

Vernon Electric Cooperative
86th Annual Meeting
March 26, 2022

The 86th Annual Meeting of the members of Vernon Electric Cooperative was held via online platform on Saturday, March 26, 2022.

President Bernadine Hornby called the meeting to order at 9:00 a.m.

Introduction of the Board of Directors

At this time, President Bernadine Hornby introduced the Board of Directors by their Division.

Business Session

Bernadine Hornby was called upon to begin the business portion of the meeting.

Andrew Parrish, Attorney for the Cooperative, was appointed Parliamentarian. David Dregne was appointed Secretary and Janet Kotek acted as Recording Secretary.

Notice of Meeting and Proof of Mailing

Attorney Andrew Parrish reported that the Notice of this meeting was mailed on February 23, 2022, in the WEC News Magazine, March 2, 2022, in the Vernon Electric newsletter, and a post card sent via USPS on March 7th. By unanimous consent the members waived reading of the Notice and Proof of Publication.

By unanimous consent, the members authorized use of the meeting registration to establish a quorum. Attorney Andrew Parrish stated that 50 members are required for a quorum, that more than 50 members were registered and online at the convening of the meeting, and declared a quorum was present. Reports provided by Perigon confirmed the total members online to be 113.

Annual Meeting Rules and Voting Procedures

Attorney Andrew Parrish announced that the Annual Meeting Rules were provided upon registration and that they were also available to members through a link during this meeting. These rules had been approved by the District Committee Delegates as authorized in the Bylaws, so no further action on them was required.

Approval of the Minutes of the 2021 Annual Meeting

Minutes of the 2021 Annual Meeting were provided upon online registration and made available through the link during the meeting. 2021 Annual Meeting minutes were deemed approved by unanimous consent as presented.

CEO & General Manager's Report – Craig Buros

CEO & General Manager Craig Buros presented highlights of the past year including technology, operations, community and member services and finance.

- Our need and reliance on technology grows at a rapid pace and with that reliance grows the importance of cybersecurity. Protecting the member information and our vast network is of utmost importance.
- Technology has changed the way we work with our operations, GIS, outage management, metering, billing, accounting, and other systems seamlessly transferring data back and forth. It has aided in enabling staff to work virtually anywhere.
- Our operations department takes pride in ensuring that the distribution systems are well maintained. System reliability over the past 5-years is significantly better than the US average.
- Safety at VEC is always a top priority. This year, two of our line crew proved their success in safety training while saving a member's life who went into cardiac arrest.
- The WEC News publication noted that Dave Maxwell, editor of our local center pages in the magazine, was the recipient of a couple awards in 2021. He received honorable mention for the prestigious Leifer award and honorable mention in the Human-Interest category for publication.
- We practice commitment to community by supporting various non-profit organizations in our community including 40 Fire and EMS Departments, 9 food pantries, the Kickapoo Valley reserve visitor center, Readstown Library, Vernon County Fair Meat Animal Sale, the Vernon County K9 unit and various other youth programs.
- We applied for and received USDA grants to assist Vernon County in funding construction of the Vernon Acres Senior Living Facility as well as funding for the purchase of a new fire engine for the Coon Creek Fire Commission. As the 0% interest loans are repaid, those funds will go into a revolving loan fund account to assist with future economic development in our communities.
- VEC became one of the founding members of CHARGE EV LLC, which has expanded into a national EV charging brand.
- Finances remained strong for 2021 showing lower power cost and controllable expenses which resulted in no rate increase in 2021. Early indication is that rates will continue to remain stable for 2022.

CEO & General Manager Craig Buros then provided an explanation of rates.

- The cooperative is currently working with a consultant on rates to explore the possibility of modernizing the current rate structure and identify new rate options that could help the cooperative reduce costs and ultimately be able to pass those savings on to the members.
- We are seeing utilities across the county begin to introduce innovative rate structures for residential energy consumers including time-of-use, demand, and real-time-pricing.

(Scholarships) Craig announced that 18, \$750 scholarships and two, \$1,000 line worker scholarships were awarded this year totaling \$15,500.00. The scholarship money comes from Vernon Electric Cooperative's unclaimed capital credits.

Review Committee Report – Andrew Parrish

The Review Committee, appointed at the District Committee Conference and consisting of Gary Flock, Marvin Christianson, and Robert Danielson met in person at the Vernon Electric Cooperative headquarters on March 1, 2022. As provided in the Bylaws, the purpose was to review the minutes of the board of Directors meetings held in 2021, to clarify any Board actions, and report to the Annual Meeting their findings and recommendations. The Review Committee found the minutes to be in good order. An addendum was added to the Committee's report after a March 22, 2022 review of a submitted member advisory resolution. The proposed advisory resolution was timely submitted prior to the deadline set in the annual meeting rules. The Review Committee completed its review. The detailed Review Committee report was provided upon online registration and made available through the link during the meeting and is appended to the original minutes of the meeting.

