



# Restated Bylaws of Vernon Electric Cooperative

*This institution is an equal opportunity provider and employer.*

Revised March 25, 2023



**RESTATED BYLAWS OF VERNON ELECTRIC COOPERATIVE  
WESTBY, WISCONSIN**

March 25, 2023

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**RESTATED BYLAWS**  
**OF**  
**VERNON ELECTRIC COOPERATIVE**  
**Westby, Wisconsin**

The aims of the Cooperative are three-fold:

- (a) To make adequate and dependable electric service available to all members and to all unserved persons within its service area desiring to become members;
- (b) To render such service without discrimination on a cooperative basis at the lowest cost consistent with sound economy and good management; and
- (c) To fulfill its obligations as a responsible business citizen in furthering the general welfare of the citizens of the community in which it operates.

**ARTICLE I**  
**MEMBERSHIP**

**SECTION 1. Requirements for Membership.** Any person, firm, association, partnership, corporation, limited liability entity or body politic or subdivision thereof will become a member of Vernon Electric Cooperative (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he, she, or it has first:

- (a) Made application for membership in such form as the board of directors may prescribe;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any policies, rules and regulations adopted by the board of directors, and
- (d) Paid the membership fee, if any, established by the board of directors as hereinafter specified.

Any person who requests service from the Cooperative subject to the conditions applicable to all patrons of the same class of service, upon receipt of such service shall be deemed a member with the same rights and privileges as each other member of such class. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws. Two persons may hold a membership as joint tenants with right of survivorship in accordance with the terms of their application, these bylaws, and any rules of the board of directors applicable thereto.

**SECTION 2. [Reserved for future use]**

**SECTION 3. Joint Membership.**

- (a) Any application for membership in the Cooperative received after March 24, 1962, from any person who is married shall be deemed and become an application for membership by the spouses as joint tenants with right of survivorship unless the person making such application otherwise designates in writing.
- (b) With respect to memberships issued prior to March 24, 1962, the membership of any person who on March 24, 1962, was married, or who thereafter while a member became married, shall be deemed to have become, and did become at such time, a membership by the spouses

as joint tenants with right of survivorship without further action by such member, unless within 30 days after March 24, 1962, or 30 days after the date of marriage, whichever date is later, the person to whom such membership was issued otherwise designated in writing.

- (c) Any application for joint membership in the Cooperative received after March 25, 2023, shall be deemed and become an application for membership as joint tenants with right of survivorship.
- (d) With respect to any joint memberships issued prior to March 25, 2023, that were not joint tenancy memberships with right of survivorship, such joint memberships shall be deemed to have become, and did so become as of that date, joint tenant memberships with right of survivorship.
- (e) The term “member” as used in these bylaws shall be deemed to include all joint memberships, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership, including, without limitation, the following:
  - (1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
  - (2) The vote of either separately or both jointly shall constitute one joint vote;
  - (3) A waiver of notice signed by either or both shall constitute a joint waiver;
  - (4) Notice to either shall constitute notice to both;
  - (5) Expulsion of either shall constitute expulsion of the joint membership;
  - (6) Withdrawal of either shall terminate the joint membership; and
  - (7) Either but not both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.
- (f) In order for the records of the Cooperative to properly show all joint memberships in the names of the joint members, members shall keep the Cooperative informed of any changes in marital status (whether due to marriage or divorce). By writing signed by both joint members and filed with the Cooperative, any joint membership may be terminated and changed to a membership vested solely in one of the joint members.
- (g) Upon the death of either spouse, or other person, who is party to a joint membership, such membership shall be held solely by the survivor and the records of the Cooperative shall be changed to show membership solely in the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

**SECTION 4. Conversion of Membership.** A membership may be converted to a membership as joint tenants with right of survivorship upon the written request by the holder and the agreement by the holder and the person becoming joint tenant to comply with the articles of incorporation, bylaws, and policies, rules and regulations adopted by the board of directors. Any capital credited to the original holder for patronage prior to the year of conversion shall continue to be carried on the books of the Cooperative in the name of the original holder; capital credited for patronage during and following the year of conversion shall be carried on the books in the name of the joint membership.

#### **SECTION 5. [Reserved for future use]**

**SECTION 6. Purchase of Electric Energy.** Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in the application for membership and shall pay therefor at rates which shall from time to time be fixed by the board of directors. Production or use of electric energy on such premises,

regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative facilities, shall be subject to appropriate safety and other regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these bylaws. Regardless of the amount of electric energy consumed, each member shall pay to the Cooperative such minimum amount as shall be fixed by the board from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

#### **SECTION 7. Termination of Membership.**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of directors may prescribe. Subject to any regulations imposed by lawful authority, the board may, by the affirmative vote of not less than two-thirds (2/3) of all members of the board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws, or reasonable policies, rules or regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes that member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is 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 according to procedures adopted by the board.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate if any of such member shall be cancelled forthwith. Termination of membership in any manner shall not release a member or the member's estate from any debts due the Cooperative.
- (c) Upon notification to the Cooperative of the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint, provided that neither joint owner shall be released from debts due the Cooperative arising from the joint ownership. With respect to funds held by the Cooperative in the names of the joint tenants:
  - i. Absent other written request from both joint tenants, funds accruing subsequent to the Cooperative's receipt of written notification of the change in marital status shall be carried on the books of the Cooperative in the name of the spouse who continues to occupy or use the premises covered by such membership,
  - ii. Funds credited to the joint members prior to the Cooperative's receipt of written notification of change in marital status shall continue to be carried on the books of the Cooperative in the names of the joint members, and, as and when retired, those funds shall be paid out in the names of the joint members.
  - iii. Notwithstanding anything to the contrary in sub. i or ii, following receipt of a copy of any judicial judgment or decree providing for a different disposition of the joint members' capital credits, and a reasonable (in the Cooperative's sole judgment) period of time to conform its records and processes to the change, the Cooperative will pay out any subsequent retirements of patronage capital as provided in that judgment or decree.
  - iv. If the Cooperative in its sole judgment determines it is feasible to do so, the Cooperative may give similar effect to a written agreement signed by both spouses

as it does to a judicial judgment or decree under sub. iii.

