



Bylaws of

M.J.M.

Electric

Cooperative, Inc.

**Bylaws of
MJM Electric
Cooperative, Inc.**

Revised on March 25, 2017

**P.O. Box 80
Carlinville, Illinois 62626**

Preface

The purpose of this booklet is to make available to each member of MJM Electric Cooperative, Inc. a handy, easy-to-use copy of the Bylaws of the Cooperative, which is made available in electronic and printed format.

These Bylaws, as presented herein, are the laws or regulations adopted by the membership of MJM Electric Cooperative, Inc., for the regulation of the Cooperative's internal affairs and its dealing with others. They define the responsibilities of the members and the duties of the Board of Directors.

This booklet contains the revised bylaws adopted by the membership on March 25, 2017.

These Bylaws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

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BYLAWS OF MJM ELECTRIC COOPERATIVE, INC.

ARTICLE I MEMBERSHIP

Section 1.01 - Requirements for Membership. Any natural person who is lawfully present in the United States of America and who has the capacity to enter into legally binding contracts, or any entity defined to include a domestic or foreign cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government, (each hereinafter referred to as “person,” “applicant,” “him,” or “his”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive service from MJM Electric Cooperative, Inc. (hereinafter called “Cooperative”) provided that he has first:

- (a) Made a written application for membership therein;
- (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 of Directors, and
- (d) Paid the membership fee hereinafter specified.

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 1.02 – Application for Membership: Renewal of Prior Application. Application for membership – wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative’s Articles of Incorporation and Bylaws, and all rules, regulations, policies and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”) – shall be made in writing on such form as is provided therefore by the Cooperative. With respect to any particular

classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is not approved. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus attorney fees, costs, collection expenses and accrued interest thereon at the Illinois legal rate on judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment. Any member who fails to pay an outstanding account on the date due shall also be liable for interest at a rate as established by Cooperative policies and regulations together with costs, collection expenses, and attorney fees. Any person who has a membership in the Cooperative that has been transferred to “inactive status,” may reactivate that membership by complying with the rules, regulations, and policies as established by the Board of Directors.

Section 1.03 – Membership Fee, Service Security and Facilities Extension Deposits: Contribution in Aid of Construction. The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him.

Section 1.04 – Joint Membership. Individuals occupying the same premises to or for which the Cooperative provides or will provide a Cooperative Service, each of whom qualifies to be Member, by specifically

so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may convert such membership into a joint membership, subject to their compliance with the requirements set forth in this article. 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 joint vote;
- (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) Suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualifications required therefor.

Section 1.05 – Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall by Board resolution be accepted into membership in, and become eligible to receive electric service from, the Cooperative unless the Board of Directors shall determine that such applicant shall be rejected for good cause.

Section 1.06 – Purchase of Electric Power: Power Production by Member: Application of Payments to All Accounts. A Member shall comply with any reasonable procedure required by the Cooperative regarding the provision of a Cooperative Service. The Cooperative shall provide Cooperative Services to members in a reasonable manner. The cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative providing inadequate, non-continuous, or fluctuating electric energy or other Cooperative Service, unless the damages, costs or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for providing a Cooperative

Service terminate upon delivery of the Cooperative Service to a Member. In case of emergency, or as requested by government or emergency officials or representatives, the Cooperative may interrupt the provision of Cooperative Services to Members. Each member for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefor at the times, and in accordance with the rules, regulations, policies and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations and policies as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative may be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

Section 1.07 – Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with capital so furnished as provided in Article IX of these Bylaws.

Section 1.08 – Wiring of Premises: Responsibility Therefor: Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties: Extent of Cooperative Responsibility: Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with current specifications of the 41 Illinois Administrative Code (Section 100) or its successor agency, the Life Safety Code/National Electric Code (NEC), National Fire Protection Agency (NFPA) and any applicable state code or local government ordinances,

and of the Cooperative. Each member shall be responsible for – and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use of maintenance of – such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative’s physical facilities for the furnishing and metering of electric service and shall permit the Cooperative’s authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source, for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best effort to prevent others from so doing. Each member agrees that he will pay to the Cooperative the value of the property if damaged or destroyed while in his possession, natural wear and tear expected. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative’s physical facilities and their operation and to prevent any interference with or damage to such facilities. Regardless of the care exercised by the member, in the event such facilities are interfered with, impaired in their operation or damaged by the member or by any other person, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative’s cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules, regulations and policies, indemnify the member for any over-charges for service that may result from a malfunctioning of its meter equipment or any error occurring in the Cooperative’s billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

Section 1.09 – Member to Grant Easements to Cooperative.

Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants or easement of right-of-way over, on and under such lands owned or leased by or mortgaged to the member. The term of such a grant shall be reasonable. The grant shall

only be as required for the furnishing of electric service to members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

Section 1.10 – Member Participation in Cooperative Load Management Programs. Each member may participate in any program that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research. If a member chooses to participate, his rates may be adjusted to reflect his participation.

ARTICLE II

Membership Suspension and Termination

Section 2.01 -Suspension: Reinstatement. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules, regulations and policies, to pay any amounts due the Cooperative or to cease any other noncompliance with his membership obligations, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with membership obligations within the final time limit provided in such notice or rules, regulations and policies, shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

Section 2.02 – Termination by Expulsion: Renewed Membership. Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may, without further notice, but only after due hearing if such is requested in writing by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again

become a member except upon new application therefor duly approved as provided in these Bylaws. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

Section 2.03 – Termination or Transfer to “Inactive Status” by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises. A person's membership so withdrawing shall be terminated pursuant to Section 2.05 of these Bylaws, unless that member requests orally or in writing that his membership be transferred to “inactive status.” This request shall be made before the next regular meeting of the Board of Directors, following his withdrawal under this section, and shall be in compliance with the rules, regulations and policies as established by the Board of Directors. Any person whose membership has been transferred to “inactive status” shall not be entitled to vote at any meeting of members or to hold any elective office in the Cooperative. As soon as practicable after receiving a request to transfer to “inactive status,” the Board of Directors shall by appropriate resolution formally acknowledge said transfer, effective as of the date which the Cooperative ceased furnishing electrical service to such person. The deposit held by the Cooperative of any member when membership is transferred to an inactive status shall continue to be held by the Cooperative. In situations where a remaining balance owed is left on the account after a specified deadline, the Cooperative will automatically terminate the membership and apply all deposits on file. Any monies remaining on the account, less any amounts owed to the Cooperative, will be returned to the Member.

Section 2.04 – Termination by Death or Cessation of Existence: Continuation of Membership in Remaining or New Partners. Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution of any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to

be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners; PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debt then due the Cooperative.

Section 2.05 – Effect of Termination. Upon the termination in any manner of a person’s membership, unless it has been transferred to “inactive status,” he or his estate, as the case may be, shall be entitled to refund of his service security deposit, if any, theretofore paid the Cooperative, less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Section 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

Section 2.06 – Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Upon the annulment, legal separation, or divorce of the holders of a joint membership, such membership shall continue to be held solely 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, that other spouse shall not be released from any debts due the Cooperative.

Section 2.07 – Board Acknowledgement of Membership Termination: Acceptance of Member Retroactively. Upon the termination of a person’s membership for any reason, the Board of Directors, as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date of which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it may cease furnishing such service unless such person applies for, and the Board of

Directors approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

Section 2.08 – Discontinuance of Service. The Cooperative shall have the right to discontinue electric service to any member who is, or becomes delinquent in the payment of any bill or account due the Cooperative including bills for electric energy and for electrical supplies and facilities purchased from the Cooperative and used to receive or conduct electric energy supplied by the Cooperative.

ARTICLE III

Meetings of Members

Section 3.01 – Annual Meeting. For the purpose of electing Directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the Annual Meeting of the Members shall be held each year, at such place in one of the counties in Illinois within which the Cooperative serves, and beginning at such hour, as the Board of Directors shall from year to year fix. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage member attendance at the Annual Meeting. Failure to hold the Annual Meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

Section 3.02 – Special Meetings. A special meeting of the members may be called by resolution of the Board; by the Chairman of the Board; upon a written request signed by any three (3) Board members; or by a Petition signed by not less than twenty-five percent (25%) 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 in section 3.03. Such a meeting shall be held at such place in one of the counties in Illinois within which the Cooperative serves, on such date, no sooner than forty (40) days and not more than sixty (60) days after the call for such meeting is made or a petition therefor is filed.

