


The

# Enlightener



North Star  
Electric Cooperative, Inc.

Your Touchstone Energy® Partner 

VOLUME 49 NUMBER 9

BAUDETTE, MINNESOTA

SEPTEMBER 2004



## Power line safety

By Dan Hoskins  
General Manager

“Look Up” or “Call Before You Dig;” those are the words that are associated with our power lines and are associated with safety. Safety, being the #1 reason, is our biggest concern for our employees, our members and the general public. Let’s look at some of the areas of power line safety.

“Look Up;” this means look for those overhead power lines that bring that wonderful product, called electricity, to you. A power line that has electricity flowing through it is very dangerous, because you can’t see the electricity, you can’t smell it, and most of the time, you can’t hear it. But it’s there, and believe me, you don’t want to touch it. Every member of your family should be made aware of the dangers of electricity and taught to respect it.

If you look in the newspaper or listen to the news on the TV or radio, you will hear or read of someone putting up an antenna, moving a grain auger or other farm implement, trimming a tree, roofing a building or any other type of work where they have to stick objects into the air or climb onto an object. Sometimes, they end up sticking something into an overhead power line. Then you also will read or hear, in that same article, that they were either killed or badly burned with severe injuries. (556-23-004-01 Rudy F. Imhof) We don’t like it when our power lines are over the top of your building or in one of your trees; in fact, our easements state that once the power line is constructed, we do not want you constructing any building or planting any type of tree under an existing overhead line or on top of an underground line.

I can tell you, for a fact, that many people would be alive today if they hadn’t been so careless, or some people would not have severe injuries or deformities if they had only “Looked Up.” Let’s take that tree in the backyard that the kids or grandkids like to climb and there just happens to be a power line very close to it; before you know it, that young person has climbed up to the top of that tree to see how close they can get to those wires, and in an instant, everyone

*Continued on page 3*

### Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of North Star Electric Cooperative, Inc. will be held at the Lake of the Woods School in Baudette, Minn., on Friday, Oct. 8, 2004.

*Registration and Dinner 5 to 7 p.m.*

*Business meeting 7 p.m.*

The business to be transacted is as follows:

- 5:00 p.m. Registration
- Dinner
- 5:30 p.m. Entertainment – The Sindelir Band
- 6:30 p.m. Free childcare until meeting adjournment
- 7:00 p.m. Call to order . . . . . President Arnesen
- Invocation . . . . . Rev. Shawn Brandon
- Notice of 2004 Meeting . . . . Secretary Hanson
- Minutes of 2003 Meeting . . . Secretary Hanson
- Treasurer’s Report of Audit . . Treasurer Hanson
- Nomination and Election of Directors – Districts 1, 4 & 5
- Welcome Guests
- Financial Report . . . . Office Manager Ann Ellis
- Management Report . . . Manager Dan Hoskins
- Turn in Question Sheets
- Guest Speaker . . . . . Mark Glaess
- General Manager Minnesota Rural Electric Assn.
- Old and New Business . . . . . Members
- Question and Answer Time
- Results of Election
- Drawing Prizes and \$200 Grand Prize
- Adjournment

Thank you for attending YOUR annual meeting!

# The Enlightener

September 2004

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## OFFICERS AND DIRECTORS

Steve Arnesen . . . . . President  
Gunder Hallan . . . . . Vice President  
Michael Hanson . . . . . Secretary-Treasurer

## BOARD OF DIRECTORS

Julian Brzoznowski,  
James E. Palm, Bruce Polkinghorne,  
Allan Nygaard, Randy Bergan, Mike Trueman  
Wayne Haukaas . . . . . Editor

Baudette . . . . . 218-634-2202  
Littlefork . . . . . 218-278-6658

**If calling long distance,  
call toll-free**

Baudette . . . . . 888-634-2202  
Littlefork . . . . . 888-258-2008

e-mail us at [nsec@wiktel.com](mailto:nsec@wiktel.com)  
Visit our Web site at  
[www.northstarelectric.coop](http://www.northstarelectric.coop)  
P.O. Box 719, Baudette