**SECTION 8. Non-liability for Debts of the Cooperative.** The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

**SECTION 9. Property Interest of Members.** Upon dissolution and after

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) Except as otherwise provided in these bylaws, all capital furnished through patronage shall have been retired as provided in the bylaws,

then the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the patronage capital credited to each bears to the total patronage capital credited to all members and former members, in each case determined immediately prior to the final retirements of patronage capital described in par. (b) above, subject to and in accordance with such classifications of business as may have been employed in allocating patronage capital to such members. In making such distribution, patronage for each year may be adjusted to reflect the changes in the Consumer Price Index, if any, between the year the patronage occurred and the date of distribution if the board determines it is fair and feasible to do so.

## **ARTICLE II**

### **SERVICE PRINCIPLES**

**SECTION 1. Area Coverage Service.** The Cooperative holds itself out to serve and shall make diligent efforts to extend and render adequate and dependable service to all un-served persons within the Cooperative service area, regardless of the size or nature of their service requirements, who (a) desire such service and (b) meet all reasonable requirements established by Cooperative as a condition of service.

**SECTION 2. Service Area Maps.** The Cooperative shall from time to time prepare and maintain on file area coverage service maps designating the Cooperative service area within which it holds itself out to extend and render service under Section 1 of this Article.

**SECTION 3. Extension and Service Rules.** Extension and service rules of the Cooperative from time to time promulgated by the board of directors shall be of general and uniform application and shall provide for service without discrimination to all patrons or members within the same classification of business.

**SECTION 4. Service to Non-Member Patrons.** In the event the Cooperative shall acquire all or any portion of the property of any public utility, former consumers of such public utility served through the property acquired shall be invited to become members of the Cooperative. Should any such consumer refuse to become a member of the Cooperative, then the Cooperative may continue to render electric service to such consumer as a patron of the Cooperative; provided, however, that the Cooperative may not render service to non-members in excess of ten percent (10%) of the total patrons served by the Cooperative.

**SECTION 5. Assumption of Public Utility Obligations.** Within the corporate limits of any city or village in which the Cooperative may acquire the property of any public utility, the board of directors may, by rule or by agreement with the governing board of such municipality, cause the Cooperative to become subject therein to all or part of the regulatory rules and jurisdiction of the Public Service Commission of Wisconsin, or other regulatory agency provided by law, provided that this shall not affect the status of the Cooperative in the balance of its service area nor require approval of its securities issued to the United States of America or to any financing institution

organized by rural electric cooperatives or approved by the administrator of the Rural Utilities Service or such other agency as may succeed to its responsibilities.

### **ARTICLE III** **MEETINGS OF MEMBERS**

**SECTION 1. Annual Meeting.** The annual meeting of the members shall be held on such date of each year at such time and place in the County of Vernon, or by means of remote participation (as an optional or exclusive means of participating) to the extent permitted by law, as shall be determined by the board of directors and designated in the notice of the meeting, for the purpose of completing the election of directors, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. If the election of directors shall not be completed at any such annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be completed 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.

**SECTION 2. Special Meetings.** Special meetings of the members may be called by the Chair, by resolution upon two-thirds (2/3) vote of the board of directors or upon written request signed by at least twenty percent (20%) of all of the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings may be held at any place within the County of Vernon, or by means of remote participation (as an optional or exclusive means of participating) to the extent permitted by law, as designated by the board and specified in the notice of the special meeting.

**SECTION 3. Notice of Members' Meetings.** Written or printed notice stating the place or means of remote participation, day and hour of the meeting, and in the case of a special member meeting the purposes for which the meeting is called, shall be delivered not less than seven (7) days nor more than thirty (30) days before the date of the meeting either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, the notice is given when it is deposited or a newsletter or other publication of the Cooperative or of an affiliated organization which includes the notice is deposited in the United States mail with postage prepaid thereon, addressed to such person at his or her address as it appears on the records of the Cooperative. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**SECTION 4. Quorum.** The numbers of members to constitute a quorum at a meeting of members shall be fifty (50). In case of a joint membership, the presence at a meeting by either joint member or both shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting, provided a new notice is mailed to each member specifying the time and place or means of remote participation of the adjourned meeting. Postponement of a membership meeting for lack of a quorum shall not extend the time for returning absentee signed ballots or casting electronic votes. This shall apply, but not be limited, to the deadlines for voting for director.

**SECTION 5. Voting.** Each member shall be entitled to one (1) 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 quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon at such meeting except as otherwise provided by law, the articles of incorporation of the Cooperative or these bylaws. Two or more persons holding a joint membership shall jointly be entitled to one (1) vote



and no more upon each matter submitted to a vote at a meeting of the members. Any member which is a cooperative, corporation, partnership, limited liability company, government body, church or voluntary association may, acting through its governing body, designate in writing its representative to act for it at membership meetings. Such written designation shall be filed with the Secretary before such representative votes at any such meeting, except that the chairman of any such corporation, association, board, or body politic may cast its vote at such meeting if no such written designation for any other representative is so filed. Such representative or officer may also vote as an individual if the representative or officer is a member. A court-appointed guardian of the estate of any member may vote on behalf of such member. To the extent permitted by law, the board of directors may permit electronic voting, provided authentication procedures are in place to govern such voting that, in the judgment of the board or its designee, will reasonably ensure that it is the member who is casting the vote.