Election Committee Report – Andrew Parrish

At the District Committee Conference held on February 12, 2022, the delegates were appointed to serve on the Election Committee for 2022 - 2023. They met March 25, 2022, at the Cooperative office. Mr. Parrish reported that the Election Committee certifies that upon the basis of the votes cast by mail, the following duly nominated candidates for directors received the highest numbers of votes in each director division in the informal balloting:

Three-year term

Director Division 3 – Bernadine Hornby

Director Division 6 – Daniel Giese

Director Division 9 – James Goodman

Director Division 10 – David Dregne

The full text of the Committee's report is appended to the original minutes of the meeting.

Attorney Andrew Parrish explained that pursuant to the Bylaws, the report of the Election Committee constitutes a motion to make the informal ballots formal and declare the recipient with the highest number of votes in each district elected as director. Members were then given an opportunity to vote online on the motion. Motion carried to make the informal ballots formal and elect Bernadine Hornby, Daniel Giese, James Goodman and David Dregne as directors from their respective districts.

Unfinished Business- Andrew Parrish

Attorney Andrew Parrish stated that there was no formal unfinished business from the 2021 Annual Meeting.

New Business- Andrew Parrish

Attorney Andrew Parrish stated that the new business consisted of a proposal to amend the Cooperatives bylaws to allow member meetings to be held virtually by means of remote participation and to modify the manner in which directors are elected. The specific amendments to the bylaws were provided to the members with the notice of meeting, made available through

the link during the meeting, and were presented to the members at the meeting. A motion was made and seconded to adopt the bylaw amendments as proposed. Motion carried.

Dema Eckles presented the Advisory Resolution which asked the Board to conduct a cost benefit analysis prior to the construction of new solar or battery generation in the Cooperative's service territory, including comparisons with alternative options for investment in solar, and a special member meeting on the topic. A motion was made to adopt the advisory resolution and seconded by George Wibur. The membership approved the motion.

Adjournment – There being no further business to come before the meeting, Chair Hornby then declared the 86th Annual Meeting adjourned at 10:40 a.m.

David Dregne, Secretary

UNAPPROVED

RESOLUTION FOR VERNON ELECTRIC COOPERATIVE ANNUAL MEETING

WHEREAS dependable, lowest cost, well-managed electrical service furthering the welfare in Vernon Electric Cooperative communities is emphasized in Bylaws, and, 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.

WHEREAS VEC energy use has remained steady over the last ten years due, in part, to:

- Practiced Energy Conservation Skills;
- Use of *Focus on Energy* and other Coop rebates for more efficient equipment and efficiency improvements in dwellings;
- Use of Innovative Load Management programs (Dual Fuel, Hot Water Storage); and
- Steady growth in member-owned solar.

WHEREAS Vernon Electric Cooperative is currently engaged with a consultant investigating changes in rate structure and billing such as time of use, facility charges and determining incentives that could affect co-op and member owned solar development;

WHEREAS VEC sets rates for farm and home solar that are an important consideration in the expansion of solar which is part of a nation-wide boom;

WHEREAS third party developers have contacted VEC with interest to build and own sizable, solar power plants requiring use of Vernon Electric's limited distribution facilities;

WHEREAS member customers of Vernon Electric Cooperative would ultimately assume costs from such added power plants over time and these costs, land and other impacts are important to energy planning considerations;

WHEREAS investment tax credits that provide profit to outside developers could be returned to our communities as local investments tend to do;

WHEREAS cost-benefit analysis would inform Vernon Electric Cooperative member-owners where profits from diverse solar investments would be most beneficial.

THEREFORE, BE IT RESOLVED that:

1. Before Vernon Electric Cooperative contracts with any third party developer to build solar

generation and/or battery facilities within Vernon Electric Cooperative's service territory, a cost-benefit analysis is requested to evaluate the monetary impacts on VEC member owners over time, to be shared with VEC members;

2. As part of the cost-benefit analysis, a comparison of the costs and benefits of expanding on-bill financing and other incentives for home and farm solar and battery facilities be included;

3. To increase member understanding and input on VEC expansions of solar and battery resources, members request a special meeting on this topic.