DirecTV® Problems  
1-800-531-5000

**Electrical  
After-Hours  
Emergencies  
1-888-6OUTAGE  
(1-888-668-8243)  
634-2603**



## July 2004 Operating Report

Revenue . . . . .	\$ 575,489
Cost of Power . . . . .	\$ 287,869
Operation, Maintenance, Administration . . . . .	\$ 125,869
Depreciation, Interest . . . . .	\$ 126,706
Margin on Operations . . . . .	\$ 35,045
Average use per Residential . . . . .	823
Total kWhs Sold . . . . .	6,045,545



## Bus service to Annual Meeting

### Call or send us a note to confirm your seat on the bus

The bus is free, but this year we are asking that you give us a call or drop us a note to let us know that you plan to ride the bus. Also, it would be helpful to know where you plan to board. With your help, we should be able to make sure that everyone will be able to find a seat.

**Call 634-2202 (Baudette) or 278-6658 (Littlefork)  
or toll-free (888) 634-2202**

### Bus Schedule for Annual Meeting

Friday, Oct. 8, 2004

#### East Route 1

Kabetogama . . . . .	Gateway Store	3:15 p.m.
Ray . . . . .	Woodland Inn	3:25 p.m.
Roger's Corner . . . . .	Store	3:35 p.m.
International Falls . . . . .	International Falls Shopping Mall	3:50 p.m.

Pelland Jct. . . . .	Y Knot Quick Stop	4:00 p.m.
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#### East Route 2

Big Falls . . . . .	Community Center	3:20 p.m.
Littlefork . . . . .	DJ's Big Spoon	3:45 p.m.
Pelland Jct. . . . .	Y Knot Quick Stop	4:00 p.m.
Loman . . . . .	Church	4:10 p.m.
Birchdale . . . . .	Karen's Place	4:30 p.m.

#### West Route

Roosevelt . . . . .	Cafe	4:15 p.m.
Williams . . . . .	Fish Family Restaurant	4:25 p.m.

<b>Destination - Lake of the Woods School</b>	
<b>Registration</b>	<b>5 to 7 p.m.</b>
<b>Dinner</b>	<b>5 to 7 p.m.</b>
<b>Business meeting</b>	<b>7 p.m.</b>

## WE NEED YOUR METER READING!

Please read your meter on or as near the 25<sup>th</sup> of EACH month as possible. We must have your reading by the 5<sup>th</sup> of the next month to avoid an estimated bill. If a bill consecutively estimates two times, the crew will read the meter and a \$15 fee will be added to the account.

— Please Note —

*Bills that are past due will be charged a 1.5 percent late payment fee. Bills that are 30 days past due will also be charged a \$2 delinquent notice fee.*

dear to that person has had their lives changed forever.

How about the roof on that storage building that you put up under the power line. Remember when you built it. It was about 40 degrees and no wind so the power line was up there a good 10 feet. But now you need a new roof, and it is about 93 degrees with humidity and there's 10 mph wind blowing the conductor toward the peak of the roof. You've been working on this roof for about two hours, and boy, are your knees tired, so you stand and stretch a little; oops, now your life, and the lives of everyone that know and love you, has been changed.

So, you see, it is not that you know it's there or it is not that you are unsafe; it is a fact that accidents happen, and it only takes a split second to have the mind go blank, and boom, it's lights out. Believe me, from talking with some of the lucky survivors of an electrical shock, it's one experience you don't want. So when considering building or planting under our lines, please consider, first of all, your safety and the safety of others. If that doesn't work, then consider the bill I'm going to send you when our linemen find this hazard, and we have to change the location of the line.

Now, let's look at those other words, "Call Before You Dig." Not only is this the law, but it's smart and it's safe. These words not only refer to our underground power lines but also remember this: there are other utilities under the ground such as gas lines, water lines, telephone lines, cable TV lines, sewer lines, fiber optic lines and so on. (A map of your yard would be a very valuable document to add to your property folder for future reference.) Let's focus on underground power

lines.