**SECTION 6. Voting by Absentee Signed Ballot.** Any member who is unable to attend a meeting of the members may vote on any motion to be considered at the meeting only as follows:

- (a) If the Cooperative provides ballots for the vote on the motion to the members together with the notice of the meeting at which the vote will be taken and exact copies of the motion and any resolution to which it pertains, an absent member may vote on the motion by submitting a signed ballot. If a signed ballot has been submitted on a motion under this paragraph, neither the motion nor any resolution to which it pertains may be amended.
- (b) If the Cooperative does not provide ballots and an exact copy of the motion or resolution to which it pertains to the members along with the notice of meeting, but makes available ballots for the vote along with exact copies of the motion or resolution to which it pertains, then a member may request a ballot and exact copy of the motion and may vote by submitting a signed ballot. However, the motion and any resolution to which it pertains may be amended at the meeting and, if the motion or resolution is amended, the ballot is void. The ballot may not be counted on any motion to amend or adopt as amended the motion or resolution.
- (c) A sealed envelope bearing the signature of the member and enclosing a marked but unsigned ballot shall constitute a signed absentee ballot for purpose of this section.
- (d) Absentee ballots shall be mailed or delivered to the Cooperative office so as to be received at the office on or before 10 A.M. the last business day before the membership meeting or at such earlier date as may be set in the meeting rules and procedures adopted by the District Committee Conference or in emergency bylaws adopted by the board of directors.
- (e) In the event a member voting by absentee ballot attends such meeting in person, the member may not withdraw the absentee ballot and it shall be counted as the member's vote.
- (f) If in the board's judgment there is compelling reason to do so, the board may limit voting at any member meeting to absentee and electronic voting according to the procedures of this section.
- (g) A member may vote for director by absentee signed or electronic ballot only as provided in Section 3 of Article V of these bylaws.
- (h) The failure of any member to receive a copy of any such motion or ballot shall not invalidate any action which may be taken by the members at any such meeting.

**SECTION 7. Order of Business.** The order of business at the annual meeting of the members, and so far as possible, at all other meetings of the members, shall be established by the board of directors and shall generally include the following:

1. Report on registration.
2. Taking action on unapproved minutes of previous meetings of members, copies of which shall have been furnished to the members.

3. Presentation and consideration of, and if appropriate acting upon, reports of officers, directors and committees.
4. Election of directors.
5. Unfinished business.
6. New business.
7. Adjournment.

Unless the members by a two-thirds (2/3) vote of those in attendance and voting determine otherwise, the latest edition of Roberts Rules of Order shall govern all other procedural questions not covered by the meeting rules and procedures adopted by the District Committee Conference.

**ARTICLE IV**  
**TOWN DISTRICT COMMITTEES**  
**AND**  
**DISTRICT COMMITTEE CONFERENCE**

**SECTION 1. Town Districts and Election of Town District Committees.** The territory served by the Cooperative shall be divided into town districts, each to consist of a governmental town, village or city in which the Cooperative is serving fifteen or more members. Until the number of members being served in any other town is fifteen to constitute such town a town district, the members therein shall in each case be included within an adjoining town district selected more equitably to approach equal membership in town districts, except that in a town having less than fifteen members receiving service where the members therein are separated geographically into two or more groups, those may be distributed among two or more bordering town districts. Town districts shall be known and designated by the name of such town or names of inclusive towns or villages or cities.

At least sixty (60) days before the annual meeting, there shall be mailed to each member of the Cooperative in the director divisions for which the director's term expires at that annual meeting a list of the eligible members of the Town District in which said member is located. There shall accompany such list a mail ballot and mail ballot envelope with the label "official ballot" and a blank for signature in the upper left-hand corner together with instructions that each member shall vote for four (4) members of the Cooperative in said district to be Town District Delegates and mail the ballot to reach the office of the Cooperative not later than the close of business on the day specified by the Cooperative and included in said instructions.

The mail ballot so cast shall, on a date not less than two weeks following the date of mailing of the ballot forms to members, be tabulated by the Election Committee hereinafter provided for. The four (4) members in each Town District receiving the highest number of votes so cast shall constitute the Town District Committee for a three (3) year term, with the individual receiving the highest number of votes designated as Chairperson. The Election Committee shall resolve a tie for any position by lot.

**SECTION 2. Election Committee.** At each Annual District Committee Conference hereinafter provided for, there shall be selected from the membership of the Cooperative a committee of ten (10), including a representative from each director division, to function as the Election Committee, charged with the duty of meeting prior to the annual meeting to tabulate the mail ballots received and on the date in the following year specified by the board Chair, for the purpose of tabulating the mail ballots cast for Town District Delegates.

**SECTION 3. Town District Committee Meetings.** The Town District Committee in any Town District may, upon petition of any ten members receiving service in said District, call and sponsor a meeting or meetings, picnic, or other gathering of which at least five (5) days prior notice shall

be given by mail, telephone or other means to all members in said district, and at which time the welfare and interests of the Cooperative and its members shall be considered and promoted. The Town District Committee may call upon officers and employees of the Cooperative for information or attendance at any meeting.

**SECTION 4. District Committee Conference.** Not less than thirty-five (35) days prior to the annual meeting of the members of the Cooperative provided for in Section 1 of Article III of these bylaws, there shall be held a joint meeting of all the Town District Committees. Such meeting shall be designated the annual District Committee Conference and shall be considered appurtenant to the annual meeting of the members. The time and place of the holding of such annual District Committee Conference shall be determined by the board of directors and notice of the time and place or means of remote participation thereof shall be given to each District Delegate at least six (6) days prior to the holding of said Conference. A quorum at said conference may be constituted by a majority of the Town Districts being represented by personal attendance of one or more delegates. Should a quorum not be present at any such meeting, the board of directors shall appoint a committee on nominations to have the duties and powers specified in Section 3, Article V of these bylaws relative to nominations. Additional District Committee Conferences may be called and held at such time and place as may be determined by the board of directors or by petition filed with the Secretary and signed by either a majority of the Town District Delegates or by at least fifteen percent (15%) of the members of the Cooperative.