Section 3.03 – Fixing of Record Date. To determine members entitled to notice of a member meeting, members entitled to vote at any member meeting, or in order to make a determination of members for any other proper purpose, the Board of Directors of the corporation may fix, in advance, a record date for any determination of members. The

record date is not to be more than thirty (30) days immediately preceding the date of the meeting. For a meeting of members, the record date will not be less than five (5) days immediately preceding the date of the meeting. In case of a merger, consolidation, share exchange, dissolution, or sale, lease, or exchange of assets, the record date shall be not less than twenty (20) days immediately preceding the date of the meeting. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the date on which notice of the meeting is mailed will be the record date for determination of members. When a determination of members entitled to vote at any meeting of members has been made as provided in this section, determination will apply to any adjournment of meeting.

Section 3.04 – Member Meeting List. After fixing the record date for determining the members entitled to notice of a member meeting, and through the member meeting, the Cooperative shall prepare, update and maintain an alphabetical list (“Member Meeting List”) indicating: 1. Members entitled to notice of and to vote at the member meeting; and 2. The address of each member listed.

Section 3.05 – Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an Annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than five (5) days nor more than twenty-five (25) days prior to the date of the meeting, either personally or by mail by or at the direction of the Chairman or the Secretary (and, in the case of a special meeting, at the direction of him or those calling the meeting). Any such notice delivered by mail may be included with member service billings or as an integral part of the Cooperative’s monthly newsletter. No matter the carrying of which, as provided by law, requires the affirmative votes of at least two-thirds (2/3) of the members present in person or by proxy shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. 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 and postmarked at least five (5) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive a notice deposited in the mail addressed to the member at his address as shown on the Cooperative’s books shall not invalidate any action which may be taken by the members at any such

meeting, and the attendance in person or by proxy of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

Section 3.06 – Quorum. Business may not be transacted at any meeting of the members unless there are present in person or by proxy at least one hundred fifty (150) of the Cooperative’s members, except that, if less than a quorum is present at any meeting, a majority of those present in person or by proxy may without further notice adjourn the meeting to another time and date not less than forty (40) days later and to any place in one of the counties in Illinois within which the Cooperative serves: PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.05. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person or by proxy.

Section 3.07– Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, or who is not in an “inactive status,” as provided for in Section 2.03, shall be entitled to only one (1) vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by the affirmative votes of a majority of the members present in person or by proxy, except as otherwise provided by law or by the Cooperative’s Articles of Incorporation or these Bylaws.

Section 3.08 – Proxies. At all meetings of members, a member may vote by proxy executed in writing by the member. The Board shall establish at least thirty (30) days prior to any meeting of members such rules and regulations as they determine to be necessary concerning the forms of the proxies to be used at the Annual Meeting and the procedures to be followed for voting said proxies. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such

meeting. No member shall vote as proxy for more than one (1) member at any meeting of the members. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy. In case of a joint membership a proxy may be executed by either joint member. The presence of either joint member at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed.

Section 3.09 – Order of Business. The order of business at the Annual Meeting of 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 or represented by proxy 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. Reading of unapproved minutes of previous meetings of members and taking of necessary action thereon.

4. Presentation and consideration of reports of officers, Directors and committees.

5. Election of Directors

6. Old Business

7. New Business

8. Adjournment

ARTICLE IV

Board of Directors

Section 4.01 – General Powers. The business and affairs of the Cooperative shall be managed by a Board of Directors, consisting of nine (9) members which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or those Bylaws conferred upon or reserved to the members.

Section 4.02 – Qualifications. No person shall be eligible to become or remain a Director of the Cooperative who:

- (a) is currently or has within that last five years been an employee of the Cooperative;
- (b) is not a member of good standing of the Cooperative;
- (c) does not have his principle residence in the particular district which he is to represent, with the district for the purpose of this section meaning all the areas as established by Section 4.03 of these bylaws, regardless of whether his principal residence is served by MJM;
- (d) is not receiving service from the Cooperative at his principal residence or principal place of business, in the particular district which he is to represent;
- (e) is a convicted felon;
- (f) is a “close relative” as defined by these bylaws of any person who would be disqualified to be a director pursuant to paragraphs a, k or l of this section,
- (g) does not have the capacity to enter legally binding contract,
- (h) is not lawfully present in the United States of America,
- (i) except as otherwise provided by the Board for good cause, receive a Credentialed Cooperative Director designation, Director’s Certificate, or similar designation or certification from the National Rural Electric Cooperative Association within five years of becoming a Director,
- (j) has not graduated from high school or earned an equivalent degree or certification,
- (k) is currently or has within the last five years been a director, officer, employee, or agent of a union or other entity representing, or seeking to represent, Cooperative employee regarding the terms and conditions of employment with the Cooperative.
- (l) is in any way employed by or has a substantial financial interest in a competing enterprise.