How about this for an ad on TV; there is a gentleman putting in a new flagpole out in the yard; he is digging and digging, and all of a sudden, he hits the power line with his posthole digger. The next scene is this same gentleman sitting by the window with one hand bandaged up and the other one missing, along with one foot gone, and he's looking at the flag flying on his new flagpole that the neighbors had to finish installing for him; his life will never be the same. So let's see, one flagpole – \$225; two bags of mortar – \$12. one beautiful American Flag – donated, injuries sustained from not calling Gopher State One Call – Priceless.

Almost every member likes underground power lines. Because you can't see those ugly old poles; there are no wires to mess up the beautiful view of the sunset, the underground transformer is hid under a fake well or behind a large patch of flowers or bushes; and we don't want those trees cut down, so put the line in underground. Whatever the case may be, underground, if people could afford it, would be the power line of choice.

But, you do have to remember that anytime you are going to dig in the yard, whether it is planting trees, digging in a fence post, digging up the broken water line, or anytime you decide to dig, call the Gopher State One Call number before you dig, and we will give you free locates of our underground power line facilities that are located in the area of your digging. (121-41-031-09 Roger Stodgell) If the electric shock doesn't get you, the shock from the bill that I'm going to send you for repairs will. You see, it is not only a safety concern of ours, but it also costs money,

and just like the sign says in the local dime store, "you break, you pay."

Call your electrical cooperative with any information concerning power line hazards such as trees too close to the line, power lines going over a roof, low hanging or downed wires, broken guy wires, sparking or arcing, washouts concerning underground lines or just about whatever the case may be. If you notice anything out of the ordinary or something you have a question on, we are always available to talk with you and look the situation over. All we ask is that you keep yourself and everyone else away from the potential hazard until we have contacted you and made necessary repairs.

Just remember, all of us here at North Star Electric Cooperative try to bring you the best, most reliable product at the lowest cost and all of this is centered around safety. So with our professionals in the field, and with your assistance, we can maintain and distribute electricity safely for many years to come.

So, if you have a situation right now in your yard or you know of one where a power line crosses over a building, and you are concerned, please call us immediately, and we will meet with you at this reported spot; if there is a problem, we will correct it at no charge. We would like to do this to help clean up any of these situations and promote safety.

Here are some numbers for you to call; for underground locates before you dig call Gopher State One Call 1-800-252-1166.

To report an overhead power line situation, please call North Star Electric Cooperative at 888-634-2202 Baudette or 888-258-2008 Littlefork.

God bless you and stay safe.

## CURRENT ELECTRICAL INSPECTORS

State law requires that every new electrical installation in any construction, remodeling, replacement or repair shall file a certificate for inspection with the State Board of Electricity and be inspected by a Minnesota electrical inspector.

■ *Koochiching and St. Louis counties:*

**Lee Herseth**

10078 Gappa Road

Ray, MN 56669

Phone: (218) 875-3028

7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)

■ *Roseau and Lake of the Woods counties:*

**Laurence Otto**

60426 County Road 12

Warroad, MN 56763

Phone: (218) 386-2299

7:00 a.m. - 8:30 a.m. (Mon. thru Fri.)

*REMINDER: Make your plans now to attend the North Star Electric Cooperative Annual Meeting on Friday, October 8, 2004, at the Lake of the Woods School west of Baudette on Highway #11. Come and join us for supper; take in the business meeting of your Cooperative and, just maybe, you will be the lucky winner of one of the numerous door prizes or even the winner of the \$200 in cash!*



# Office notes

From Ann Ellis, Office Manager

*Ability is what you're capable of doing. Motivation determines what you do. Attitude determines how well you do it*  
— Lou Holtz

*If you plan to cast the vote of a membership held by an organization, the form shown below will need to be completed and presented before we can issue a ballot. The form must be fully completed.*

## Annual meeting plans are made!

### Capital credits totaling \$570,479 are paid

The board of directors authorized returning \$570,479 of capital credits to the members and past members. Most of you will see this as a credit on the enclosed electric bill; however, if you had a credit balance on your account, you will be receiving a paper check. Former members will also be receiving checks.

