



member driven.
community focused.
energy smart.

ARTICLES OF INCORPORATION

THIRD RESTATED ARTICLES OF INCORPORATION OF STEARNS COOPERATIVE ELECTRIC ASSOCIATION

The undersigned, acting for ourselves as individuals, for the purpose of forming a cooperative association under and pursuant to the provisions of Minnesota Statutes Chapter 308A, as amended, associate ourselves as a body corporate and adopt the following Articles of Incorporation:

ARTICLE I.

SECTION 1.

The name of this Association shall be Stearns Cooperative Electric Association.

SECTION 2.

The conduct of the business of this Association shall be upon the cooperative plan and the general nature of its business and the purpose or purposes for which it is formed are:

- (a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members; and to construct, erect, purchase, lease and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any of the foregoing purpose.
- (b) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of this Association;
- (c) To purchase, receive, lease, or in any other manner acquire, own, hold, maintain, sell, exchange and use any and all real and personal property or any interest therein necessary, useful or appropriate to enable this Association to accomplish any and all of its purposes;
- (d) To borrow money and otherwise contract indebtedness for the purposes, or any of them for which this Association is formed, and to issues notes, bonds and other evidences of indebtedness, and to secure any of its obligations by mortgage, pledge or deed of trust of all or any of its property, assets, franchises and income.
- (e) To sell and convey, mortgage, pledge, lease and otherwise dispose of all or any part of its property and assets;
- (f) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the Act under which this

Association is formed; provided, however, that the conduct of the business of this Association shall be upon the cooperative plan.

The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers of this Association, and this Association shall be authorized to exercise and enjoy all the powers, rights and privileges granted to or conferred upon associations of the character of this Association by the laws of the State of Minnesota now or hereafter in force.

SECTION 3.

The registered office and principal place of transacting the business of this Association shall be at 900 Kraft Drive SE, Melrose, Minnesota 56352.

ARTICLE II.

The period of duration of this Association shall be perpetual.

ARTICLE III.

SECTION 1.

This Association shall be organized on a non-stock, membership basis.

SECTION 2.

Each Member shall have only one (1) vote in the affairs of this Association and membership shall not be transferable except with the approval of the Board of Directors of this Association. Voting by proxy shall be prohibited.

SECTION 3.

The Association shall at all times be operated on a cooperative, non-profit basis for the mutual benefits of its Members. No interest or dividends shall be paid or payable by the Association on any capital furnished by its Members. The net income of the Association, in excess of amounts set aside as capital reserves and additional reserves, shall be distributed on the basis of patronage. The records of the Association may show the interest of Members in the reserves.

ARTICLE IV.

SECTION 1.

The government of this Association and the management of its affairs and business shall be vested in a Board of Directors who shall be elected by ballot by the Members for such terms as the Bylaws may prescribe at the annual meeting of the Members. All members of the Board of Directors shall be Members of the Association.

SECTION 2.

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation or by the Bylaws of the Association 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 Association.

ARTICLE V.

These Articles of Incorporation may be amended in whole or part as provided by law.

ARTICLE VI.

SECTION 1.

A director of the Association shall not be personally liable to the Association or its Members for monetary damages for breach of fiduciary duty as a director, except for liability:

- (a) based on the breach of the director's duty of loyalty to the Association or its Members;
- (b) for acts or omissions not in good or that involve intentional or a knowing violation of law;
- (c) for any transaction from which such director derived an improper personal benefit; or
- (d) for an act or omission occurring before the date when this provision becomes effective.

SECTION 2.

If Chapter 308 A of the Minnesota Statutes is hereafter amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Association, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by Chapter 308A of the Minnesota Statutes, as amended. Any repeal or modification of this Article by the Members of the Association shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Association existing at the time of such repeal or modification.