For the purposes of this section, a person shall be considered to be a member of the Cooperative if a legal entity in which he holds at least a fifty percent (50%) ownership interest is a member of the Cooperative.

Upon the establishment of the fact that any person holding a Directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to cause

him to be removed therefrom. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless a Director has failed to disclose his interest in the action, failed to abstain from the vote on it, and the action is unfair to the Cooperative.

Section 4.03 – Voting Districts. For the purpose of nominating and electing Board members, the Cooperative territory shall be divided into nine (9) voting districts, each of which shall be represented by one (1) Board member. Such voting districts are hereby established as follows:

- District 1: All of Mississippi, Quarry and Elsay Townships, all in Jersey County, Illinois.
- District 2: All of Fidelity Township in Jersey County, Illinois, and all of Chesterfield and Shipman Townships, all in Macoupin County, Illinois, and all of Jersey and Ruyle/Rockbridge Townships, all in Greene/Jersey County, Illinois.
- District 3: All of Piasa Township in Jersey County, Illinois, and all of Godfrey Township in Madison County, Illinois.
- District 4: All of Athensville and Rubicono Townships, all in Greene County, Illinois, and all of Scottville, North Palmyra, Barr, South Palmyra, South Otter, Nilwood, Western Mound, Bird and Polk Townships, all in Macoupin County, Illinois.
- District 5: All of, Brighton and Bunker Hill and part of Hillyard Townships, all in Macoupin County, Illinois, and all of Foster and Moro Townships in Madison County, Illinois.
- District 6: All of Carlinville, Shaws Point, Brushy Mound, Honey Point, Gillespie and part of Hillyard Townships, all in Macoupin County, Illinois, and all of Zanesville and North Litchfield Townships, in Montgomery County, Illinois.
- District 7: All of Cahokia, Dorchester and Mt. Olive/Staunton Townships, all in Macoupin County, Illinois, and all of South Litchfield and Walshville Townships, all in Montgomery County, Illinois and Grishman Townships in Madison County, Illinois and New Douglas Townships in Bond county, Illinois.
- District 8: Part of Audubon, park East Fork, part of North Hurricane, all of Raymond, Nokomis, Butler Grove,

Irving, Witt, Hillsboro and Fillmore Townships, all in Montgomery County, Illinois, and part of East Fork, all of Grisham and South Fillmore Townships, all in Montgomery/Bond County, Illinois, and part of Audubon and part of North Hurricane Townships, all in Fayette County, Illinois, and all of Shoal Creek, LaGrange and Mulberry Grove Townships, all in Bond County, Illinois.

District 9: Part of Richwood, all of English and Rosedale Townships, all in Jersey County, Illinois, and part of Kane Township, in Greene County, Illinois.

If the Cooperative should extend its service into an area not included in any of the foregoing districts, the Board shall provide by resolution for such new area to become a part of one of said districts not less than one hundred twenty (120) days prior to any Annual Meeting of Members at which Board members are to be elected. On a periodic basis, the Board shall review the composition of the several districts. In determining if there needs to be a redelineation of the districts, the Board shall consider the number of members in each district, the geographic area covered by each district, and the natural geographic boundaries of the districts. If upon review, the Board, in its discretion, determines that there shall be a redelineation of the districts, they shall do so by resolution. Any such redistricting shall first become effective upon any meeting of members more than ninety (90) days after the date of such Board resolution. If the Board does redelineate such districts, they shall notify the members of each affected district in writing of the changes at least ninety (90) days prior to the date of any meeting of members. Publication of the notice in the Cooperative newsletter shall be considered to be appropriate notice. After such notice these Bylaws shall have been effectively amended accordingly, provided that no such change shall be effectuated by the Board as to compel the vacancy of any Director's office prior to the time such Director's term would normally expire unless such Director consents thereto in writing.

Section 4.04 – Election and Tenure of Office. The Board members elected at the Annual Meeting held in the year 1988 and prior years shall hold office for the terms for which they have been elected or until their successors have been elected and qualified.

At the Annual Meeting to be held in the year 1989, there shall be elected one (1) Director from each of the districts One (1), Six (6) and Nine (9).