As a not-for-profit cooperative, all money received at North Star in excess of expenses belongs to the members. These funds are temporarily retained to make improvements of the electric system, meaning that you and the other members own about 38 percent of every pole, bucket truck and building in the Cooperative's name. As new margins (profits) come in, older ones are paid back. This year it's over half a million dollars being returned to members. Paying capital credits is a fundamental part of being a cooperative – a business owned by those it serves.

If you're wondering about taxation of this payment, capital credits are taxable ONLY if you deducted electricity as a business expense in the year in which these were earned. If you need help determining which years this means for you, please call Norma at our Baudette office.

### Nominating committees name candidates

Members in Districts 1, 4 and 5 will be electing their board representation at the October 8 annual meeting at the Lake of the Woods School. The nominating committees have presented their candidates:

District 1: (Warroad to west of Roosevelt plus Lakewood and Prosper Townships)  
Steve Arnesen (incumbent)

District 4: (Wabanica to Rako)  
L. J. Anderson  
Stacy Novak  
SharRay Palm

District 5: (East of Baudette to beyond Loman)  
Mike Hanson

Unsure of your district number? It is printed on your billing statement.

### Bylaw amendments

All members will be voting on proposed changes to the Bylaws. These changes are printed in this issue of *The Enlightener*.

### Plan on coming!

We would certainly like to see you at the annual meeting on the 8<sup>th</sup>! If you've never been to an annual meeting before, give it a try! It's your chance to be involved in the business YOU own. Plus we serve a nice meal, have childcare for the kids, and give out lots of prizes, including one \$200 cash prize! See you there!!!

The \_\_\_\_\_

(Name of Organization) has, at an official meeting, authorized \_\_\_\_\_

to represent us at the 2004 Annual Meeting of North Star Electric Cooperative, Incorporated

Attest \_\_\_\_\_  
(Mayor, Chairperson)

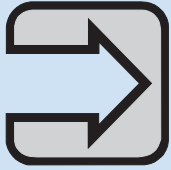
Attest \_\_\_\_\_  
(Clerk, Secretary)

## Assistance offered to handicapped for annual meeting

**Any member with a handicap who needs assistance to attend our annual meeting is requested to notify General Manager Hoskins of your need for assistance at least two weeks prior to the meeting.**

**We will do our best to accommodate your needs so that you may take part in the annual meeting of your cooperative.**





## West End News

By *Steve Ellis*  
*Baudette District Operations Supervisor*



This summer has been a very busy one for us; we have had three line relocations caused by county road upgrades, two in Lake of the Woods and one in Roseau. These three jobs meant moving and upgrading approximately five miles of line. We also upgraded a four-mile section of V-phase south of the Pitt substation; this was a job that was in our four-year work plan.

With fall here, some people will be burning and cleaning up. Please remember, that it is your responsibility to protect the poles and electrical equipment in the path of your fire.

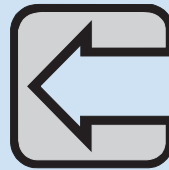
I will also remind you that our deadline for underground installations is November 1, so if you are planning any underground work, please contact us well in advance of this date.

Until next time, stay safe!



## East End News

By *Allan Baumgartner*  
*Littlefork District Operations Supervisor*



Construction has been busy for all of us lately along with maintenance work from the high windstorms. Besides the new services, we have had a lot of service upgrades or reroutes because of members building new homes or adding onto existing homes. In all the different situations, it's best to contact us prior to changes or new construction to make sure your electric service will be safe and efficient. Our crews built service into 10 lots on Rainy Lake; we also have a couple of other developments to get power into yet this summer.

We have been working on our new 14.4-kV feeder up to Rainy Lake. Heavy electric load in that area required us to build a separate power line feeder to them and remove the truck route (Hwy #332) and our Van Lynn road members from that feeder. (664-30-018-03 Bernard/Valerie Sjoblom) The switchover will require a scheduled outage to all of our Rainy Lake area sometime in September; we will notify affected members prior to the outage.

