

ARTICLES
OF INCORPORATION
AND
RESTATED BYLAWS



**Chippewa Valley
Electric Cooperative**

Your Touchstone Energy® Partner 

CORNELL, WISCONSIN 54732

*Revision with Amendments
Through
February 25, 2012*

ARTICLES OF INCORPORATION

ARTICLE I

Name and Location

The name of this cooperative association shall be Chippewa Valley Electric Cooperative, and its location and principal office shall be in the City of Cornell, in Chippewa County, Wisconsin, Post Office Address: Cornell, Wisconsin 54732.

ARTICLE II

Purposes

The principal purpose for which this cooperative association is formed is that of furnishing its members with electric power and energy on a cooperative non profit basis. The cooperative may engage in any activity within the purposes for which cooperative associations may be organized under Wisconsin law and all such activities shall be deemed within its purposes subject to such express limitations as may be imposed pursuant to its bylaws.

ARTICLE III

Duration

The duration of this cooperative association shall be perpetual.

ARTICLE IV

Non Stock and Member Classes

This cooperative association is organized without capital stock and there shall be only one class of member with respect to voting rights.

ARTICLE V

Property Rights and Basis of Distribution in the Event of Dissolution

Upon dissolution, after (a) All debts and liabilities of the cooperative shall have been paid, and (b) All capital furnished through patronage shall have been retired as provided in the bylaws, the remaining property and assets of the cooperative shall be distributed among the members and former members in the proportion which the outstanding capital credited to each bears to the total outstanding capital credited to all members and former members determined immediately prior to the final retirement of patronage capital described above, subject to and in accordance with such classification of business formulas as may have been employed in allocating patronage capital to such members.

ARTICLE VI

Directors

The business and affairs of the cooperative shall be managed by a board of directors. The number, qualifications, and manner of voting for directors shall be specified in the bylaws. The principal officers of the cooperative shall be a chairman, a vice chairman, a secretary and a treasurer. The officers shall be elected in such manner and have such authority as the bylaws provide. The bylaws may also provide different titles for any of these offices, and allow for the creation of additional offices.

Article VII

Disposition of Property

The cooperative may not sell or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized by two (2) successive meetings of the membership held at least eleven (11) months apart by the affirmative vote of not less than two-thirds (2/3) of all members of the cooperative and unless notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that the board of directors of the cooperative, without authorization by the members other than this Article, shall have full power and authority to borrow money and in connection with such borrowing to authorize the execution and delivery of any mortgage or other form of security agreement upon, or pledging or encumbering, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, in whatever form, whether acquired or to be acquired, and wherever situated, as well as the revenues and income from such property, all upon such terms and conditions as the board shall determine, to secure any indebtedness of the cooperative; and provided, further, that upon authorization of a two-thirds majority of the members of the cooperative voting at a meeting of the members, the board may merge or consolidate with, or sell, lease or otherwise dispose of all or a substantial portion of the cooperative's property to, another cooperative organized under Wisconsin Statutes Chapter 185. The board of directors, in its judgment, shall determine what constitutes a substantial portion of the cooperative's property. The foregoing two-thirds of all members vote requirement in this Article shall not be reduced or repealed except upon the affirmative vote of at least two-thirds (2/3) of all the members of the cooperative.

BYLAWS OF CHIPPEWA VALLEY ELECTRIC COOPERATIVE

As Restated February 24, 2007

ARTICLE I MEMBERSHIP

SECTION 1. Requirements for Membership

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of **Chippewa Valley Electric Cooperative** (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that such prospective member has first:

- (a) Made an application for membership in such form as the Board 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 rules and regulations adopted by the board, and
- (d) Paid any applicable fees including but not limited to any meter, or guarantee deposit, or connection fee which may be required by rules and regulations applicable to the class of service requested.

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 patron 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.

SECTION 2. Membership Certificates.

Membership in the Cooperative shall be evidenced by a membership certificate, in the name of the applicant(s) on the application for membership, which shall be in such form and shall contain such provisions as shall be determined by the board. Such certificate shall be signed by the Chairman and by the Secretary of the Cooperative and the Cooperative seal shall be affixed thereto. 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.

Any application for membership received from one or both members of a married couple after January 1, 1988 shall be deemed an application for joint membership and may be accepted as such for membership. 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. Without limiting the generality of the

foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) 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;
- (b) The vote of either separately or both jointly shall constitute one vote; if the spouses are in disagreement as to a vote, whether present or in person or by proxy, each shall have one-half vote only;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership

(a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and/or spouse to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such a manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due to the Cooperative.