At the Annual Meeting to be held in the year 1990, there shall be elected one (1) Director from each of the districts Four (4), Five (5) and Seven (7).

At the Annual Meeting to be held in the year 1991 there shall be elected one (1) Director from each of the districts Two (2), Three (3) and Eight (8).

Thereafter, three Directors shall be elected at each Annual Meeting to succeed those whose terms have expired. All such Board members shall be elected and hold office for a term of three (3) years or until their successors have been elected and qualified, subject to the provisions of these Bylaws with respect to the removal of Board members. If an election of Board members shall not be held on the day designated herein for the Annual Meeting or any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Board members within a reasonable time thereafter. Board members shall be elected by a plurality vote of the members present in person and by proxy.

Section 4.05 – Nominations. It shall be the duty of the Board to appoint more than ninety (90) days before the date of a meeting of the members at which Board Directors are to be elected, a committee on Election and Credentials consisting of not less than five (5) nor more than nine (9) members with at least one (1) member from each district from which a Board member is to be elected. No employee, Director, officer, known candidate, or close relative (as hereinafter defined) of any of the above, may serve on such committee. The purpose of the committee is to review the qualifications of petitioning nominees, to conduct the election of Directors and to nominate candidates for Director in the event no valid petitions for Director are filed. To be nominated by petition, a candidate for Director must file a petition for nomination signed by at least thirty-five (35) members. Nominations by petition must be filed not more than ninety (90) days nor less than forty-five (45) days before the date of a meeting of the members at which Directors are to be elected. The Election and Credentials Committee or sub-committee of same, must meet with the petitioning candidate for Director to determine if the candidates meet the qualifications for Director. Upon establishment of the fact that a nominee for Director lacks eligibility under these Bylaws, it shall be the duty of the Election and Credentials Committee to disqualify such nominee. If there are no nominations by Petition for Director in any district in which Director is to be elected, it is the duty of the Election and Credentials Committee to nominate a candidate or candidates for said position. The Election and Credentials Committee

shall nominate candidates only if there are no valid qualified candidates nominated by petition. Nominating petitions may be withdrawn prior to the first meeting of the Election and Credentials Committee of that year. Not less than thirty (30) days prior to the meeting of members, the Election and Credentials Committee shall certify a list of nominees for Director to the Secretary. The Secretary shall then post at the Principal Office of the Cooperative, at least thirty (30) days prior to the meeting of members, a list of the nominations for Director to be elected, listing separately the nominee for each Director district. The Secretary shall also be responsible for mailing, with the notice of meeting or separately, but at least five (5) days before the date of the meeting, a statement of the number of Board members to be elected and the names and addresses of the candidates nominated. No nominations may be made from the floor, unless at the time of the meeting of members there is no candidate for Director from a district to which a Director is to be elected at that meeting of members; in which event, nominations shall be accepted from the floor for Director in the particular district or districts in which there is vacancy. 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. The Election and Credentials Committee shall elect its own chairman and secretary at its initial meeting. It shall be the responsibility of the committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to registration of members in person or by proxy, to count all ballots or other votes cast in any election or in any other manner, to rule upon the effect of any ballots or other votes irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting in the election of Directors and to pass upon any protest filed with respect to election or to conduct effecting the result of the election. In exercising the responsibility the committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of, the meeting in which the voting was conducted. The committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the committee, by a vote of a majority of those present and voting, shall, within a reasonable time but

not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set aside. The committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. The committee may not affirmatively act on any matter unless a majority of the committee is present.

Section 4.06 – Removal of Directors by Members. Any member may bring one or more charges “for cause” against any one or more Director(s) and may request the removal of such Director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten percent (10%) of the then-total members of the Cooperative, which Petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more Director(s) are recalled, to elect their successor(s) in which specifies the place, time and date thereof not more than forty-five (45) days after filing of such Petitions or request that matter be acted upon at the subsequent annual meeting if such meeting will be held no sooner than forty-five (45) days after the filing of such petition. For the purpose of this Section, the cause for which a Director may be removed shall be defined as, and limited to, the following: grossly negligent, fraudulent or criminal acts or omissions, which significantly or adversely affect the Cooperative. Each page of the Petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), of verbatim statement of such charge(s) and the name(s) of the Director(s) against whom such charge(s) is (are) being made. The Petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the Director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separate notice to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges, if twenty (20) or more members file the same charge(s) against the same Director(s). Such Director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the

same opportunity, but must be heard first. For the purposes of conducting this hearing, rules of evidence as applicable to Illinois Court proceedings shall apply. The question of the removal of such Director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: PROVIDED, that the question of the removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected Director shall be from or with respect to the same Directorate District as was the Director whose office he succeeds and shall serve the unexpired portion of the removed Director's term.

