cooperative is formed. The distribution of the net income shall be distributed on the basis of patronage as more fully provided in the Bylaws.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, and the par value of stockholders' shares returned, outstanding patron credits irrespective of the form in which they were allocated, shall be retired without priority on a pro rata basis. Any balance remaining in excess of outstanding patron credits shall be allocated and paid to each then record holder of patron credits in the ratio of patron credits held by each to the total of patron credits outstanding. If 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 patron credits then allocated to patrons may be retired in full or in part. Any such retirements of credits shall be made by the board of directors as more fully provided in the Bylaws.

Patron credits shall be transferrable only with the approval and consent of the board of directors of this Cooperative.

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

Language clean up and moving language regarding capital credits from the Articles to the Bylaws.

ARTICLE IV

No need to keep this deletion language.

No need to keep this deletion language.

Section 1. The government of this Cooperative and the management of its affairs and business shall be vested in a board of directors who shall be elected by ballot by the stockholders for such terms as the Bylaws may prescribe at the annual meeting of the stockholders, which shall be held at a time and place as provided in the Bylaws. Any vacancy occurring in the board of directors may be filled by the remaining members of the Board, except as otherwise provided by law or the Bylaws of this Cooperative, and any person elected to fill any such vacancy shall hold office until the next annual meeting of the stockholders and until their successor shall have been elected and shall have qualified.

Section 2. The board of directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation, Bylaws of this Cooperative or 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 Cooperative.

Language clean up.

ARTICLE V

To the fullest extent permitted by law, as the same exist or may hereafter be amended, a director of this Cooperative shall not be personally liable to the Cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for the following cases:

- 1) For acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law; or,
- 2) For a transaction from which the director derived an improper personal benefit.

Proposed Article V and Article VI have been switched for ease and convenience purposes. The limitation on liability of directors properly acting in their capacity as directors has been modified to better reflect Minnesota law.

ARTICLE VI

Removed to Bylaws as there is no requirement that this language be in the Articles.

Removed to Bylaws as there is no requirement that this language be in the Articles.

Removed to Bylaws as there is no requirement that this language be in the Articles.

This Cooperative reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

Amendment language makes more sense at the end of the document. Language clean up only.

See proposed Article V language above.

ARTICLE I MEMBERS

Section 1. Qualifications and Obligations.

Any natural person, firm, corporation, business trust, partnership, federal agency, tribe, state or political subdivision or agency thereof, or body politic, with the capacity to enter legally binding contracts may become a shareholder (hereinafter called "Member") in the Cooperative by:

- (a) paying the par value for one share of stock, and completing an application for membership in form and substance as may be required by the Cooperative; and
- (b) agreeing to purchase from the Cooperative the amount of electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Articles of Incorporation of

the Cooperative, these Bylaws and amendments thereto and such rules and regulations as may, from time to time, be adopted by the board of directors ("Governing Documents").

An Entity includes a domestic or foreign: cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal or national government, including an agency or division of a government.

Except as otherwise provided in these Bylaws or by the board, a qualified person becomes a Member of the Cooperative and consents to being a Member upon (1) using, or requesting or agreeing to use, electric energy provided by the Cooperative; (2) within thirty (30) days of this use, request or agreement, receiving written notice that the person is a Member and consents to being a Member unless the person notifies the Cooperative in writing within seven (7) days of receiving the notice that the person does not consent to being a Member; and (3) failing to notify the Cooperative in writing within seven (7) days of receiving the notice that the person does not consent to being a Member.

Article I, Section 1 was amended to better define what a Member can be, to better define the membership application process, provide a clear definition of what an Entity is, and clearly defining when a member becomes a Member.

Section 2. Joint Membership.

Any two (2) or more potential qualified Members joined in a legally recognized relationship, who occupy the same location to or for which the Cooperative provides or will provide a cooperative service may jointly become a Member ("Joint 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 for any purpose under these Bylaws to any of those holding the joint membership is notice to all holding the joint membership;
- (e) No more than one individual of those holding a joint membership may be elected or appointed as an officer or director of the Cooperative, provided that all of those holding the joint membership meet the qualifications for such position;
- (f) Upon the death of any of those holding a joint membership, such membership shall be held solely by the survivors;
- (g) Joint membership shall not be automatically terminated by divorce or separation;
- (h) Joint membership shall continue until such time as the Cooperative shall receive sufficient notice, in writing, of any change in status, signed by all of the Joint Members;

(i) A membership may be transferred by a Joint Member to the remaining holder(s) of the joint membership only upon (1) written request of the transfer by such Member, (2) agreement to the transfer by the remaining holder(s) and compliance by such remaining holder(s) of the joint membership with the Governing Documents and (3) approval by the board of directors. Such transfer shall be made and recorded on the books of the Cooperative.

Article I, Section 2 makes clear what the definition of a Joint Member is to better conform with current Minnesota law as well as to define the rights and parameters of a joint membership.

Section 3. Purchase of Electric Energy.

Each Member shall, as soon as electric energy shall be available,

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- (a) purchase from the Cooperative all electric energy used on the premises specified in their application for membership; and
- (b) pay monthly rates 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 Cooperative 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 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; and
- (d) pay all amounts owed by them to the Cooperative as and when the same shall become due and payable.

Article I, Section 3 is amended to clean up old language as well as to clearly articulate the interaction between the Cooperative and its Members in accordance with Minnesota law.

Section 4. Non-liability for Debts of the Cooperative.

The private property of the Members shall be exempt from the execution for the debts of the Cooperative, and no Members shall be individually responsible for any debts or liabilities of the Cooperative.

Section 5. Forfeiture and Surrender of Share Certificates.