(c) Upon the legal separation or divorce of the holders of a joint membership by the one who continues directly 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, however, that the other spouse shall not be released from any debt due the Cooperative.

SECTION 5. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board. 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 in these Bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by such member to the Cooperative as and when the same shall be due and payable.

SECTION 6. Termination of Membership.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or 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 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 to him, has not purchased energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of 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 surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or the member's estate from any debts due the Cooperative.

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

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 unserved persons within the Cooperative service area, regardless of the size or nature of their requirements who,

- (a) Desire such service and
- (b) Meet all reasonable requirements established by the Cooperative as a condition of service. (Check extension policy).

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 shall be of general and uniform application and shall provide for service without discrimination to all patrons as members within the same classification of service.

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 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, by rule, or agreement with the governing board of such municipality, may 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 agencies 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 organization by rural electric cooperatives.

ARTICLE III RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members.

Upon dissolution, after,

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the outstanding capital credited to each bears to the total outstanding capital credited to all members and former members determined immediately prior to the final retirement of patronage capital described above.

SECTION 2. Non-liability for Debts of the Cooperative.

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE IV MEETING OF MEMBERS

SECTION 1. Annual Meeting.

The annual meeting of the members shall be held during the first quarter of each year at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, 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. 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 resolution of the Board, by the Chairman, or by twenty percent or more of all 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 of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Member's Meetings.

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than seven days nor more than twenty-five days before the date of the meeting except where the purpose of said meeting is to sell or otherwise dispose of all or any substantial portion of the Cooperative's property, in which event, in addition to any notice required by law, a preliminary notice shall be delivered not less than 60 days nor more than 90 days before the date of the meeting either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. 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 number 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 of either husband or wife 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 of such adjourned meeting.

SECTION 5. Voting.

Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of members. All questions shall be decided by a vote of a majority of the members voting thereon, except as otherwise provided by law, the Articles of Incorporation, or by these Bylaws. Any member which is a cooperative, corporation, government body, church or voluntary association may, acting through its governing body, designate its representative to act for it at membership meetings. Such representative may also vote as an individual if he/she is a member. A guardian of a member may vote in behalf of such member.

SECTION 6. Absentee Voting.

Any member who is absent from any annual or special meeting of the members may, after due notice of, vote on any motion or resolution to be acted upon, or may vote on directors, by delivering or mailing to the Secretary, at the Cooperative office prior to the morning of such meeting, that member's signed vote thereon. A sealed envelope bearing the signature of such member and enclosing a marked but unsigned ballot shall constitute a signed vote. The Secretary shall cause to be enclosed with the notice of meeting an exact copy of any motion or resolution to be acted upon with an appropriate ballot or space for voting thereon, however, this shall not be required for the routine items of

business described in Section 7, below. The failure of any such absent member to receive a copy of any such motion or resolution 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 essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Taking action on unapproved minutes of previous meetings of the members that have been distributed to the members.
4. Presentation and consideration of reports of officers, trustees and committees.
5. Election of board members.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE V

DIRECTORS

SECTION 1. General Powers.

The business and affairs of the Cooperative shall be managed by a Board of Directors which shall exercise all the powers of the Cooperative except such as are by law, the Articles of Incorporation or by these Bylaws conferred upon or reserved to the members. The word "Board" is used to refer to the Board of Directors, and the words "Board member" are used to refer to a Director.

SECTION 2. Districts.

The territory served or to be served by the Cooperative shall be divided into seven districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one Director.

Not less than sixty days before the meeting of the members at which Directors are to be elected, the Board shall review the compositions of the several districts, and if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the Board shall reconstitute the districts so that each shall contain as nearly as possible the same number of members. The Board shall define and keep on record, separate from these Bylaws, descriptions of the area comprising each of the seven districts.

SECTION 3. Qualifications and Tenure.