The high winds and tree problems we experienced this summer may have created some bad situations out on our power lines. North Star Electric would like everyone to be alert for bad trees left leaning or damaged and low-hanging wires. Do not hesitate to call us (888-258-2008) on potential problems; we will dispatch a lineman to repair the problem.

## Problems paying your electric bill?

*Energy assistance may be available!*

If you are receiving a low income or suffering from a temporary financial shortfall, the following agencies may be able to assist you with your electric bill. We urge you to contact them immediately to avoid disconnection if you feel you are eligible for aid.

- **Lake of the Woods County Community Services**  
P.O. Box G-0200  
Baudette, MN 56623  
Phone: 634-2642
- **Northwest Community Action Council**  
P.O. Box 67  
Badger, MN 56714-0067  
Phone: 1-800-568-5329
- **Koochiching County Community Services**  
1000 5th St.  
International Falls, MN 56649  
Phone: 283-7000
- **Kootasca Community Action, Inc.**  
2232 2nd Ave. E.  
P.O. Box 44  
International Falls, MN 56649  
Phone: 283-9491 or 1-800-559-9491
- **Kootasca Community Action, Inc.**  
1213 SE 2nd Ave.  
Grand Rapids, MN 55744-3984  
Phone: 1-800-422-0312
- **Arrowhead Economic Opportunity Agency**  
702 3rd Ave. S.  
Virginia, MN 55792-2797  
Phone: 1-800-662-5711

## Gopher State One Call



It's the **LAW**

**CALL BEFORE YOU DIG**

Minnesota Statewide One Call  
Notification Center

**1-800-252-1166**

# Highlights of the board of directors meeting

August 5, 2004

These are the highlights from the board of directors meeting held on August 5, 2004, prior to a strategic planning session. Detailed minutes are available at the Cooperative for member review. Regular board meetings are held the first Wednesday of every month. If you wish to speak with the board or have an item that you would like to have placed on the agenda, please contact Manager Dan Hoskins at least one week in advance to be included on the agenda.

All directors were present. They acted upon usual, routine business. In addition, they voted to ratify the three-year union contract and to approve the Nominating Committees.

## Management and operations report

AMR (Automated Meter Reading) options are being reviewed. New service requests continue to come in at a fast pace. Right-of-way issues associated with the relocation of electric facilities along the Roseau County Road #34 project are being addressed. Lake of the Woods County Roads #73 and #4 projects are also requiring relocation of facilities, and these projects are advancing. AED heart defibrillators are in place at each office with all employees trained in their use. Work continues on the step-down substation by Rainy Lake. Development is occurring on the Ash River Trail. Reliability solutions are being tested for the underwater cable feeding the Voyageur National Park Kab Narrows facility.

## Office report

The financial numbers continue to look favorable for the year to date. DBS subscribers are being transitioned to DirecTV by DirecTV during which time new pricing takes effect. The North Star offices have limited access to account information prior to transition, but no information is available after the transition. Un-

claimed capital credits to share with charitable, tax-exempt organizations will amount to about \$6,500 this fall, and the board will name the recipients at the September board meeting.

## Compliance and member services report

About a third of this summer's load management is attributable to summer storm damage. DirecTV subscribers still on the LIL (local into local) upgrade list received a \$50 payment to help with the cost of upgrading through DirecTV. An issue continues with the overhead doors at the new building. The satellite that will carry the WildBlue 2-way satellite Internet service has been successfully launched with nationwide service to be available by April 30, 2005. Tree planting plans for the unused area around the Baudette office was discussed.

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## Director candidates

### District #1

#### Steve Arnesen

Steve Arnesen is a lifelong resident of the Rocky Point area where he lives with his wife, Margo, and son, Chris. Steve is involved in the family businesses – Lakewood Farms, Rock Harbor Lodge and Arnesen's Rocky Point Resort on the south shore of Lake of the Woods. Arnesen has served on the North Star Electric Board of Directors since December 1986 and has been President of the Board since November 1998. Steve is also North Star Electric's representative on the Minnkota Power Cooperative Board.