Section 4.07 – Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members of the unexpired portion of the term. All appointments made by the Board shall be from the respective districts in which such vacancies occur.

Section 4.08 – Compensation. Board members shall not receive any salary for their service as such, except that the Board of Directors 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 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 his close relative shall have been certified by the Board as an emergency measure: PROVIDED, that a Director who is also an officer of the Board and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

ARTICLE V

Meetings of Directors

Section 5.01 – Regular Meetings. A reorganizational meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the Annual Meeting of Members, or as soon thereafter as conveniently may be, at the same location as that Annual Member Meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in one of the counties in Illinois within which the Cooperative serves as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, that any Director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER, that, if a policy therefor is established by the Board, the Chairman may change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days' notice thereof to all Directors.

Section 5.02 – Special Meetings. Special meetings of the Board of Directors may be called by Board resolution, the Board Chairman, 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 in Section 5.03. The Board, the Chairman, or the Directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Illinois within which the Cooperative serves, unless all Directors consent to its being held in some other place in Illinois or elsewhere. Special meetings, upon proper notice as otherwise provided herein, may also be held via telephone conference call, without regard to the actual location of the Directors at the time of such a telephone conference meeting, if all the Directors consent thereto.

Section 5.03 – Notice of Directors Meetings. Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each Director by regular or electronic mail not less than five (5) days prior thereto, or delivered personally not less than three (3) days prior thereto, by or at the direction of the Secretary or, upon

a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any Director in the case of a meeting whose date, time, and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a Director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

Section 5.04 – Quorum. The presence in person of a majority of the Directors in office shall be required for the transaction of business and the affirmative votes of a majority of the Directors present and voting shall be required for any action to be taken: PROVIDED, that a Director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of Directors in office or present; AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the Directors present may adjourn the meeting from time to time, but shall cause the absent Directors to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE VI

Officers, Miscellaneous

Section 6.01 – Number and Title. The officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary and Treasurer, and such other officers as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

Section 6.02 – Election and Term of Office. The four officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Directors at the first meeting of the Board held after the Annual Meeting of Members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next

succeeding Annual Meeting of Members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of Directors and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

Section 6.03 – Removal. Any officer, agent or employee 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 thereby be served.

Section 6.04 – Vacancies. A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

Section 6.05 – Chairman. The Chairman shall:

- (a) be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Directors, at all meetings of the members; and
- (b) in general, perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6.06 – 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 the Chairman, and when so acting, shall have the powers of and be subject to all the restrictions placed upon the Chairman; and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.07 – Secretary. The Secretary shall:

- (a) keep or cause to be kept, the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents the execution of which, on behalf of the Cooperative under its seal, authorized in accordance with the provisions of these Bylaws or is required by law;
- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;

- (e) have general charge of the books of the Cooperative in which a record of the numbers is kept;
- (f) keep on file at all times a complete copy of the Cooperative's of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and
- (g) in general, perform all duties incident to the office of the Secretary and such other duties as time to time may be assigned to him by the Board of Directors.

Section 6.08 – Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative
- (b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.09 - Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Section 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agent, other officers or employees of the Cooperative who are not Directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities, and authorities.

Section 6.10 President and Chief Executive Officer (CEO). The Board may appoint or employ a President and Chief Executive Officer (CEO) who may be, but who shall not be required to be, a member of the Cooperative. The President and Chief Executive Officer (CEO) shall perform such duties, as the Board may require of him, and shall exercise such authority as the Board may from time to time vest in him.

Section 6.11 – Bonds. The Board of Directors shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with the responsibility for the custody of any of its funds or property to give bond 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 give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

Section 6.12 – Compensation: Indemnification. The compensation, if any, of any officer, agent or employee who is also a Director or close relative of a Director shall be determined as provided as provided in Section 4.08 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Directors. The Cooperative shall indemnify Directors, officers, including the President and Chief Executive Officer (CEO), agents and employees, as provided in the General Not for Profit Corporation Act of 1986, (Illinois Statutory Citation 805 ILCS 105/108.75), or as it may be amended. The Cooperative may purchase insurance to cover such indemnification.