(a) The board of directors may, by the affirmative vote of not less than two-thirds (2/3) of the directors thereof, expel any Member and cause their stock certificate (hereinafter called the "Certificate of Membership") to be forfeited and surrendered if such Member shall have been deemed by the board of directors to 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, in which case the Cooperative shall make such refunds as required by law.

(b) The membership of a Member who, for a period of six (6) months after service is made available, has not purchased electric energy from the Cooperative, or of a Member who has ceased to purchase energy from the Cooperative, may be cancelled at the discretion of the board of directors.

(c) The Certificate of 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 Cooperative.

(d) Any Member so expelled and whose Certificate of Membership has been forfeited and surrendered may be reinstated as a member by a majority vote of the membership at any annual or special meeting of the members. The action of the Members with respect to any such reinstatement shall be final.

Article I, Section 5 is amended to clean up old language and to better define potential abandonment of use by a Member to give the Cooperative flexibility.

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 of Membership Certificates and Termination of Membership.

(a) Membership in the Cooperative and the certificate representing the same

shall be transferrable 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 Certificates of Membership offered for sale by any Member. Any Certificate of Membership so acquired by the board of directors for the Cooperative may be held as a treasury certificate or may be retired and cancelled, as may be determined by the board of directors. Upon the death, cessation of existence, expulsion or withdrawal of a Member, the membership of such Member shall thereupon terminate, and the Certificate of Membership of such Member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the Member from the debts or liabilities of such Member to the Cooperative.

(b) When a membership is held jointly by individuals joined in a legally recognizable relationship, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death on the books of the Cooperative, the certificate may be reissued to and in the name of such survivor, provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

(c) Upon discovery that the Cooperative has been furnishing electric service to any person other than a Member, it shall cease furnishing such service unless such person applies for membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct the membership and all related records accordingly.

Article I, Section 7 is amended to clean up old language, deletes now redundant joint membership language, and to address use by a non-member and the requirements of becoming a member if an individual is using a cooperative good or service.

Section 8. Voting Privileges.

(a) A Member of the Cooperative 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) A Member may exercise voting rights on any matter that is before the membership at a members' meeting from the time the Member arrives at the members' meeting until the voting closes, unless otherwise noted in the notice of the members' meeting.

(d) A Member's vote at a members' meeting must be in person or by mail, or board-approved electronic means, and not by proxy.

(e) A Member may vote by mail on the ballot (a "Mailed Ballot") prescribed in this section on motion, resolution or amendment that the Board submits for vote by mail to the Members, and a Member shall be allowed to vote by mail for the election of directors.

(f) The Mailed Ballot shall be in the form prescribed by the Board and shall contain:

(1) The exact text of the proposed motion, resolution or amendment to be acted on at the meeting; or

(2) The names, number, district and term length 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.

(g) The Member shall express a choice by marking an "X" in the appropriate space on the Mailed Ballot and mail or deliver the Mailed Ballot to the Cooperative in a plain, sealed envelope (the "Privacy Envelope") inside another envelope (the "Return Identification Envelope") bearing the Member's name, or other identifying mark as the board may subscribe.

(h) A properly executed Mailed Ballot received on or before the date of the members' meeting shall be accepted by the Cooperative and counted as the vote of the Member.

(i) The Member may vote by electronic means on the ballot on any motion, resolution or amendment or director election that the board submits for vote by electronic means to the Members.

(j) A Member who is other than a natural person must designate a natural person to represent it by giving the Cooperative a written notice at or before the member meeting, which shows that the named representative has been authorized by the managing board of such Member to represent it at the meeting of the Cooperative. An individual may represent no more than one such Member, but may also vote as an individual if they are a Member individually.

(k) Unless otherwise provided by law, the Articles of Incorporation, or these Bylaws, a majority of the Member votes cast, in person (and by mail or other electronic means on a question so proffered by the board of directors), 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.

Section 9. Member Grants of Property Rights.

As required by the Cooperative for a cooperative purpose, a Member shall: (1) provide the Cooperative safe and reliable access to or use of Member property; and (2) pursuant to terms and conditions specified by the Cooperative, and without compensation from the Cooperative, grant or convey to the Cooperative a written or oral easement, right-of-way, license or other right or interest in member property, and execute a recordable document regarding this grant or conveyance.

Article I, Section 8 is amended to clean up old language and to clearly define voting rights as a Member in the Cooperative.

Article I, Section 9 is amended to clarify Member obligations to provide access upon Member property for a Cooperative purpose.

ARTICLE II MEETINGS OF MEMBERS

Section 1. Annual Meeting.

The annual meeting of the members shall be held in the territory served by this Cooperative on such date and time as the board of directors shall select each year, 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 as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Article II, Section 1 is amended to clean up old language.

Section 2. Notice of Annual Meeting.

(a) Notice of the annual meeting shall be given by the Secretary by publication and/or mail, which includes the US Postal Service or electronically:

(1) Publication in a legal newspaper published in the county of the principal place of business of the Cooperative;

(2) Publication in a magazine, periodical, or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among Members; or

(3) Mailing the annual members' meeting notice to each Member personally at the Member's last known mailing 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 such meeting.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at their address as it appears on the records of the Cooperative, with postage thereon prepaid. When distributed through electronic means, it shall be deemed to be delivered when sent to the Members' email address, or other designated electronic delivery method, as it appears on the record of the Cooperative.

Article II, Section 2 is amended to clearly define the notice requirements for membership meetings and to give the Cooperative the opportunity to conduct membership meetings by mail or electronic means in the event that a major event (read global pandemic) inhibits the Cooperative's ability to conduct its business.

Section 3. Special Meetings.

Special meetings of the Members may be called by a majority of the directors or upon a written petition signed by at least ten per centum (10%) of all the Members. Special meetings of the Members may be held at any place within the County of Marshall in the State of Minnesota specified in the notice of the special meeting.

Section 4. Notice of Special Meeting.