**SECTION 5. Purpose and Functions of District Committee Conference.**

(a) **Policy Formation: Proposing Amendments to Articles and Bylaws.** The District Committee Conference shall serve as a clearinghouse and advisory body in matters pertaining to the welfare of the whole Cooperative. It may propose amendments to the articles of incorporation and the bylaws of the Cooperative, and such proposals adopted by a majority vote of a quorum at any District Committee Conference shall, upon approval by vote of a majority of the members of the Cooperative voting at any annual or special meeting of the members of the Cooperative, become effective as amendments to said articles of incorporation or bylaws, provided, however that no amendments to the articles of incorporation of the cooperative shall be deemed to be adopted and effective until and unless said amendment is adopted by a two-thirds (2/3) majority of the members of the Cooperative voting at any annual or special meeting or such greater proportion as the articles may specify, and provided further that nothing herein contained shall be deemed to waive the requirement of the giving of notice of such proposed amendment to the members as is provided in Article XIII of these bylaws or as is otherwise provided by law. All actions of the Conference shall require a majority vote of the Districts in attendance.

The Conference by such majority vote may call upon the board of directors or any employee of the Cooperative for any information relative to the policies, business and affairs of the Cooperative and the Conference by such majority vote may appoint a committee of its members to carry on investigations, examinations and studies which would, in the opinion of the Conference, be of value to the Cooperative, and may recommend to membership meetings such other and further action as it may deem necessary or advisable for the welfare of the Cooperative and its members. This shall not be interpreted to require board or management to disclose any information that they reasonably determine (i) to be confidential or (ii) the disclosure of which might cause harm to the Cooperative, except to the Review Committee provided the members each sign a non-disclosure agreement.

The Conference shall also establish rules to govern the conduct of that year's annual meeting. The rules shall include a deadline for members to submit any advisory resolutions

relating to the affairs of the Cooperative that they plan to present at the annual meeting, which shall then be communicated to the membership.

- (b) **Apportionment of Town Districts into Divisions for Nominations and Election of Directors: Nomination.** The territory served by the Cooperative shall be apportioned into ten (10) divisions for the nomination and election of directors pursuant to Section 3 of Article V of these bylaws. Each division shall include one or more contiguous Town Districts and shall comprise within its limits a number of members of the Cooperative as near as may be practicable to the number of members in each of the other divisions. The Conference shall nominate candidates for directors as is provided for in Section 3 of Article V of these bylaws. At any annual District Committee Conference there may be elected a committee to act as a special apportionment committee to recommend re-districting of the territory of the Cooperative to the following year's annual meeting of the members of the Cooperative.
- (c) **Review Committee.** Each annual District Committee Conference shall elect from the membership of the Cooperative a committee to be composed of three of the members including the designated chairperson, which shall act as a Review Committee to examine the records of all the meetings of the board of directors for the past year and which shall report to and advise the annual meeting upon matters coming to its attention. The Review Committee shall also have responsibility for considering any proposed advisory resolutions that are timely submitted by members. In consultation with representatives of the board and the CEO, the Committee shall determine whether additional information should be presented to the membership to ensure a full airing of the issue and an informed decision by the membership on the matter. The Committee in its report to the membership may make a recommendation concerning disposition of any such resolution.

**SECTION 6. Compensation.** Town District Delegates, as such, shall not receive any salary or compensation for the services rendered by them under this Article or under Section 3 of Article V of these bylaws, but nothing herein contained shall be construed to prevent them from being employed by the Cooperative in any other capacity and receiving compensation therefor or from receiving a reasonable per diem for their service on the Review Committee, on the Election Committee or on the apportionment or other special committee that may be appointed from time to time.

## **ARTICLE V** **DIRECTORS**

**SECTION 1. General Powers.** All powers of the Cooperative shall be exercised by or under authority of, and the business and affairs of the Cooperative shall be managed under the direction of, the board of directors, except as otherwise provided by law, the articles of incorporation, or these bylaws. There shall be ten (10) directors.

Powers of the board of directors (without limitation because of designation) shall include the determination and fixing of classifications of business and rates to be charged by the Cooperative for services furnished, the promulgation and enforcement of policies, rules and regulations governing service to patrons, and the selection or nomination of directors, delegates or other representatives of the Cooperative at meetings of organizations of which the Cooperative may be a member, including the power to remove such director, delegate or representative.

**SECTION 2. Tenure and Qualifications.**

- (a) **Tenure.** All directors shall be elected for three-year terms, with not less than three of the total number of directors being so elected each year, representing different director election divisions. Each of the ten director election divisions shall be numbered with directors from Divisions 1, 4 and 7 being elected for three-year terms in one year; directors from

Divisions 2, 5 and 8 the following year and directors from Divisions 3, 6, 9 and 10 in the succeeding year. Division 10 shall consist of any villages in which the Cooperative is serving the inhabitants thereof at retail. Each director so elected shall serve until the annual meeting when the term expires, or until the successor is elected and qualified, subject to the provisions of these bylaws with respect to the removal of directors.

- (b) **Qualifications.** No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative, who:
- (1) is not a member and a bona fide resident of the director division which he or she has been nominated or elected to represent, receiving electric service from the Cooperative as a member at his or her principal residence; or
  - (2) is in any way employed by, holds any position in the governance of or is financially interested in an enterprise that in the board's judgment is in competition with the Cooperative or a business selling electric energy, services or equipment to the Cooperative or any of its members; or
  - (3) has been employed by the Cooperative at any time in the prior five (5) years; or
  - (4) has pursued any claim or litigation against the Cooperative or any of its directors or employees or who has been in default on any obligation owed the Cooperative, at any time in the prior five (5) years; or
  - (5) has been convicted of a felony or of a misdemeanor involving dishonesty.