Section 6.13 – Reports. The officers of the Cooperative shall submit at each Annual Meeting of 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 VII

Contracts, Checks and Deposits

Section 7.01 – Contracts. Except as otherwise provided by law or the Bylaws, the Board of Directors may authorize any Cooperative officer, agent or employee 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 7.02 – Checks, Drafts, etc. All checks, drafts or other orders for payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 7.03 – Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or other bonded financial institutions, including any national financing institution organized in a cooperative basis for the purpose of financing its member's programs, projects and undertakings, as the Board may select.

ARTICLE VIII

Non-Profit Operation

Section 8.01 – Interest or Dividends on Capital Credits 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 credits.

Section 8.02 – 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 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 amount 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 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 (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 on a patronage basis, and any amount so allocated shall be included as a 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 rata basis before any payments are made on account of property rights of members: PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Directors 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.

The Board of Directors shall have the right and power to adopt rules for capital credits received by the Cooperative from affiliated entities which provide services to the Cooperative including, but not limited to, organizations that supply electric energy, supplies and other services to the Cooperative. Such rules shall include the right, if so determined by the Board of Directors, to retain such capital credits at the Cooperative and not allocate them to individual Cooperative members.

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 serviced by the Cooperative, unless the Board of Directors, acting under the policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Bylaws, the Board of Directors shall at its discretion have the power at any time upon the death of any patron, who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such

capital would otherwise be retired under the provisions of these Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon: PROVIDED, however, that the financial condition of the Cooperative shall not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative (together with interest thereon at the Illinois legal rate on judgments in effect when such amount became overdue, compounded annually and attorney fees).

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws 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 in a conspicuous place in the Cooperative's offices.

ARTICLE IX

Disposition of Property

Section 9.01 – Disposition of Property. The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all, or substantially all, of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative, and unless the notice of such proposed sale mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting: PROVIDED, however, that notwithstanding anything hereinabove contained, 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, to secure any indebtedness of the Cooperative to United States of America or any instrumentality for agency thereof, or to a national financing institution organized on a cooperative plan

for the purpose of financing its members' programs, projects, and undertakings, in which the Cooperative holds membership, may be authorized in the manner provided by the General Not for Profit Corporation Act of 1986, of the State of Illinois (Illinois Statutory Citation 805 ILCS 105/111.55), or any amendment thereof: PROVIDED FURTHER, that notwithstanding anything hereinabove contained, the Board of Directors of the Cooperative, without authorization by the members of the Cooperative, shall have full power and authority to sell, lease, exchange, transfer on assumption of indebtedness or otherwise dispose of property of the Cooperative, even though it be a substantial portion thereof, to another Cooperative or foreign corporation doing business in the State of Illinois pursuant to the act under which this Cooperative is incorporated if such other Cooperative or foreign corporation doing business in this state is organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or if such other corporation is organized for the purpose of providing or acquiring electric energy or providing services or facilities on a cooperative basis: AND PROVIDED FURTHER, that the Board of Directors may, upon the authorization of a two-thirds (2/3) vote of those members of the Cooperative present in person or represented by proxy at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this state pursuant to the act under which this Cooperative is incorporated.

Section 9.02 – Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors not inconsistently with the provisions of these Bylaws, be distributed without priority but on a patronage basis among all persons having been members of the Cooperative for any period(s) during its existence: PROVIDED, however, that if in the judgment of the Board, the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate, or provide for the donation of, such to one or more non-profit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE X

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 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.

ARTICLE XI

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

Rules of Order

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws, and of any committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

ARTICLE XIII

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 the words "Corporate Seal, Illinois."

ARTICLE XIV Amendments

These Bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

ARTICLE XV Miscellaneous

Section 15.01 – “Close Relative” Defined. As used in these Bylaws, “close relative” means a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, or sister of the principal.

Section 15.02 – Membership in Other Organizations. The Cooperative may, upon authorization of the Board, become a member of, or purchase stock in, and other organization when, in the judgment of the Board, such membership will foster and further the aims and objectives of the Cooperative.

Section 15.03 – 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.

Section 15.04 – 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 Electrification Administration 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.

Section 15.05 – Area Coverage. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.