(a) The Secretary shall give notice of a special members' meeting, by publication and/or by mail, which includes the US Postal Service or electronically:

(1) publication in a legal newspaper published in the county of the principal place of business of the Cooperative;

(2) publication in a magazine, periodical or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among members; or

(3) mailing the special members' meeting notice to each Member personally at the Member's last known mailing 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 date of the presentation of a Member's petition, and such special members' meeting shall be held within thirty (30) days after the date of the presentation of the Members' petition.

Article II, Section 4 is similar to Article II, Section 2 language above in that it better defines the Cooperatives abilities and obligations to the Membership in holding a special meeting of the membership.

Section 5. Failure to Receive Notice and/or Mailed/Electronic Ballot.

The failure of any Member to receive notice of an annual or special meeting of the Members and/or the Mailed/Electronic Ballot shall not invalidate any action, which may be taken by the Members at any such annual or special meeting.

Article II, Section 5 is updated to include mail/electronic ballots.

Section 6. Certification of Mailed Meeting Notice.

(a) After mailing special or annual members' meeting notices, the Secretary shall execute a certificate containing:

(1) A correct copy of the mailed or published notice;

(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 meeting.

Article II, Section 6 is amended to clean up old language and to better address the concept of Quorum as identified below, and to account for mail/electronic voting.

Section 7. Quorum.

A quorum necessary to the transaction of business at any meeting of the

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members shall be at least fifty (50) Members (“Member Quorum”). In determining a quorum at a meeting on a question submitted to a vote by mail or electronic means, members present in person or represented by mail or electronic vote shall be counted. If an insufficient number of members is present to constitute a quorum, a majority of the members present may adjourn the meeting, from time to time, without further notice.

Article II, Section 7 is amended to make clear what the quorum requirements are for the Cooperative and to clean up old language that is no longer applicable to the Cooperative.

Section 8. 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, in person and by Mailed/Electronic Ballot, 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 either Member, or both, shall be regarded as the registration of one Member. Upon a Member being present for any purpose at a member meeting, the Member is deemed present for Member Quorum purposes for the remainder of the member meeting and for any adjourned member meeting, unless a new record date is, or must be, set for that adjourned member 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.

Article II, Section 8 is amended to clean up old language and to account for mail/electronic voting.

Section 9. Voting.

Each Member shall be entitled to one 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 Member Quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon at such meeting in person, by mail, or by electronic ballot, except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these Bylaws. A joint membership shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of members. An officer of a corporation shall be entitled to vote on behalf of a corporate member upon providing to the Cooperative such documentation as the Cooperative may require to prove that said officer is entitled to vote on behalf of said corporation.

Article II, Section 9 is amended to clean up old language and to conform with the proposed mail/electronic balloting.

Section 10. Voting By Mail or Electronic Ballot.

Any Member who is absent from any annual or special meeting of the members may vote by mail or electronic means only as provided in these Bylaws and in a manner determined by the board of directors, upon any motion, resolution or amendment to be acted upon at such meeting. The ballot shall be in the form prescribed by the board of directors of the Cooperative and shall contain the exact text of the proposed motion, resolution or amendment to be acted upon at such meeting and the date of the meeting; and shall also contain spaces opposite the text of such motion, resolution or amendment in which such Member may indicate their affirmative or negative vote therein. Such Member shall express their choice by making an “X” in the appropriate space upon such ballot. Such ballot shall be certified to and signed by the Member, if an individual, or if a corporation, by the President or Secretary thereof, and when received by the Secretary of the Cooperative, shall be accepted and counted as the vote of the absent Member at such meeting. 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.

Article II, Section 10 is amended to clean up old language, to include the possibility of voting electronically and to conform with the proposed changes herein.

Section 11. Order of Business.

The board of directors shall determine the agenda and order of business for member meetings.

Article II, Section 11 is amended to concisely state that the Board is responsible for setting meeting agendas.

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 Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the Members.

Article III, Section 1 is amended for grammatical purposes.

Section 2. Qualifications and Tenure.

At each annual meeting, three (3) directors shall be elected by ballot by and from the Members to serve for a term of three (3) years or until their successors have been duly elected and shall have qualified, subject to the provision of these Bylaws with respect to the removal of directors, provided, however, that no more than one (1) director shall be elected from any one (1) county except in the instance of a vacancy as established below.

Persons eligible to become or remain a director of the Cooperative shall:

- (a) be a member in good standing of the Cooperative, receiving electric service at the member’s primary residence in the district from which the director is elected prior to being nominated for director and so shall remain throughout the term of their directorship; provided further, that “primary residence” is defined as the residence that is the chief or main residence of the Member and where the Member actually lives for the most substantial portion of the year;
- (b) have voting rights within the district from which the director is to be elected;
- (c) not be employed by, materially affiliated with, or have a material financial interest in, any individual or entity which either is:

- (1) Directly or substantially competing with the Cooperative; or
- (2) Selling goods and services in substantial quantity to the Cooperative; or
- (3) Possessing a substantial conflict of interest with the Cooperative;

For purposes of this section, the terms “material” or “substantially” shall be interpreted as constituting a minimum of 5% of a Member’s total hours of employment, sales or income on an annual basis;

- (d) not be, nor within three (3) years preceding a director candidate’s nomination have been, an employee of the Cooperative;
- (e) not be a close relative of an existing employee, or existing 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, uncle, aunt or sibling, or principally resides in the same residence;
- (f) be only one (1), and not more than one (1), 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 Cooperative unless all shall meet the qualifications herein set forth;

(g) if a Member of the Cooperative is not a natural person, i.e. a corporation, partnership, limited liability company, or similar, then the Member may appoint or elect one (1) duly authorized natural person, residing within the external boundaries of the district from which they are nominated, to be eligible for election as a director to the board of directors;

(h) never have been convicted of a felony;

(i) not be or become the full-time employee or agent of, or be or become the full-time employer or principal of, another director;

(j) agree, upon election, to regularly attend all board, regular and special members' meetings; and

Exception. 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 a Cooperative employee because of a marriage or an adoption to which the director was not a party.