At each annual meeting of the members, directors shall be elected by ballot by and from the members of their respective districts to serve for a period of three years or until their successors have been elected and duly qualified, with staggered terms so that no more than three terms shall expire at any annual meeting. No person shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who is not a member and bonafide resident of the district that person represents in the area served or to be served by the Cooperative; or who is in any way employed by or financially

interested in any competing enterprise or a business selling electric energy or supplies to the Cooperative; or who has been employed by the Cooperative or an entity controlled by the Cooperative at anytime in the five years preceding election or appointment as a Director; or who was convicted of any felony or of any other offense involving a breach of trust while a Director or during the five years preceding election or appointment as a Director; or who has pursued any litigation or claim against the Cooperative or any of its employees or Directors or has been in default on any obligation owed to the Cooperative, while a Director or during the five years preceding election or appointment as a Director; however, nothing in this section shall preclude any member from serving as a director or from holding any position of trust in the Cooperative because he or she is also a member or director of any other cooperative from which this Cooperative purchases or may purchase electric energy, supplies, or services. Upon establishment of the fact that a candidate for the Board may lack eligibility to become a Director; such individual's name shall be withdrawn from consideration as a candidate. Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such Board member from office. When a membership is held jointly by a husband and wife, either one, but not both, may be elected Director, provided however, that neither one shall be eligible to become or remain a Director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall be construed to affect in any manner whatsoever the validity of any act taken at any meeting of the Board of Directors.

SECTION 4. District Membership

For the purpose of this Article a member shall be deemed to be a member of the district in which that member resides or in the event the member does not reside within the area served or to be served by the Cooperative, such individual or entity shall be deemed a member of the district where that members maximum service is provided.

SECTION 5. Nominations and Selection of Candidates.

Not less than sixty (60) days nor more than one hundred fifty (150) days before any meeting at which Directors are to be elected the Board shall cause notice to be given to all members of a district in which a term for director will expire. Such notice may be given either by first class mail, as an enclosure with a billing statement, or in a publication of the Cooperative mailed at regular intervals to all members of the Cooperative. Said notice shall state (1) that a term is expiring and shall give the qualifications for director as provided under Section 3 of Article V and (2) the manner in which interested persons may become candidates for the director position. Candidates must be members residing in the district and must posses the qualifications for directors as otherwise specified in these Bylaws.

Qualified individuals may declare their candidacy by obtaining in writing the signatures of any fifteen or more members of their district not less than forty-five days prior to the annual meeting. The Secretary shall cause a list of the official candidates of each district to be posted at the Cooperative office at least twenty days before the annual meeting.

SECTION 6. Election of Directors.

Directors shall be elected at the annual meeting of the members by only those members of the district to be represented by such Director. The secretary shall, along with the notice of annual meeting, cause to be sent to those members entitled to vote for a Director, a notice of the election pertaining to their respective district along with a ballot

and an envelope addressed to the secretary at the Cooperative office. The notice, as it applies to each district, shall set forth the names and addresses of the candidates and shall inform the members of the manner in which they may vote. The ballot shall be marked "Ballot for Director" and shall set forth the names of all nominees alphabetically arranged and stating the residence of each. A ballot shall be voted by marking an "X" opposite the name of the candidate to be voted for. Any member entitled to vote on Directors who is absent from the annual meeting of the members may vote by mailing or delivering to the secretary, at the Cooperative office prior to the morning of such meeting, that member's signed vote. A sealed return envelope bearing the signature of such member enclosing a marked but unsigned ballot shall constitute a signed vote. In the event of a tie vote between the candidates, the winner shall be chosen by lot at the annual meeting at which the election occurs.

SECTION 7. Removal of Board Members by Members.

Any member may bring charges against a Board member and, by filing with the secretary such charges in writing together with a petition signed by at least ten percent of the members, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least ten 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 to the charges; and the person or persons bringing the charges shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members. Any vacancy created by such removal may be filled at such meeting by vote of the members of the district served by such Director without compliance with the foregoing provisions with respect to nominations.

SECTION 8. Vacancies.

In the event of a vacancy; (other than a vacancy created by removal of a Board member pursuant to Section 7 above) such vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term, or until a successor shall have been duly elected and qualified. The vacancy shall be filled by a member from the district left without representation.

SECTION 9. Compensation.

Board members shall not receive any salary for their services as such, but the Board may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board member shall receive compensation for serving in the Cooperative in any other capacity, nor shall any close relative of a Board member 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 Board member or a close relative shall have been certified by the Board as an emergency measure.

SECTION 10. Policies, Rules and Regulations.

The Board 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.

ARTICLE VI **MEETINGS OF BOARD**

SECTION 1. Regular Meetings.

A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meeting.

Special meetings of the Board may be called by the Chairman or by any three Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or Board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Meetings Conducted Through the Use of Communication Technology.

(a) If the Board of Directors shall permit in advance and shall be given the required notice, or if all Directors shall verbally consent concurrently with the holding of the meeting, any or all Directors may participate in a regular or special meeting of the Board or of a committee of the Board or the meeting may be conducted, by any means of communication by which any of the following occurs:

(1) All participating Directors may simultaneously hear each other during the meeting.