When a membership is held jointly, one of the joint tenants, but not more than one, may be elected a director, provided, however, that such persons shall not be eligible to become or remain a director or hold a position of trust in the Cooperative unless both joint tenants shall meet the qualifications hereinabove set forth. When a membership is held by a partnership, one, but not more than one, of the partners designated in writing by the partnership may be elected a director; provided, however, that none of the partners shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall be a bona fide resident of the director division which he or she would represent as set forth in (b)(1), above, and unless all partners shall meet the qualifications set forth in (b) (2)-(5), above. When a membership is held by a corporation, association or limited liability company, one but not more than one, of the officers thereof designated in writing by the organization may be elected a director, provided, however, that none of the officers shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall be a bona fide resident of the director division which he or she would represent as set forth in (b)(1), above, and unless all of the officers shall meet the qualifications set forth in (b) (2)-(5), above. Nothing in this section shall be construed to preclude any member from serving as a director or from holding any position of trust in the Cooperative because such member is also a member or a director of any other cooperative from which this Cooperative purchases or may purchase electric energy, supplies or services, or which is engaged in selling electrical or plumbing appliances, fixtures, equipment or supplies to the members of this Cooperative (unless such sales are determined to be in competition with the Cooperative as provided in sub. (2), above), nor shall anything in this section be deemed or construed to affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

(c) **Disqualification.**

- (1) Upon establishment of the fact that a nominee for director lacks eligibility under this section it shall be the duty of the chairperson presiding to disqualify such nominee.
- (2) After adjournment of such meeting, upon the establishment of the fact that any person being considered for, or already holding a position of director, may lack eligibility to become or remain a director, it shall be the duty of the board of directors, upon reasonable notice to the person whose eligibility is in question, to hold a hearing on such matter. The directors shall find and determine whether such person is ineligible to

become a director, or if already a director, is ineligible to remain a director, under the qualifications provided in these bylaws. In making such determination, if the person whose eligibility is being considered is a director, that person may not vote. If the remaining directors determine by a majority vote that the person, if a candidate, is ineligible to become a director, then such person's name shall be withdrawn as a candidate for director. If the person is already a director, then that person shall be ineligible to remain a director, and his or her office as a director shall forthwith become vacant. The remaining directors shall designate a nominee to replace any ineligible candidate if time permits and otherwise shall appoint a successor for any disqualified director for the remainder of the term.

### **SECTION 3. Nominations and Election.**

- (a) Initial Nomination by District Committee Conference or by Committee. The annual District Committee Conference, meeting pursuant to the provisions of Section 4 of Article IV of these bylaws, shall nominate two or more candidates for director from each division for which a director to represent it is to be elected at the following annual meeting of the members. In making such nominations said Conference shall be guided so far as possible by the wishes of the members within each such division as such wishes may be expressed in Town District or other meetings of the members within each division. In the event that a quorum should not be constituted at any District Committee Conference, the board of directors shall proceed to appoint a committee on nominations 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 geographical areas served or to be served by the Cooperative and particularly to the Divisions for which directors are to be elected. No director shall serve on this committee. Such committee shall then meet at least thirty-five (35) days prior to the annual meeting of the members and exercise the nominating functions which otherwise would be exercised by the District Committee Conference.
- (b) Posting and Nominations by Petitions. The Secretary shall prepare and post at the principal office of the Cooperative, at least thirty-five (35) days prior to the annual meeting, a list of the nominations for directors so made by the District Committee Conference or by the committee on nominations, indicating that Division for which each candidate is nominated for director. Any fifteen (15) or more members by petition in writing bearing their respective signatures (with the signatures of one or both members holding a joint membership constituting one signature) may make other nominations not less than twenty-eight (28) days prior to the annual meeting. Such petition shall designate after the name of each nominee the Division which he or she represents as a nominee for director. The Secretary shall cause to be posted the nominations so made by petition at the same place where the list of nominations made by the District Committee Conference is posted and there shall be indicated on said list the division from which each such nominee is a candidate for the position of director.
- (c) Director Ballots. A ballot shall then be prepared for each of the director divisions for which a director is to be elected, listing separately and alphabetically the nominees nominated by the District Committee Conference or the nominating committee and the nominees nominated by petition, stating the address of each candidate so listed. Such ballot for a given director division shall then be mailed with the notice of the annual meeting to each member within each such division, with instructions to vote for one candidate within the division and to mail the completed director ballot in the mail ballot envelope enclosed so as to reach the office of the Cooperative not later than 10 a.m. on the last business day prior to the annual meeting or at such earlier date as may be set in the meeting rules and procedures adopted by the District Committee Conference or in emergency bylaws adopted by the board of directors. The mail

ballot envelope shall be signed by the member casting such ballot but the enclosed ballot need not be signed nor shall the contents thereof in any manner be recorded with respect to the member casting it nor shall the ballot of any member be disclosed to anyone as to how such member votes. To the extent permitted by law, the board of directors, at its discretion, may also allow and establish the procedures for electronic voting for directors.

An Election Committee selected by the District Committee Conference, or by the board Chair if the District Committee Conference should fail to name such Election Committee, shall meet at the office of the Cooperative on the day prior to the annual meeting and count and tabulate the mail ballots received. The candidate receiving the most votes in a particular division shall be the director of that division. The chairperson of such committee shall file a report of the election results for each division, which report shall be presented at the annual meeting to complete the election process. In the case of a tie, the winner shall be decided by lot at the annual meeting. No director or candidate for director shall serve on such Election Committee. In the event failure to attain a quorum or other extraordinary event necessitates postponement of the annual meeting, the filing of the report of election results by the committee shall complete the election process.

**SECTION 4. Vacancies.** Subject to the provisions of these bylaws with respect to the removal of directors, a vacancy in the office of director shall be filled by a majority vote of the remaining directors and a director elected shall serve for the remainder of the term.