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 there from, as the case may be.

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 have a personal interest in conflict with that of the Cooperative.

Article III, Section 2 is amended to clearly establish the requirements for becoming a director of the Cooperative. The previous language was exclusionary and limited in its application. The proposed language is intended to establish the minimum requirement for becoming a director to better establish what the Cooperative's expectations are of any potential director nominee. Additionally, the language is being amended to better reflect Minnesota law and to clean up dated, inapplicable language.

Section 3. Nominations and Elections.

It shall be the duty of the board of directors to appoint, not less than seventy (70) days nor more than one hundred and twenty (120) days before the date of a meeting of the members at which directors are to be elected, a Committee on Nominations ("Committee") consisting of not less than five (5) nor more than eleven (11) members of the Cooperative who shall be selected so as to give equitable representation on the Committee to the geographical areas served or to be served by the Cooperative. No officer or member of the board of directors shall be appointed a member of such Committee. The Committee shall prepare and post at the principal office of the Cooperative at least twenty-five (25) days before the meeting a list of nominations for directors, but any fifteen (15) or more Members may make other nominations in writing, by petition, not less than twenty (20) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the Committee is posted.

The Secretary shall also mail with the notice of the meeting a statement of the number of directors and terms to be elected and showing separately the nominations made by the Committee on Nominations and the nominations made by petition.

The Members may, at any meeting at which a director or directors shall be removed, as hereinafter provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations.

Notwithstanding anything in these Bylaws or applicable procedural rules

to the contrary, a candidate who is the only qualified nominee for a seat up for election may be elected at the annual meeting of the members by motion adopted or by a voice vote, show of hands or other appropriate means.

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.

Article III, Section 3 is amended to clean up old language.

Section 4. Filling Vacancies.

Subject to the provisions of these Bylaws with respect to the removal of directors, vacancies occurring in the board of directors may be filled, from the same district in which the vacancy exists, by a majority vote of the remaining directors, and directors thus elected shall hold office until the next annual meeting of the members and until their successor shall have been elected and shall have qualified.

Article III, Section 4 is amended to clean up old language.

Section 5. Removal.

By Members:

(a) Members may remove a director for cause related to the duties of the position of director and fill the vacancy caused by the removal.

(b) Any Member may bring charges against a director by filing them in writing with the Secretary, together with a petition signed by ten (10%) percent of the Members, requesting the removal of the director in question by reason(s) thereof.

(c) The removal shall be voted upon at the next meeting of the members.

(d) The director against whom such charges have been brought shall be informed in writing of the charges twenty-five (25) days prior to the meeting and shall have an opportunity at the meeting to be heard in person or represented by counsel and to present evidence; and the person(s) bringing the charges against him/her shall have the same opportunity.

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 meeting and fill the vacancy caused by the removal pursuant to Section 4.

(a) Directors may remove a director for cause by a vote of three-fourths (3/4) of the directors at a duly constituted and conducted meeting of the board of directors.

(b) The director against whom such charges have been brought shall be informed in writing of the charges twenty-five (25) days prior 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 him/her shall have the same opportunity.

Article III, Section 5 is amended to establish the process for removal of a director by the membership and by the board itself.

Section 6. Compensation.

Directors are not employees of the Cooperative and, as such, shall not receive any salary for their services, but by resolution of the board, a fixed sum and reasonable expenses for attendance may be allowed for each meeting of the board, and such other meetings and conferences as may be approved by resolution of the board from time to time.

Article III, Section 6 is amended to clearly establish how a director is compensated by the Cooperative.

Section 7. Rules and Regulations.

The board of directors shall have power to make and adopt such rules and regulations, not inconsistent with the laws of the state of Minnesota, 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.

Article III, Section 7 is amended to better reflect Minnesota law.

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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 such accounting system as may, from time to time, be designated by the Administrator of the U.S. Department of Agriculture Rural Utilities Service and Generally Accepted Accounting Principles.

All accounts of the Cooperative shall be examined by a committee of the board of directors which shall render reports to the board of directors at least four (4) times a year at regular meetings of the board. The board of directors shall arrange for a full and complete audit of the accounts, books and the financial condition of the Cooperative as of the end of each fiscal year. A summary of such audit reports shall be submitted to the members at the following annual members' meeting.

Article III, Section 8 is amended to reflect how the Cooperative conducts its yearly third party audit and to clean up old language.

Language removed is not needed in the Bylaws and the Cooperative is contractually bound to comport with any contractual requirements it may have entered into with its lenders.

ARTICLE IV 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. A regular meeting of the board of directors shall also be held monthly at such time and place within the service area of the Cooperative's power supplier, 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. For good cause, the President may change the date, time or location of any regular meeting, provided notice of the change is provided to the directors in the manner required herein. Any director not present at any regular meeting at which the regular meeting date, time or location is changed is entitled to receive notice of the regular meeting change at least five (5) days before the next regular meeting.

Article IV, Section 1 is amended to clean up old language and to provide flexibility for the board to ensure it can properly conduct its meetings.

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 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.

Article IV, Section 2 is amended to clean up old language and to give the board flexibility in conducting special meetings as necessary.

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, electronically or mailed, to each director at the director's last known physical address or email address if by electronic means. Any director may waive notice of any meeting. The attendance of a director at

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

Article IV, Section 3 is amended to clean up old language and to account for proposed electronic means language.

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.

Article IV, Section 4 is amended to clean up old language.

Section 5. Manner of Acting.

The act of the majority of the directors present at a meeting 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 IV, Section 6 is amended to provide the board with necessary flexibility to conduct the business of the Cooperative.

