

Amended and Restated Articles of Incorporation of People's Cooperative Services

Article I.

NAME AND PRINCIPAL PLACE OF BUSINESS

The name of this Cooperative shall be People's Cooperative Services, and its registered office and the principal place of transacting business of the Cooperative shall be 3935 Highway 14 East, Rochester, Minnesota 55904. The Cooperative shall be subject to Minnesota Statutes; Section 308A, the Minnesota Cooperative law.

Article II.

PURPOSE OF PLAN

Section 2.01 The conduct of the business of this Cooperative 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 purposes;
- (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 Cooperative;
- (c) To purchase, receive, lease as lessee, 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 Cooperative 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 Cooperative is formed, and to issue 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 as lessor 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 Cooperative is formed; provided, however, that the conduct or the business of this Cooperative shall be upon the Cooperative plan;
- (g) To purchase or otherwise acquire the ownership of water, water rights, water systems, water privileges, and/or sewer systems in the counties served by the Cooperative, State of Minnesota, and to hold, use, sell or lease the same, or any part thereof, for any and all beneficial uses; also to acquire by purchase or otherwise the ownership of wells, tanks, reservoirs, pumps, mains, rights of way over land in said counties so far as the same may be necessary for the operation of the water or sewer systems and to distribute water or sewer service to any parties desiring service from said systems; also to enter into any Agreement that may be required by any governmental authority for the operation of said water or sewer systems and to do any and all things necessary, convenient or useful for carrying out and accomplishing any of the foregoing purposes;
- (h) To provide other services as permitted by law.

Section 2.02 The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers of this Cooperative, and 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.

Article III.
DURATION

The period of duration of the Cooperative shall be perpetual.

Article IV.
CAPITAL STOCK

Section 4.01 Each member shall have one vote in the affairs of the Cooperative.

Section 4.02 The outstanding equity credits may be retired in whole or in part by the Cooperative at any time, as determined by the Board of Directors, upon paying to its holders the stated value in the event revolving capital or equity credits are retired, and the Board of Directors may select which revolving capital or equity credits will be retired.

Section 4.03 Equity credits shall be transferable only with approval of the Board of Directors and shall only be made upon the books of the Cooperative by the members in person or by power-of-attorney duly executed and acknowledged and filed with the Secretary of the Cooperative; and no transfer of equity credits shall be made unless and until any and all indebtedness owing to the Cooperative by the holder has been paid in full.

Section 4.04 This Cooperative shall have a first lien on all equity credits or any other interest distributed on a patronage basis standing on its books for all indebtedness of the respective holders or owners thereof to the Cooperative. This Cooperative shall also have the right, exercisable at the option of the Board of Directors, to set off such indebtedness against the amount of such equity credits or any other interest distributed on a patronage basis standing on its books; provided, however, that nothing contained herein shall give the holders of such equity credits or any other interest distributed on a patronage basis, any right to have such set off made.

Section 4.05 The net income (total annual net savings) in excess of additions to reserves shall be distributed on the basis of patronage, and the records of the Cooperative may show the interest of members in the reserve as more fully provided in the By-Laws.

Section 4.06 The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by this Cooperative on any capital furnished by its members.

Article V. **BOARD OF DIRECTORS**

Section 5.01 The management of this Cooperative and its affairs and business shall be vested in a Board of Directors consisting of not less than seven (7) members, who shall be elected by ballot by the members for such terms as the By-Laws may prescribe at the annual meeting of the members. The annual meeting shall be held at such date and hour as the Board of Directors may, by resolution, adopted not less than 30 days prior to the date so fixed, determine.

Section 5.02 Any vacancy occurring on the Board of Directors may be filled by the remaining members of the board, except as otherwise provided by law or the By-Laws of this Cooperative, and any person elected to fill such vacancy shall hold office until the next annual meeting of the members or until his/her successor shall have been elected and shall have qualified.

Section 5.03 The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation or the By-Laws of this

Cooperative or the law of the State of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of this Cooperative.

Section 5.04 Limitation on Liability. No director of this Cooperative shall be personally liable to the Cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for liability:

- (a) For a breach of the directors' duty of loyalty to this Cooperative or its members;
- (b) For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (c) For a transaction from which the director derived an improper personal benefit; or
- (d) For an act or omission occurring prior to the date when the provisions of this section become effective.

It is the intention of the members of this Cooperative to eliminate or limit the personal liability of the directors of the Cooperative to the greatest extent permitted under Minnesota law. If amendments to the Minnesota Statutes are passed after this section becomes effective which authorize cooperative corporations to act to further eliminate or limit the personal liability of directors, then the liability of the directors of this Cooperative shall be eliminated or limited to the greatest extent permitted by the Minnesota Statutes, as so amended.

Any repeal or modification of this section by the members of this Cooperative shall not adversely affect any right of or any protection available to a director of this Cooperative which is in existence at the time of such repeal or modification.

Article VI. **MEMBERSHIP**

Section 6.01 Any person may become a member of this Cooperative by agreeing to purchase electric energy furnished by this Cooperative.

Section 6.02 Each member shall:

- (a) Purchase the minimum amount of electric energy which such member has agreed to purchase from this Cooperative after such electric energy will have become available for use;
- (b) Pay all obligations owing to this Cooperative as and when the same became due;

- (c) Comply with such rules and regulations as may be adopted by the Board of Directors of this Cooperative.

Article VII.
FISCAL YEAR

The fiscal year of this Cooperative shall begin on the first day of January in each year and end on the 31st day of December of the same year.

Article VIII.
DISSOLUTION


If the Cooperative dissolves, its assets shall be distributed in the following sequence:

- (a) Cost of dissolution.
- (b) The liabilities.
- (c) Pro rata to all holders of equity credits or any other interest distributed on a patronage basis according to the books of the Cooperative and to the extent practicable as determined by the Board of Directors.


Article IX.
AMENDMENTS

THESE ARTICLES OF INCORPORATION MAY BE AMENDED AS PROVIDED BY LAW.

IN TESTIMONY WHEREOF, we, the Chair of the Board and the Secretary of the Board, have hereunto set our hands and seals to the Amended and Restated Articles of Incorporation this 28 day of May, 2009.



Chair of the Board



Secretary of the Board