**SECTION 5. Compensation.** Directors shall not receive any salary for their services as such, but by resolution of the board a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs, or performance of committee assignments or other services when authorized by the board, along with reasonable expenses actually and necessarily incurred, may be allowed. At the board's discretion, the resolution establishing the fixed sum may allow for an adder for an individual director's (a) longevity on the board or attainment of certified director status, to reflect that extraordinary training or experience or (b) serving as chair (or other officer) of the board, to reflect the additional responsibilities required of that office. If authorized by the board, the directors may be granted a reasonable per diem allowance in lieu of detailed accounting for some of these expenses or may be advanced funds therefor. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members, or the service by the director or close relative shall be certified by the board of directors as an emergency measure.

The term "close relative", as used herein, shall be defined by board policy.

**SECTION 6. Policies, Rules and Regulations.** The board of directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative. Such policies, rules and regulations shall be binding upon all members provided that with respect to any changes or additions after March 22, 1986, relating to their terms of service, the members receive notice of the substance of those changes to the policies, rules and regulations. For purposes of this section, notice shall be deemed sufficient if it is mailed to the member at the member's address as it appears on the records of the Cooperative, postage duly prepaid; or if it is published in a newsletter or magazine sent by or on behalf of the Cooperative to its members or in a newspaper circulated in the service area of the Cooperative; or if it is posted electronically in a manner to which members have easy access.

**SECTION 7. Accounting System and Reports.** The board of directors shall cause to be established and maintained a complete accounting system, which among other things, subject to



applicable laws and rules and regulations of any regulatory body with jurisdiction over the matter shall conform to such accounting system as may from time to time be required by applicable regulation or lending covenants. The board of directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next succeeding annual meeting.

**SECTION 8. Change in Rates.** Written notice of any proposed change in the rates charged by the Cooperative for electric energy shall be given as required by applicable regulation or lending covenants. This requirement is not intended to limit the Cooperative's use of any automatic fuel clause or purchased power cost adjustment.

**SECTION 9. Removal of Director by Members.** Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least 300 members, may request the removal of such director by reason thereof. Upon receipt of such petition, it shall be the duty of the Chair or the board of directors to call a special meeting of the members to hear the same. Such director 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 director shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members. The director may be removed by the vote of a majority of members voting. 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. Voting in such case shall not be confined to members present from the division from which the removed director comes but shall extend to all members of the Cooperative present at such meeting. Notwithstanding anything in this section contained or in Section 3, above, failure to comply with any of the provisions of this section or Section 3 shall not affect in any manner whatsoever the validity of any election of directors or any action of the board.

## **ARTICLE VI**

### **MEETINGS OF DIRECTORS**

**SECTION 1. Regular Meetings.** A regular meeting of the board of directors for the election of officers shall be held without notice immediately after and at the same place as the annual meeting of the members or by means of remote participation. A regular meeting of the board of directors shall also be held monthly at such time and place in the State of Wisconsin, or by means of remote participation, as designated by the board. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place or means of remote participation thereof.

**SECTION 2. Special Meetings.** Special meetings of the board of directors may be called by the Chair or by any three (3) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chair or directors calling the meeting shall fix the time and place or means for remote participation for the holding of the meeting.

**SECTION 3. Notice.** Written notice of the time, purpose, and place or means of remote participation of any special meeting of the board of directors shall be delivered at least three (3) days prior to each director either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chair or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his or her address as it appears on the records of the Cooperative,



with postage thereon prepaid, provided it is so mailed at least five (5) days before the date set for the meeting.

**SECTION 4. Quorum.** A majority of the board of directors shall constitute a quorum, provided, that if less than such majority of the board is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. One day's notice by telephone of such adjourned meeting shall be sufficient for this purpose. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, except as otherwise provided by the law, the articles of incorporation, or these bylaws.

## **ARTICLE VII** **OFFICERS**

**SECTION 1. Number.** The officers of the Cooperative shall be a Chair, Vice Chair, Secretary, Treasurer, and such other officers as may be determined by the board of directors from time to time. The offices of Secretary and 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 meeting of the board held immediately after the 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 conveniently may be. 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 a successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

**SECTION 3. Removal of Officers and Agents by the Board.** Any officer or agent elected or appointed by the board of directors may be removed by the board whenever in its judgment the best interests of the Cooperative will be served thereby.

**SECTION 4. Chair.** The Chair shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the board of directors, shall preside at all meetings of the members and the board;
- (b) 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, by policy 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, perform all duties incident to the office of Chair and such other duties as may be prescribed by the board of directors from time to time.

**SECTION 5. Vice Chair.** In the absence of the Chair, or in the event of the Chair's inability or refusal to act, the Vice Chair shall perform the duties of the Chair, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall also perform such other duties as from time to time may be prescribed by the board.

**SECTION 6. Secretary.** The Secretary shall:

- (a) keep the minutes of the meetings of the members and of the board of directors and see that they are retained as required by law;
- (b) see that all notices are duly given in accordance with these bylaws or as required by law;
- (c) see that the corporate books and records and the seal of the Cooperative are kept safe and

affix the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative is required to be under its seal;

- (d) see that the Cooperative keeps a register of the names and post office addresses of all members;
- (e) see that the Cooperative keeps on file at all times a complete copy of the articles of incorporation and 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, furnish a copy of the bylaws and of all amendments thereto to any member upon request; and
- (f) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be prescribed by the board of directors. Under board authorization, the actual execution of any of the duties and functions of the office of Secretary may be delegated to employees of the Cooperative under the direction of the CEO.

**SECTION 7. Treasurer.** The Treasurer shall:

- (a) with the board, see that appropriate systems and processes are in place for overseeing custody of all funds and securities of the Cooperative;
- (b) with the board, see that appropriate systems and processes are in place for overseeing the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) in general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be prescribed by the board of directors. Under board authorization, the actual execution of any of the duties and functions of the office of Treasurer may be delegated to employees of the Cooperative under the direction of the CEO.