ARTICLE V OFFICERS

Section 1. Number.

The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer. 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 may be convenient. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members or until their successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

Article V, Section 1 is amended to clean up old language.

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 judgement 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:

(a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the board of directors;

(b) may sign, with the Secretary, or any other proper officer of this Cooperative, 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 Bylaws 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.

Article V, Section 5 is amended to clean up old language.

Section 6. Vice President.

In the absence of the President, or in the event of the President's 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 the Vice President by the board of directors.

Article V, Section 6 is amended to clean up old language.

Section 7. Secretary.

The Secretary shall:

(a) keep the minutes of meetings of the members and the Board of Directors in one or more books provided for that purpose;

(b) see that all notices are duly given 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) execute certifications of mailed or published meeting notices in accordance with these Bylaws or as required by law;

(f) keep on file at all times a complete copy of the 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, forward a copy of the Bylaws and of all amendments thereto to each member upon request; and

(g) in general perform all duties incident to the office of Secretary and such other duties as, from time to time, may be assigned to 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.

Article V, Section 7 is amended to better reflect the obligations of the office of secretary as well as clean up old language.

Section 8. Treasurer.

The Treasurer shall:

(a) have charge and custody of and be responsible for all funds and securities of the Cooperative;

(b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such banks as the board of directors selects; and

(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.

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.

Article V, Section 8 is amended to clean up old language.

Section 9. Chief Executive Officer.

The board of directors shall employ an individual to serve as Chief Executive Officer ("CEO") and fix their compensation and all other terms of their employment. The CEO shall actively supervise all of the ordinary course of business of this Cooperative. The CEO shall perform such other duties as the board of directors may, from time to time, require of the CEO and shall have such authority as the board of directors may, from time to time, vest in them.

Article V, Section 9 is amended to better reflect the division of duties between the board and the CEO as well as to clean up old language.

Section 10. Director and Officer Liability Insurance.

The board of directors shall require the purchase by the Cooperative 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 Cooperative.

Article V, Section 10 is amended to clean up old language and to better fit the layout of these proposed Bylaws.

Section 11. Compensation.

Board of director officers shall not receive any salary for their services as such, except that some or all of the officers may, by policy of the board of directors, receive a reasonable dollar amount for the additional obligations imposed upon them by virtue of their respective office(s).

Article V, Section 11 is amended to clearly establish the compensation of directors and officers of the Cooperative.

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 year and showing the condition of the Cooperative at the close of such fiscal year.

Section 13. 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 this Cooperative. Such officers shall serve for a term not exceeding the term of the President and shall have such power and duties as the board determines.

Article V, Section 13 is amended to give flexibility to the board as necessary for the general operation of the Cooperative.

Section 14. Delegation of Duties.

If the board delegates any responsibilities and duties of the officers to employees or agents of the Cooperative, 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 V, Section 14 is amended to give flexibility to the board as necessary for the general operation of the Cooperative.

ARTICLE VI CONTRACTS, 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, 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.

Proposed Amendments to the

ARTICLES OF INCORPORATION AND BYLAWS OF THE COOPERATIVE

ARTICLE VII MEMBERSHIP CERTIFICATES

Section 1. Certificates of Membership.

Membership in the Cooperative may be evidenced by a Certificate of Membership, which shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent with, the Articles of Incorporation of the Cooperative or these Bylaws.

Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Article VII, Section 1 is amended to give flexibility to the Cooperative.

Section 2. Issue of Membership Certificates.

No Certificate of Membership shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

Article VII, Section 2 is amended to clean up old language.

Section 3. Lost Certificate.

In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the board of directors may prescribe.

ARTICLE VIII DISTRIBUTION OF EARNINGS

Section 1. Interest or Dividends Prohibited.

The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its Members. No interest or dividends shall be paid or payable on any capital stock issued by this Cooperative or on any capital furnished by its Members.

Article VIII, Section 1 is amended to better reflect its operation as a nonprofit rural electric distribution cooperative and to clean up old language.

Section 2. Capital Furnished by Members.

(a) In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all Members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to ensure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account, on a patronage basis, to all its Members for all amounts received and receivable from the furnishing of 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 receivable with the understanding that they are furnished by the Members as capital.

(b) The Cooperative is obligated to pay, by credits to a capital account for each Member, all such amounts in excess of operating costs and expenses.

(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 capital, if any, so furnished by each Member, is clearly reflected and credited in an appropriate record to the capital account of each Member.

(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 their account.

(e) 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

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:

(1) used to offset any losses incurred during the current or any prior fiscal year;

(2) adjustments to reserves for the purpose of stabilizing margins and rate increases from year to year;

(3) to the extent not needed for that purpose, allocated to its Members on a patronage basis; and

(4) any amount so allocated shall be included as a part of the capital credited to the accounts of Members, as herein provided.

Article VIII, Section 2 is amended to better reflect the process of capital allocation by the Cooperative as an electric distribution utility cooperative and to clean up old language.

Section 3. Repayment of Capital.

(a) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, and the par value of the stockholders' shares returned, outstanding capital credits, irrespective of the form in which they were allocated, shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of Members. Any balance remaining in excess of outstanding patron credits shall be allocated and paid to each then record holder of patron credits in the ratio of patron credits held by each to the total of patron credits outstanding.

(b) If, at any time prior to dissolution or liquidation, but not less than annually, the board of directors determines that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to 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 furnished as capital.