Respectfully submitted to the Vernon Electric Cooperative 2022 Annual Meeting of Members by,

Adrian Amelse	S5465 County Road SS Viola, WI 54664
Amy Marie Wedell	S3819 Plum Run Road La Farge, WI 54639
Carl Volden	S. 4899 Volden Lane Genoa WI. 54632
Dave Wennlund	E9114 Lyster Rd. Readstown, WI 54652
Dena Eakles	E14604 County Rd. F, Ontario, WI 54651
George C. Wilbur	E13121 East Kettle Rd, La Farge WI 54639
Jon M. Lund	E11762 Tunnelville Rd. LaFarge WI 54639
Julie Hoel	30503 Opus Rd Ontario, WI 54651
Karen Marie Fischbach	E15155 State Hwy 82, Hillsboro, WI 54634
Keith Ashley-Wright	E13953 Maple Ridge Rd La Farge WI 54639
Kent Gallaway	S7608 Deer Point Rd. Readstown, WI 54652
Linda Gallaway	S7608 Deer Point Rd. Readstown, WI 54652
Raven Storm Stevenson	E5471 Helgeson Road, Westby, WI, 54667
Rebecca Comeau	S3767 Canyon Ave, La Farge, WI 54639
Robert Goonin	S3867A Canyon Ave. La Farge WI 54639
Robert Haugen	S3767 Canyon Ave, La Farge WI 54639
Sam Skemp Sr.	W4075 County Road YY La Crosse WI 54601
Terese Agnew	S3897 Plum Run Rd. La Farge WI 54639

**Vernon Electric Co-operative
2021 Review Committee Report - Addendum**

]-The Review Committee members, consisting of Gary Flock, Marvin Christianson, and Rob Danielson met online on March 22, 2022. Also present were Vernon Electric Cooperative CEO & General Manager, Craig Buros and Executive Assistant, Janet Kotek.

The Review Committee met to consider an advisory resolution proposed by a member. The proposed advisory resolution was timely submitted prior to the deadline set in the annual meeting rules. The Review Committee completed its review. The advisory resolution will be presented to the members for consideration at the annual meeting.

Respectfully Submitted,

Gary Flock

3/22/2022

Gary Flock

Rob Danielson 3/22/2022

Rob Danielson

Marvin Christianson

3/23/2022

Marvin Christianson



Restated Bylaws of Vernon Electric Cooperative

This institution is an equal opportunity provider and employer.



Revised August 29, 2020

RESTATED BYLAWS OF VERNON ELECTRIC COOPERATIVE WESTBY, WISCONSIN

August 29, 2020

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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, corporation, 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 or more persons may hold a membership as tenants in common or 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. The provisions of Section 3 (c) of this Article shall apply to a membership held by tenants in common, and to a joint membership where the holders thereof are not husband and wife.

SECTION 2. Membership Certificate. Membership in the Cooperative may be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board of directors. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership has fee been fully paid for. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the board may prescribe.

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 husband and wife as joint tenant members 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 in husband and wife as joint tenant members 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) The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership, 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 terminate the joint membership;
- (6) Withdrawal of either shall terminate the joint membership; and
- (7) Either but both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.

(d) The records of the Cooperative shall properly show all joint memberships in the names of the joint members. By writing signed by both joint members and filed with the Cooperative any joint membership may be terminated and changed to a membership in common or vested solely in one of the joint members.

(e) Upon the death of either spouse, or other person, who is the 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 tenants in common or as joint tenants with right of survivorship upon the written request by the holder and the agreement by the holder and the persons becoming tenants in common or joint tenants, to comply with the articles of incorporation, bylaws, and policies, rules and regulations adopted by the board of directors. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

SECTION 5. Membership Fee. After March 26, 1988, the board of directors shall determine the amount of the membership fee, if any, provided that such fee shall not exceed \$5.

SECTION 6. Purchase of Electric Energy. Each application for membership 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 therefore 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 him 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 of such member shall be cancelled forthwith. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

(c) Upon 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 except for the membership fee, this provision shall not affect the ownership of funds held by the Cooperative in the names of the joint owners, and further provided, that neither joint owner shall be released from debts due the Cooperative arising from the joint ownership.

(d) In case of withdrawal or termination of membership in any manner, the Cooperative may repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

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 nonmembers 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 not later than the month of April 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 which shall be designated in the notice of the meeting, for the purpose of electing 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 held at any such annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings. Special meetings of the members may be called by the President, 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 shall be 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 the joint membership, or a membership held by tenants in common, the presence at a meeting by either joint member or both, or by one or more tenants in common, 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.

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 or tenancy in common 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 he is a member. A court-appointed guardian 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.
- (e) In the event a member voting by absentee ballot attends such meeting in person, at the member's request the absentee ballot shall be discarded in favor of the member's vote cast in person at the meeting.
- (f) A member may vote for director by absentee signed ballot only as provided in Section 3 of Article V of these bylaws.
- (g) 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. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver of notice of the meeting, as the case may be.
3. Taking action on unapproved minutes of previous meetings of members, copies of which shall have been furnished to the members.
4. Presentation and consideration of, and if appropriate acting upon, reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. 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 or village 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, that 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 or inclusive towns or villages.