**SECTION 8. CEO.** The board of directors may appoint a CEO who may be, but who shall not be required to be, a member of the Cooperative. The CEO shall perform such duties, exercise such authority, and have such title as the board may from time to time prescribe.

**SECTION 9. Bonds of Officers.** The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

**SECTION 10. 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 fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VIII**

### **FINANCIAL TRANSACTIONS**

**SECTION 1. Contracts.** Except as otherwise provided in these bylaws, the board of directors may authorize any officer of officers, employee or employees, 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 and/or countersigned 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 or policy of the board of directors.

**SECTION 3. Deposits and Investments.** All funds except petty cash of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the board of directors may select, provided, however, that this shall not be construed to permit creation of a for-profit merchandising subsidiary of the Cooperative without approval of the members.

**SECTION 4. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## **ARTICLE IX**

### **NON-PROFIT OPERATION**

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

**SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons within a particular business classification for all amounts received and receivable from the furnishing of electric energy to patrons within such classification in excess of operating costs and expenses properly chargeable against the furnishing of electric energy to patrons within such classification. Subject to the provisions hereof relating to adjustments between and among classes of business, all such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. Subject to the provisions hereof relating to adjustments between and among classes of business, the cooperative is obligated to pay as credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's class of business and respective account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be apportioned among the various classes of business on a patronage basis and shall be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons within such business classifications on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

**SECTION 3. Patronage Refunds in Connection with Furnishing Other Service.** In the event that the Cooperative should engage to a substantial extent, in the board's judgment, in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods and services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned or allocated to those patrons, members or non-members alike, from whom such

amounts were obtained.

**SECTION 4. Unallocated Reserves.** Notwithstanding anything to the contrary in this article, the board of directors, in its discretion, may in any year credit to unallocated surplus or reserves of the Cooperative a portion of the net proceeds not exceeding the amount of margins from any subsidiaries of the Cooperative and other non-operating margins of the Cooperative, but not including patronage capital from the Cooperative's wholesale power supplier or cooperative lenders.

**SECTION 5. Classification of Business.** With respect to the furnishing of electric energy and the allocation of capital credits in connection therewith, the board of directors may classify the business done by the Cooperative with all of its patrons into classes of business and patronage. Such classifications shall be based on factors relating to the cost of rendering service and the rates lawfully chargeable in connection therewith in accordance with reasonable accounting, engineering and utility standards and practice. The board of directors may apply to such classes of business formulas designed to equitably determine for each class so established any amounts paid by patrons within such class in excess of the costs of service for such class. In developing such formulas and in determining the respective amounts of capital so furnished by all patrons within such classes, the board shall give regard to the level of capital contributed by each such class of business during the current or any prior fiscal year so as to equitably adjust the aggregate capital accounts between and among classes of business.

If the receipts from every class of business in any year exceed the costs and expenses allocable and chargeable thereto, then the excess of receipts over expenses for each class of business shall be allocable to each such class as capital credits and to patrons within each such class on a dollar patronage basis. If, however, the costs and expenses chargeable or allocable against any one or more classes of business exceed the receipts from all patrons within such class or classes of business, then such deficit shall be charged against the patronage margins otherwise assignable to any remaining class or classes of business, on a dollar volume patronage basis, so that in no year shall there be credited to patrons as patronage capital an amount greater than the excess of receipts from all patrons over the costs and expenses of doing business with all patrons. All patronage margins contributed by patrons within a given class of business shall be assigned to such patrons on a dollar volume basis of patronage, but no patronage capital shall be deemed to have been contributed by, or shall be allocated to, any patron within any class of business if the receipts from all patrons within such class do not exceed the costs and expenses chargeable or allocable to such class. In the event patronage from any patron falls into two or more classes of business, capital credits assigned to such patron shall be the net amount of the capital credits determined after debiting and crediting such patron's account with all patronage debits and credits from all such classes of business.

**SECTION 6. Retirement of Patronage Capital on Dissolution or Liquidation or Prior Thereto on Revolving Basis.** In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a prorata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the cooperative shall not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. After March 28, 1987, the board of directors shall determine under rules of general application the method, basis, priority and order of retirement, if any, for all amounts theretofore or thereafter furnished as capital.

**SECTION 7. Assignment of Patronage Capital.** Except as provided in Sections 10 and 11 hereof, capital credited to the account of each patron shall be assignable only on the books

of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.

**SECTION 8. Prior Retirement to Estates of Deceased Patrons.** Notwithstanding any other provision of these bylaws, the board of directors, at its discretion, shall have the power at any time upon the death of any patron who was a natural person, if the legal representative of the estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credits to any such patron immediately upon such terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. The board is authorized, but not required, to provide for prior retirements to surviving joint tenancy patrons and to heirs of deceased patrons on the same basis as retirements hereunder may be made to estates of deceased patrons.

**SECTION 9. Prior Retirement or Purchase in the Event of Exchange or Acquisition of Utility Properties.** Notwithstanding any other provision of this Article relating to retirement of capital credits, in the event of an exchange of utility property and patrons with another cooperative or utility, or in the event the Cooperative should acquire any public utility which it has been serving at wholesale, the board is authorized under rules of general application to forthwith retire capital credited to such former retail or wholesale patron, or to purchase for the treasury of the Cooperative such capital so credited, upon such terms and conditions as the board shall determine.

**SECTION 10. Security Interest in Patronage Capital.** The Cooperative shall have a continuing security interest in the patronage capital allocated and credited to any patron for any indebtedness due and owing from such patron to the Cooperative. The patron shall execute such documents as the Cooperative may request to create and perfect this security interest. The rights of the Cooperative under the security interest hereby granted may be exercised in the event of the default in payment by patron of the patron's obligations, or in the event of the bankruptcy of the patron, and such indebtedness of the patron shall be subtracted from the capital allocated and credited to the patron in any retirement thereof made hereunder to said patron or to the patron's estate, heirs, or surviving joint member.