(d) Any Member who receives service from the Cooperative under a rate schedule, which is applied only to such Member under a separate and individual contract made between such Member and the Cooperative may receive their capital credits in the form of credits upon their energy bill if the board of directors so determines. In such event, the credit shall be applied after the expiration of the calendar year for which the credit is to be determined. The credit to be allowed shall be computed in accordance with the following formula:

The credit to be allowed shall be the sum total of the revenues received from the contracting Member during the calendar year, less the following deductions:

(1) The cost of energy purchased to supply such contracting Member including a reasonable line loss;

(2) Such fixed amount as shall be determined by the board of directors to be sufficient to cover consumer billing and collecting for such contracting Member;

(3) A depreciation charge based upon all construction costs directly incident to bringing the service to such contracting Member, plus interest upon such costs at the rate of two percent (2%) per annum;

(4) All labor charges directly chargeable against the maintenance of the lines to such contracting Member and including labor for substation maintenance and, in addition, a reasonable per centum of the total of such direct labor

charges to repay the Cooperative for the general overhead incident to such labor;

(5) All extra costs directly chargeable to bringing the service to such contracting Member; and

(6) A reasonable share of the total operating expense of the Cooperative for the calendar year for which such capital is being computed.

Article VIII, Section 3 is amended to clean up old language.

Section 4. Assignment or Transfer.

Capital credited to the account of each Member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such Member's premises served by the Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.

Article VIII, Section 4 is amended to establish the process for assignment of capital credited to members by the Cooperative.

Section 5. Early Repayment.

The board of directors, in its sole discretion, shall have the power at any time upon the death of any Member who was a natural person, if the legal representatives of their estate requests in writing that the capital credited held by the deceased 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 Member immediately upon such terms and conditions as the board of directors, acting under the policies of general application, and the legal representatives of such Member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The board of directors, in its sole discretion, shall have the power at any time upon the lawful dissolution, liquidation or other cessation of existence of an entity Member, if the entity's legal representative requests in writing that the capital credited held by the entity 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 Member immediately upon such terms and conditions as the board of directors, acting under the policies of general application, and the legal representatives of such entity Member shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. The Cooperative may not specially retire the capital credited held by the entity Member or former entity Member during or after the entity's reorganization, transfer, merger or consolidation.

If at any time a Member shall cease to take electric service from the Cooperative or shall fail to comply with the provisions of these Bylaws, the Cooperative may elect to cancel their membership by tendering to them the par value or book value of their stock, whichever is lesser. The Cooperative shall also have the authority to offset debts owed by a Member or patron to the Cooperative against their outstanding patron credits or stock.

The Members and 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 Member and patron, and both the Cooperative and the Members and patrons are bound by such contract, as fully as though each Member and patron had individually signed a separate instrument containing such terms and provisions.

Article VIII, Section 5 is amended to establish the process and procedure of early retirement of capital credited to the membership by the Cooperative.

Section 6. Net Income to Pay Subscriptions to Official Newspaper.

Twenty-Five Cents (\$0.25) of the amount of net income available to each Member each year is to be used for a year's subscription to The P.K.M. News, the official Cooperative newspaper. The board of directors is authorized to pay said subscriptions annually for each Member, charging the amount of the subscription to the net income available to each Member.

Article VIII, Section 6 is amended to clean up old language.

Section 7. Right to Offset.

The Cooperative shall at no time be required to retire the patronage credits or the membership capital of any Member who has not paid the Member's obligation to the Cooperative, and the board of directors may, in its discretion, apply any Member's patronage credits and membership capital pursuant to Section 2 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.

Article VIII, Section 7 is amended to clean up old language and to ensure that the sections of these Bylaws comport with each other.

ARTICLE IX WAIVER OF NOTICE

Any Member or director may waive any notice of meetings required to be given by law, the Articles of Incorporation or these Bylaws.

Article IX is amended to remove redundant language found elsewhere in these Bylaws.

ARTICLE X DISPOSITION OF PROPERTY

The Cooperative may at any meeting of its board of directors sell, mortgage, lease or exchange any or all of its property, rights, privileges and franchises upon such terms and conditions as the board of directors deem expedient, and for the best interest 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 members' 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 Members shall also represent the affirmative vote or written consent of at least two-thirds (2/3) of the individual Members; 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, 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 property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the board of directors shall determine.

ARTICLE XI FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first (1st) day of January of each year and end on the thirty-first (31st) day of December of the same year.

ARTICLE XII MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may become a member of any other organization upon approval by the board of directors, provided that the directors must obtain approval of an affirmative vote of the Members at the next annual meeting to continue to be a member of such organization. The notice of said annual meeting shall specify that action is to be taken upon such proposed membership as an item of business.

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 if approved by a majority of the votes cast, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. Any repeal, amendment or alteration of Article X or this sentence of Article XIV, however, that results, directly or indirectly, in a change in the Member approval requirements for acts described in Article X, must be approved by a majority of all Members of the Cooperative.

Statement of Operations



	2020	2019
OPERATING REVENUE:		
Electric	\$ 14,574,099	\$ 14,937,133
Other	101,710	164,767
Total operating revenue	\$ 14,675,809	\$ 15,101,900
OPERATING EXPENSES:		
Cost of power	\$ 9,599,253	\$ 10,140,722
Distribution – operation	482,837	594,718
Distribution – maintenance	782,688	660,821
Customer accounts	341,779	318,284
Customer service and informational	189,706	192,218
Administrative and general	920,140	910,113
Depreciation	981,658	946,043
Interest on long-term debt	590,406	582,019
Tax expense – other	-	(5,933)
Other income deductions	5,295	8,899
Total operating expenses	\$ 13,893,762	\$ 14,347,904
OPERATING MARGIN	\$ 782,047	\$ 753,996
NONOPERATING MARGIN:		
Nonoperating margins – other	\$ (31,727)	\$ (20,760)
Interest income	200,241	229,697
Generation & transmission capital credits	195,288	-
Other cooperative capital credits	47,608	42,136
Total nonoperating margin	\$ 411,410	\$ 251,073
NET MARGIN	\$ 1,193,457	\$ 1,005,069