### District #4

#### L. J. Anderson

L. J. Anderson and his wife, Rona, have lived at their home on the Rainy River for the past 18 years. They have three grown children, Mitchell, Susan and Emily, and six grandchildren. Anderson has been active in the community for many years. He was a Journeyman Lineman for PKM (Polk-Kittson-Marshall) Electric Cooperative for 10 years, L. J. Anderson Enterprises, Inc., two-thirds owner of the Warren Cable TV Systems, and Patrolman for the City of Baudette and Lake of the Woods County. L. J. served in the United States Army for three years, was a volunteer fireman for 20 years (four years as fire chief) and is an EMT. He is a member of the American Legion/VFW Ceremonial Squad. While living in Warren, L. J. served on other boards which include First Lutheran Church for eight years (four as president), the Jaycees and the Middle River/Snake River Watershed. His hobbies include hunting, fishing and playing with the grandkids. L. J. feels that with his electrical background, knowledge of electrical systems and his commitment to the community, he would be a valuable addition to the North Star Electric board.



### District #5

#### Mike Hanson

Mike Hanson and his wife, Myrna, have lived in the Birchdale area for the past 23 years. They have one son, Adam, a grandson, Dakota, and a granddaughter, Sheyenne. He has been active in the community for many years. In the past, he has served on the school board for six years and as Chairman of the Rainy/Rapid River



Citizen's Advisory Committee. He has served eight years as Koochiching County Commissioner. Hanson has served on the North Star Electric Board of Directors since November 1994 in District #4 and has been secretary/treasurer of the board since September 1999. With the redistricting that must be done, Hanson will move from District #4 and seek re-election in District #5.



**District #4**

**Stacy Novak**

Stacy Novak and her husband, Brian, have lived in the Baudette area for the past 14 years. They have three school age sons, Christopher, Austin and Daniel. Stacy attended high school in Karlstad, Minn. She attended college and graduated from Mayville State College in Mayville, N.D. Stacy is presently a loan specialist/receptionist at Border State Bank in Baudette. Before working at Border State Bank, she managed Noble Drug Store in Baudette. Even with three young sons, she has been active in the community. Some of her volunteer work includes Relay for Life, Lake of the Woods Chamber of Commerce, Cub Scouts and singing in the church choir. Her hobbies include being with her family, singing and travel. She would like to serve on the North Star Board out of her commitment to community service.



**District #4**

**SharRay Palm**

SharRay Palm has lived in the Baudette area since 1976. She has one adult daughter, Krista, who lives in Seattle, Wash. SharRay is currently the President/CEO of Lakewood Health

Care Center in Baudette, a position she has held since 1997. In the past 28 years in Baudette, SharRay has worked as a registered nurse and also held the positions of Director of Nursing and Assistant Hospital Administrator at Lakewood. Her education has included graduating from high school in Newfolden, Minn.; an RN degree in 1969 from Augsburg Lutheran Deaconess School of Nursing; a Bachelor of Science degree from Bemidji State University; a degree in Advanced Studies in Health and Services Administration from the University of Minnesota School of Public Health; and

Certification in Nursing Home Administration. She also serves on numerous local, regional and state boards, including Lakewood Regional Health Care Foundation, the Baudette Community Foundation, the local Guiding Council, the Northwest Regional Alliance Board and the Minnesota Department of Rural Health Hospital Board. Her hobbies are her three dogs, reading, camping, skiing and sewing. She would like to serve on the North Star Board because of her commitment to the community and her belief in customer-oriented service.

**AMENDMENTS TO BYLAWS OF NORTH STAR**

**ELECTRIC COOPERATIVE, INCORPORATED**

**ARTICLE IV**

**BOARD OF DIRECTORS**

~~SECTION 3. QUALIFICATIONS. No person shall be eligible to become or remain a director of the cooperative who:~~

~~(a) is not a member of the cooperative and is not a bonafide resident of the particular district he is to represent, or~~

~~(b) is in any way employed by the cooperative.~~

~~Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.~~

Section 3. QUALIFICATIONS. All 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 to be elected prior to being nominated for director;

For purposes of these bylaws "primary residence" shall mean the residence that is the chief or main residence of the person and where the person 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 director, 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 an employee or not have been an employee of the Cooperative within the last three (3) years;

(e) not be a close relative of an employee, where as found in these bylaws "close relative" means any individual who is, either by blood, law, or marriage, including step, half, foster and adoptive is either a spouse, child, grandchild, parent, grandparent, brother or sister.