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 five (5) 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 three 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 members receiving the fourth and fifth highest number of votes shall be designated alternate delegates to act as members of such Town District Committee in the place of absent members. 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 President, 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 (30) 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 and not more than twenty (20) 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 obviate or 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. The Conference 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 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. 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 next succeeding 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 general manager, 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 or on the apportionment or other special committee that may be appointed from 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; or
- (2) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, services or supplies to the Cooperative; 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 or by tenants in common, one of the joint tenants or one of the tenants in common, 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 or all tenants in common 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, and unless all partners shall meet the qualifications set forth in (b) (2)-(5), above. When a membership is held by a corporation or limited liability company, one but not more than one, of the officers thereof designated in writing by the corporation 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, 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, or supplies to the members of this Cooperative, 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 at the meeting at which such nominee would otherwise be voted upon 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 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 and shall appoint a successor for any disqualified director until the next membership meeting.

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 directors 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 (30) 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 (30) 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 may make other nominations not less than twenty-five (25) 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 ~~Informal~~ 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 therefore 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 ~~informal~~ director ballot in the mail ballot envelope enclosed so as to reach the office of the Cooperative not later than one day prior to the annual meeting. 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 the respect to the member casting it nor shall the ballot of any member be disclosed to anyone as to how such member votes. An elections committee selected by the District Committee Conference, or by the President if the District Committee Conference should fail to name such elections 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, and shall separately record the names of all members casting mail ballots from each division for which a director is to be elected. 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 ~~such ballot~~the election results for each division ~~for which a director is to be elected~~, which report shall be presented at the annual meeting. 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 elections committee.

~~(d) Election. The report of the elections committee at the annual meeting shall show the results of the informal mail balloting under (c) above and the name of the candidate within each director election division receiving the highest number of votes of all candidates within each such division thereunder. Such report shall constitute a motion upon the part of the members present from such division to make the informal ballot for the candidate receiving such highest number of votes therefrom under (c) above formal and to declare such candidate elected. All members present shall be entitled to vote on such motion. Should such motion fail then the members in attendance at such meeting from the division for which a director is to be elected shall separately ballot on the candidates for director from such division nominated under the provisions of (a) and (b) of this section and the candidate receiving the highest number of votes on such ballot shall be declared elected. In the event of an informal ballot tie vote for director from any division the members present from such division may resolve such tie by vote taken at such meeting or may have such contest determined by lot with the winner declared elected.~~

~~The members may, at any meeting at which a director or directors shall be removed, as hereinabove provided, elect a successor or successors thereto 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, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.~~

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 until the next annual meeting of the members or until the successor shall have been elected and shall have qualified.

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. 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, applies to the following: son, daughter, mother, father, sister, brother, spouse, stepfather, stepmother, stepson, stepdaughter, half-sister and half-brother.

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, the members receive notice of the substance of the 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.

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 ten percent (10%) of the members or 300, whichever is the lesser, may request the removal of such director by reason thereof. Upon receipt of such petition it shall be the duty of the President 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, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

ARTICLE 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. ~~A regular~~ 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 President 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 President 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, ~~place and 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 President 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 provide by the law, the articles of incorporation, or these bylaws.

ARTICLE VII

OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice President, 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. President. The President 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, with the Secretary, certificates of membership, the issue of which shall have been authorized by the board of directors or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of

directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board 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 President and such other duties as may be prescribed by the board of directors from time to time.

SECTION 5. Vice President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President 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 in books provided for that purpose;

(b) see that all notices are duly given in accordance with these bylaws or as required by law;

(c) safe keep the corporate books and records and the seal of the Cooperative and affix the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

(d) see that the Cooperative keeps a register of the names and post office addresses of all members;

(e) sign, with the President, certificates of membership, the issue of which shall have been authorized by the board of directors or the members;

(f) 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

(g) 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 Manager.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

(a) overseeing custody of all funds and securities of the Cooperative;

(b) 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) the general performance of 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 Manager.

SECTION 8. Manager. The board of directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority 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 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 his class of business and to his 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 total 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 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 patron- age 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 credits 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 his 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., a charitable tax-exempt organization, or such other educational or charitable purpose as may be designated by the assignor or the board, 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 affect 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 provision 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 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 of the members unless notice of the purpose of such alterations, amendments, or repeal should have been contained in the notice of such meeting. 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.