 LED LIGHTS INSTALLED


2019	2020
226	249

 POLE REPLACEMENTS

2019	2020
115	121

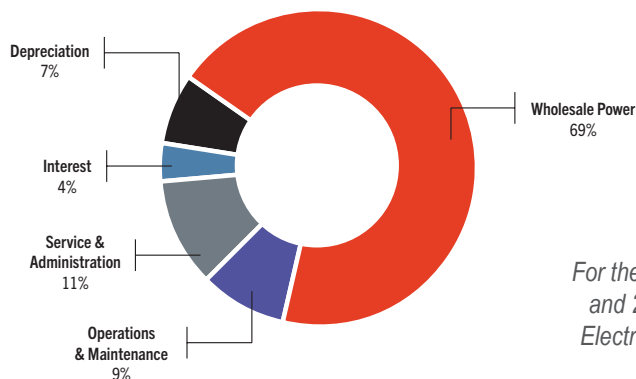
 SCHOLARSHIPS AWARDED

2021	TO DATE
13	416

 WIND ENERGY SURCHARGE

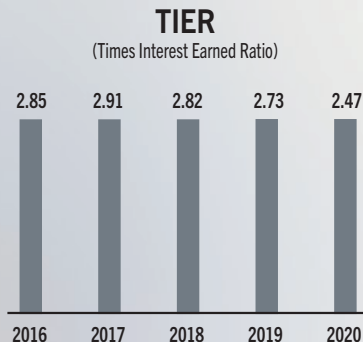
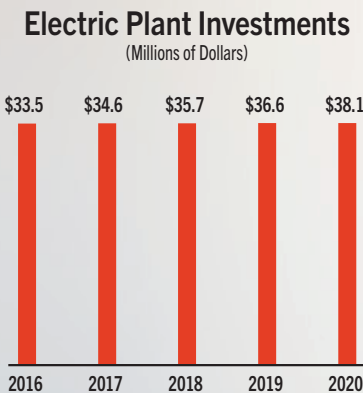
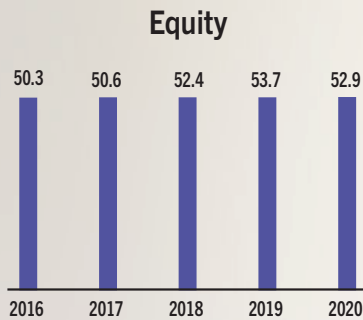
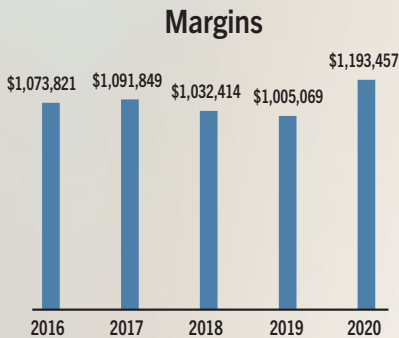
2020
560,349.16

Operating Expenses



For the years ended December 31, 2020 and 2019. Minnesota 87 Marshall PKM Electric Cooperative, Inc. Warren, Minn.

PKM Balance Sheet



Assets

ELECTRIC PLANT:

	2020	2019
In service	\$ 37,528,412	\$ 35,986,401
Under construction	573,029	609,622
Total electric plant	38,101,441	36,596,023
Less accumulated depreciation	(14,616,654)	(13,837,507)
Electric plant – net	\$ 23,484,787	\$ 22,758,516

OTHER PROPERTY AND INVESTMENTS:

Investments in associated companies	\$ 1,197,728	\$ 995,911
Other investments	1,581,425	902,776
Total other property and investments	\$ 2,779,153	\$ 1,898,687

CURRENT ASSETS:

Cash – general	\$ 3,175,561	\$ 1,231,723
Temporary investments	1,368,554	1,350,000
Accounts receivable	1,463,364	1,816,051
Materials and supplies	811,717	971,098
Prepayments, other current & accrued assets	20,405	70,486
Total current assets	\$ 6,839,601	\$ 5,439,358

DEFERRED DEBITS

	\$ 11,761	\$ 362,760
TOTAL ASSETS	\$ 33,115,302	\$ 30,459,321

Equities and Liabilities

EQUITIES:

Memberships	\$ 19,720	\$ 19,490
Patronage capital	9,051,000	8,760,322
Other margins and equities	7,391,952	6,569,603
Current year margins	1,193,457	1,005,069
Total equities	\$ 17,656,129	\$ 16,354,484

LONG-TERM DEBT

	\$ 14,021,002	\$ 12,522,819
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CURRENT LIABILITIES:

Accounts payable	\$ 1,010,577	\$ 1,168,418
Consumers deposits	15,050	15,350
Other current liabilities	412,544	398,250
Total current liabilities	\$ 1,438,171	\$ 1,582,018

TOTAL EQUITIES AND LIABILITIES

	\$ 33,115,302	\$ 30,459,321
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Employee and Staff Directory