**SECTION 11. Assignment for Educational or Charitable Purposes.** Any patron may assign all or any portion of the patronage capital now or hereafter expected to be credited to his or her account pursuant to this Article to the Cooperative, in trust, however, to be used only for Federated Youth Foundation, Inc., effective as of the date of assignment, subject to the Cooperative's prior lien for unpaid charges under Section 10 of this Article.

**SECTION 12. Forfeiture of Unclaimed Funds.**

- (a) The Cooperative shall effect the forfeiture of all unclaimed funds, including all forms of distributions or capital credits, membership fees, deposits, and dividends, and shall do the following in connection therewith:
  - (1) No earlier than three years and no later than five years after the funds are first made available to the owners, the board of directors shall declare the funds forfeited to the Cooperative unless claimed by a specified date.
  - (2) After the declaration of forfeiture, the Cooperative shall give notice that states that the funds shall be forfeited if not claimed by the specified date, which date shall be a business day at least 60 days after the mailing of the notice.

- (3) The notice under paragraph (2) shall be mailed to the last known address of each owner and shall be published on or before the date of mailing in a newspaper published in the municipality containing the service area of the Cooperative.
  - (4) The Cooperative shall dedicate any funds remaining unclaimed after the date specified in paragraph (2) to educational purposes, limited to providing scholarships or loans to students, or to charitable purposes, as the board of directors determines, within one year after the date the funds are declared forfeited under paragraph (1). Educational purposes shall not include political purposes as defined in section 11.01 (16), Wisconsin Statutes.
- (b) At any time, subsequent to a forfeiture under this bylaw, the owner of forfeited funds may submit a claim to the board of directors and if the board determines that the person owned the funds at the time of the forfeiture, it shall refund the funds to the person.
  - (c) The board of directors may establish a reasonable reserve for payment of claims, which reserve shall be credited to patrons in accordance with the ratio which their patronage bears to total patronage. This reserve shall be reimbursed for claims charged thereto, out of funds subsequently declared forfeited.

**SECTION 13. Contractual Obligations.** The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws, and any policies, rules and regulations adopted by the board of directors, shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the bylaws shall be called to the attention of each patron of the Cooperative by posting same electronically or in a conspicuous place in the Cooperative's office.

## **ARTICLE X**

### **DISPOSITION OF PROPERTY**

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property, including, but not limited to, disposition by way of merger or consolidation, unless such sale, lease, or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of the Cooperative, without authorization by the members thereof, shall have full power and authority 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 of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board of directors shall determine, to secure any indebtedness of the Cooperative; provided, further, that the merger or consolidation of this Cooperative with another cooperative that is organized and primarily engaged in producing or furnishing electric power or energy to its members, and that has been so organized and engaged for not less than ten (10) years, shall require the approval of only a majority of members voting thereon. Any repeal or amendment of those portions of this article which require approval by a specific proportion of the members shall require approval by the same proportion of the members as the provision sought to be affected by repeal or amendment.

**ARTICLE XI**  
**INDEMNIFICATION OF OFFICERS, DIRECTORS AND EMPLOYEES**

To the extent allowed by law, the Cooperative shall indemnify an individual against liability and expenses incurred in any proceeding in which the individual was joined because of his or her service at any time as an officer or director of the Cooperative or any predecessor hereto and shall indemnify employees to the same extent permitted for officers and directors. Entitlement to indemnification shall be determined by majority vote of the disinterested directors. If a quorum cannot be obtained, then the determination shall be made by majority vote of a committee duly appointed by the board of directors and consisting of two or more disinterested directors or by independent legal counsel selected by the board. The board may refer the matter to the members for their determination by majority vote at a meeting of the disinterested members duly called and held.

**ARTICLE XII**  
**MISCELLANEOUS**

**SECTION 1. Waiver of Notice.** Any member, delegate, or director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member, delegate, or director at any meeting shall constitute a waiver of notice of such meeting by such member, delegate, or director, except in case a member, delegate, or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**SECTION 2. Membership in Other Organizations.** The Cooperative shall not become a member of any other organization without a two-thirds (2/3) vote of the board of directors or an affirmative vote of the members at a meeting called as provided in these bylaws and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business.

**SECTION 3. 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 words "Corporate Seal, Wisconsin."

**SECTION 4. Dispute Resolution.** Any and all disputes, claims or controversies arising from or related in any way to the Cooperative's provision of electric energy or other services, or its furnishing of any goods or its conduct of its operations, that are not resolved by agreement of the parties, shall, at the request of any party, be resolved by binding arbitration by an impartial arbitrator or panel of arbitrators, pursuant to written procedures to be established from time to time by the board of directors; provided, however, that matters within the jurisdictional limits of the small claims courts may be pursued in such courts. As with the other terms of the contract between the patrons and the Cooperative, each patron, member or non-member alike, and the Cooperative agree to arbitrate all such claims or controversies according to this bylaw and the regulations and policies prescribed by the board of directors pursuant to this bylaw, and further agree to abide by and perform any resulting arbitration awards.

**ARTICLE XIII**  
**AMENDMENTS**

Subject to the limitation in Article X, above, these bylaws may be altered, amended, or repealed by a majority of the members of the Cooperative voting at any annual or special meeting; provided, however, that these bylaws shall not be altered, amended or repealed at any meeting of the members unless notice of the purpose of such alterations, amendments, or repeal should have been contained in the notice of such meeting. This is not intended to and shall not limit the authority of the board of directors to adopt emergency bylaw provisions when and to the extent allowed by law. Subject to the limitations in Article III, Section 6, above, any amendment offered from the floor at any such meeting which is germane to any amendment or resolution specified or referred to in the notice of the meeting may be acted upon with the same force and effect as though set forth in the notice of the meeting.