(f) be only one, and not more than one, member of a joint membership;

*Continued on page 8*

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 hereinabove set forth:

(g) if a representative or agent of a member is not a natural person i.e. a corporation, partnership, limited liability company, or similar, then the representative or agent designated as a nominee for director shall be an individual residing within the external boundaries of the district from which (s)he is nominated; and

(h) agree to regularly attend all board, annual and special members' meetings, and in no case have more than four (4) unexcused absences within a twelve (12) month period of time.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

(i) Exceptions. In regard to the restrictive provisions of this section that are based upon close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected a director if, during a director's incumbency, a director becomes a first kindred relative of another incumbent director or of a Cooperative employee because of a marriage or an adoption to which the director was not a party.

(j) 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 of directors to withhold such position from such person or to cause a director to be removed therefrom, as the case may be.

SECTION 7. REMOVAL OF BOARD MEMBER BY MEMBERS. Any member may bring charges against a member of the board of directors of the cooperative and, by filing with the Secretary of the board of directors such charges in writing together with a petition signed by at least ten percent (10%) of the members, may request the removal of such board member by reason thereof. Such board member shall be informed, in writing, of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against the board member shall have the same opportunity. The question of the removal of such board members shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 7. REMOVAL OF BOARD MEMBERS BY DIRECTORS. Upon failure of a director to meet or maintain the qualifications described in these bylaws, the board of directors shall remove a director at a board of directors' meeting and fill the vacancy caused by the removal pursu-

ant to Section 4.

SECTION 11. ACCOUNTING SYSTEM AND REPORTS. The board of directors shall cause to be established and maintained a complete accounting system which shall conform to Generally Accepted Accounting Principles.

The board of directors shall arrange for a full and complete audit of the books, accounts, and financial condition of this Cooperative as of the end of each fiscal year. Such audit reports shall be available upon request for review by the members at the Cooperative's headquarters.

#### **ARTICLE IV BOARD OF DIRECTORS**

SECTION 5. NOMINATIONS. Each Nominating Committee shall be responsible to the membership of the cooperative for the selection of two (2) qualified candidates from their respective district, who will stand for election to the board of directors of the cooperative.

#### **ARTICLE V BOARD OF DIRECTORS' MEETINGS**

SECTION 5. 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 IX DISSOLUTION OR LIQUIDATION AND DISPOSITION OF PROPERTY**

SECTION 1. DISSOLUTION OR LIQUIDATION. Proceedings for voluntary dissolution or liquidation of the cooperative shall be subject to Minnesota Statutes, 1974, Chapter 308, or any other law of Minnesota relating to the organization of cooperative associations, and may be instituted whenever a resolution therefore is adopted by two-thirds of the votes cast thereon at a meeting of the membership duly called for that purpose, at which a quorum is present.

SECTION 2. DISPOSITION OF PROPERTY. When authorized by the members of the cooperative, the board of directors may dispose of all or substantially all of the property of the cooperative upon such basis and upon such terms and conditions as may be agreed to by the board of directors. Such authorization of the members shall be in the form of a resolution adopted at a special or the annual meeting of the members in which the notice of the meeting shall have included a statement that such disposition of the property of the cooperative will be considered at the meeting. If a quorum is present in person or by mail ballot, if authorized, at such meeting, the resolution approving such disposition shall be adopted if approved by two-thirds of the votes cast. A certified copy of the voting record and the resolution shall become a permanent part of the minutes of such member meeting.

The board of directors may sell property of the Cooperative upon such terms and conditions as it deems appropriate and in the best interests of the Cooperative.

No sale of more than twenty-five (25%) percent of the property of the Cooperative shall be effective, however, unless authorized at an annual or special meeting of the members by the affirmative vote of a majority of the entire membership.