(2) All communication during the meeting is immediately transmitted to each participating Director, and each participating Director is able to immediately send messages to all other participating Directors.

(b) If a meeting will be conducted through the use of any means described in Par. (a) all participating Directors shall be informed that a meeting is taking place at which official business may be transacted. A Director participating in a meeting by any means described in Par. (a) is deemed to be present in person at the meeting. Minutes of the meeting shall be prepared and distributed to each Director and shall also be kept with the official records of the Cooperative.

SECTION 4. Notice of Board Meetings.

Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally, by mail or electronically if the method of transmission provides an acknowledgment of receipt, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or the Board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at that Board members address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

If a meeting is to be conducted through use of communication technology (pursuant to Section 3 above) written notice of the date, time and purpose of the meeting shall be given in the same manner as provided in these Bylaws for notice of special Board meetings. Any Director may waive notice on any meeting. The attendance of a Director

at any meeting shall constitute a waiver of notice of such meeting, except in the event that a Director shall participate in such meeting for the purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 5. Quorum.

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present, at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

ARTICLE VII OFFICERS

SECTION 1. Number.

The officers of the Cooperative shall be Chairman, Vice Chairman, Secretary, Treasurer, and such other officers as may be determined by the Board 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 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 following the next succeeding annual meeting of the members or until that officers 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 may be removed by the Board whenever in its judgement the best interests of the Cooperative will be served thereby.

SECTION 4. Chairman.

The Chairman shall:

(a) be the principal executive officer of the Cooperative and unless otherwise determined by the members or the Board, 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 or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board 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 Chairman and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice-Chairman.

In the absence of the Chairman, or in the event of his inability or refusal to act the Vice-Chairman shall perform the duties of and be subject to all restrictions upon the

Chairman. The Vice-Chairman shall also perform such other duties as from time to time may be assigned by the Board.

SECTION 6. Secretary.

The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing 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) keeping a register of names and post office addresses of all members;
- (e) signing, with the Chairman, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- (f) keeping 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, furnishing a copy of the Bylaws and of all amendments thereto to any member upon request; and
- (g) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board.

SECTION 7. Treasurer.

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) 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 the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board.

SECTION 8. President.

The Board may appoint a president who shall be the Chief Executive Officer, who may be, but shall not be required to be a member of the Cooperative. The president shall perform such duties and shall exercise such authority as the Board may delegate from time to time.

SECTION 9. Bond 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 shall determine. The Board 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. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a Board member and close relatives of a Board member.

SECTION 11. Reports.

The officers of the Cooperative shall be responsible for submitting at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VIII 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 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 for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. 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. The Cooperative is obligated to pay by 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 set up and 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 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 for capital. The provisions of this Section shall be subject to any adjustments between and among classes of business as provided in Section 5, below.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year. To the extent not needed for that purpose, 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. If the board of directors chooses to allocate such non-operating margins, they shall be allocated to its patrons 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.

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 pro rated 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 will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital furnished prior to February 20, 1988, shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. After February 20, 1988, the Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts, theretofore and thereafter furnished as capital.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction 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, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Bylaws, the Board, at its discretion, but under policies of general application, shall have the power at any time upon the death of any patron, who was a natural person, to retire the capital credited to any such deceased patron, prior to the time such capital would otherwise be retired under the provisions of these Bylaws; provided, however, the financial condition of the Cooperative will not be impaired thereby, and provided that a representative of the patron's estate requests such retirement of capital credits.

SECTION 3. Subscription to Wisconsin REC News.

The Cooperative, through its Board of Directors, is authorized in the name and on behalf of each member of the Cooperative to subscribe to the Wisconsin Energy Cooperative News, or successors or successors. The expense of such subscription for all members shall be charged to the aggregate capital deposited by members for electrical service under Section II of this article in the same manner as are charged for other appropriate expenses of the Cooperative.

SECTION 4. 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 5. Classification of Business.

The Board of Directors may classify the business done by the Cooperative with its patrons into classes of business or patronage in order to equitably determine any amounts paid by patrons within each class in excess of the costs of service for that class. Such classifications shall be based on factors relating to the cost of rendering service and the rates charged therefor, in accordance with reasonable accounting, engineering and utility standards and practice.