Matt Bjorgo
Journeyman Lineman



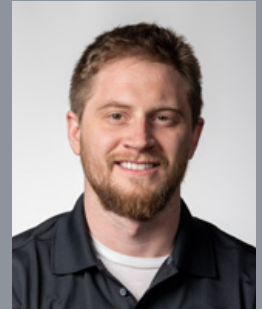
Nolan Buchner
Journeyman Lineman



Megan Dagoberg
Administrative Assistant



Chelsy Davey
Executive Assistant



Matt Kazmierczak
Utility Rep / Work Order Clerk



Bret Klopp
Journeyman Lineman



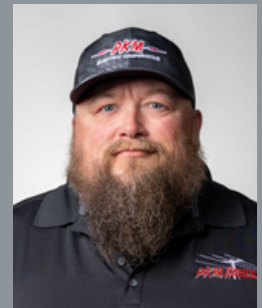
Nolan Knott
Journeyman Lineman



Joe Marcotte
Line Superintendent



Karen Olson
CFO



Chris Derosier
Line Foreman



Ben Pahlen
Sub-Line Foreman



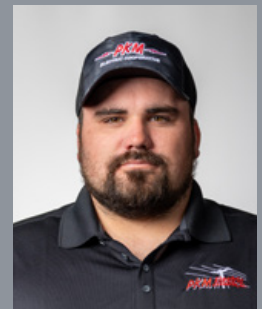
Jeff Rustad
Member Service Manager



Scott Slusar
Line Crew Foreman



Jeremy Treitline
Customer Service Representative



Josh Tutt
Journeyman Lineman



Kade Leeper
Summer Help



Kasy Lisburg
Summer Help

PKM Electric's advisors

Randy Vetter
Engineer
MEI Engineering Inc.
 Fargo, N.D.

Minnkota Power Cooperative
Legal Counsel
Grand Forks, N.D.



Be Prepared for Summer Storms

Despite the best efforts of PKM Electric Cooperative and other utilities, outages, surges and low voltages can still occur for many reasons, especially lightning from summer storms.

Even though your cooperative has an up-to-date distribution system with preventative measures like lightning arresters placed throughout the system, equipment can fail and nature is unpredictable. In fact, a lightning bolt can push an estimated 10 to 100 million volts of electricity with an average current of 30,000 amps.

Please be aware that only in the case of negligence would PKM or any utility's insurance be liable to pay for damage to a member's property. While surges and low voltage are rare, they can damage sensitive equipment. These types of events take many forms:

- Lightning strikes a power pole, sending a surge of voltage through the power lines.
- A vehicle hits a power pole, knocking down one phase on a three-phase feeder, causing low voltage.

If you ever do experience a surge or low voltage event, turn off and disconnect sensitive equipment as quickly as possible. Doing so is the best defense. Also, many types of surge protectors help protect electrical equipment against voltage fluctuations. Members can purchase whole-house surge protection from an electrician or protection for individual equipment like computers.

Surge protectors absorb some of the electric surge and divert the rest to ground. Look for UL-listed products.

Finally, uninterruptible power supply (UPS) systems are powered by batteries and provide time for the user to correctly save or shut off items they have on a computer. Some UPS systems provide protection against voltage sags or spikes for however long they are rated to work.

Acts of nature like lightning strikes are not covered by many insurance policies. It is always a good idea to check your homeowner's insurance policy to see what is covered and ask for advice on protecting sensitive electronic equipment.

4 Heating Options

TO CONSIDER WHEN PLANNING A NEW OR RETROFIT HEATING SYSTEM

Air-source heat pump with modulating plenum heater and propane backup

Air-source heat pumps are very efficient systems that transfer heat instead of creating it. In the summer, they work exactly like a central air conditioner, but in the winter they provide very economical heat until the temperature drops below the set point (usually 20-30 degrees F). Then the modulating plenum heater kicks in and works with the heat pump for extra savings. When controlled, a propane furnace kicks in.



What's nice about air-source heat pumps is that they provide year-round benefits and either pair nicely with a propane or natural gas furnace or in a heat pump/modulating plenum/propane furnace combination on the off-peak rate. This gives members the freedom to choose fuel sources. Plus, energy-efficiency rebates of up to \$500 per ton for the heat pump are available, and a \$40 per kW rebate.

Hydronic floor heat

A popular option for off-peak due to its comfort. The key is to install the proper heat storage base with sand and slab or install a dual-fuel system. Complete perimeter insulation is necessary for both styles. A \$40 per kW rebate is available.



Geothermal heat pumps

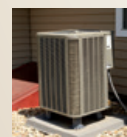
Provide the highest efficiencies for space heating and cooling today. Geothermal heat pumps use the constant temperature of the earth to transfer heat. Energy efficiency rebates of up to \$400 per ton are available as well as a separate rebate of \$200 per ton.



When paired with a fossil fuel furnace backup, geo heat pumps get the off-peak rate for a heating price that is hard to beat when you combine efficiency with the 5.6 cent per kWh off-peak rate.

Steffes thermal storage with air-source heat pump

An all-electric option that still receives the off-peak rate, an electric thermal storage system coupled with a heat pump eliminates the need for a fossil fuel backup when sized properly. The heat pump provides the efficiency



and the Steffes provides the backup making the system eligible for the off-peak rate – providing excellent energy savings. Steffes systems convert electricity



into heat and store that heat in specially designed bricks. Energy efficiency rebates of \$40 per kW are available for select units.



JUMP 4 JOY BOUNCE HOUSES FOR THE KIDS!



Bring your antique car for a chance to win a \$200 Visa gift card!

Agenda

TUESDAY, JULY 13, 2021

6:30 p.m.

- Doors Open for Member Registration

Business Meeting

7:00 p.m.

- Meeting Called to Order.....President Mark Hatton

Business Session

- Notice of Annual Meeting
- Establishment of Quorum
- 2020 Meeting MinutesMark Hatton
- President's ReportMark Hatton
- Treasurer's Report..... Included in Report
- CEO's Report.....Mike Schmidt
- Nominating Committee ReportMike Schmidt
- Approval of NominatedAndrew Sorbo, *Minnkota Director Candidates Senior Manager, Legal Services*
- New Business
- Adjournment of Business Meeting
- Prize Drawings (*must be present to win*)

Enter through the main gate to register and pick up your gift bag for the meeting. Members are welcome to stay for the movie that night and food will be available before the prize drawings.

GRAND DOOR PRIZE: \$500 energy credit

KIDS' PRIZES: (1) \$200 Visa gift card and (1) \$100 Visa gift card

NEW THIS YEAR: \$200 Visa gift card to the favorite pick for antique car or hot rod!