If the receipts from each class of business in any year exceed the costs and expenses allocable to each respective class, then the excess of receipts over expenses for each class shall be allocable to the class as capital credits and to patrons within the class on a dollar patronage basis. If, however, the expenses chargeable against any one or more classes of business exceed the receipts from patrons within that class, then such deficit shall be charged against the patronage margins otherwise assignable to other classes of business, so that in no year shall there be credited to patrons as patronage capital an amount greater than the excess of receipts over the 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 of patronage basis, but no patronage capital shall be deemed to have been contributed by or be allocated to any patron within a class of business if the receipts from all patrons within that class do not exceed the expenses chargeable to that class. In determining the respective amounts of capital furnished by the patrons within each class of business, the Board shall give regard to the level of capital contributed by each such class during the current or any prior fiscal year so as to equitably adjust the aggregate capital accounts between and among the classes of business.

Section 6. Security Interest in Patronage Capital.

The Cooperative shall have a continuing, first priority security interest in the patronage capital allocated and credited to any patron to secure the payment of any and all obligations owed by such patron to the Cooperative and the performance of the patron's obligations to the Cooperative. The patron shall execute such documents as the Cooperative may request to confirm and perfect this security interest. The patron further authorizes the Cooperative to file appropriate financing statements to perfect that 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 the patron of the patron's obligations or in the event of the bankruptcy or insolvency of the patron. Such indebtedness of the patron shall be subtracted from the capital allocated and credited to the patron in any retirement thereof made to said patron or to his estate, heirs or surviving joint member. The Board of Directors shall determine when confirmation and perfection of the security interest shall be required.

ARTICLE IX **DISPOSITION OF PROPERTY**

The Cooperative may not sell or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized by two (2) successive meetings of the membership held at least eleven (11) months apart by the affirmative vote of not less than two-thirds 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 Directors of the Cooperative without authorization by the members thereof, shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof, or from National Rural Utilities Cooperative Finance Corporation (hereinafter referred as "C.F.C.") or other financing institution or bank organized by rural electric cooperatives, or approved by the administrator of the Rural Utilities Service, and in connection with such borrowing 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 whenever 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 to the United States of America or any instrumentally or agency thereof or to "C.F.C." or other financing institution or bank organized by rural electric cooperatives, or approved by the administrator of the Rural Utilities Service; provided however that the Board of Directors may upon authorization of a two-thirds majority of those members of the Cooperative present at a meeting of the members thereof, sell lease, or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with another Cooperative or foreign corporation doing business in this state pursuant to the Act under which this Cooperative is incorporated.

ARTICLE X **SEAL**

The Corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Wisconsin".

ARTICLE XI **FINANCIAL TRANSACTIONS**

SECTION 1. Contracts.

Except as otherwise provided in these bylaws, the Board may authorize any officer or officers, 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 evidence 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.

SECTION 3. Deposits

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 may select. Nothing herein shall be deemed to prohibit the Board from extending loans to members for proper purposes in the interest of the Cooperative.

SECTION 4. Change in Rates.

Written notice of any proposed change in the rates charged by the Cooperative for electric energy shall be given to the Rural Utilities Service of the United States of America consistent with the requirements of applicable regulation or contract. This provision shall not apply to any automatic fuel clause or purchased power adjustment.

SECTION 5. 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 XII MISCELLANEOUS

SECTION 1. Membership in Other Organizations.

The Cooperative shall not become a member of any other organization without a two-thirds vote of the Board of Directors or an affirmative vote of the members at a duly held meeting, the notice of which meeting shall specify that action is to be taken upon such proposed membership.

SECTION 2. Waiver of Notice.

Any member or Board member may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member, except in case a member or Board member 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 3. Accounting System and Reports.

The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board shall also, after the close of each fiscal year, cause to be made by a certified public accountant 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 following annual meeting, or if it has not been completed prior to that meeting preliminary results shall be reported at that meeting and upon completion of the audit the members shall be informed if there were any material changes from the information reported at the meeting.

ARTICLE XIII

Amendments

The Bylaws may be altered, amended or repealed by a majority vote of the members at any meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, and provided, further, that the required majorities set forth in Article IX may not be amended by a vote of less than that majority proposed to be amended.

ARTICLE XIV

Indemnification of Officers, Directors and Employees

To the extent permitted by law, the Cooperative shall indemnify an individual against liability and expenses incurred in any proceeding in which the individual was joined as a party because of his or her service at anytime as an officer or director of this Cooperative, 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 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. The Board in its discretion may advance the expenses incurred by the officer, director or employee prior to final resolution of the matter. The Cooperative may purchase and maintain insurance covering the risk of such claims, and the scope of such coverage may be broader than the undertaking for indemnification described in this Article.

