

BYLAWS OF EASTERN ILLINI ELECTRIC COOPERATIVE, INC.

ARTICLE I MEMBERS

Section 1.1: Requirements for Membership. Any natural person, firm, association, corporation, partnership or body politic or subdivision thereof shall be eligible to become a member of Eastern Illini Electric Cooperative, Inc. (hereinafter called the “Cooperative”), upon receipt of electric service from the Cooperative provided that he, she or it has first:

- (a) Submitted an application for membership in the Cooperative;
- (b) Agreed to purchase from the Cooperative electric energy, all electric energy distribution services and all associated electric services as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Consolidation and Bylaws of the Cooperative and by any of its rules, regulations or policies adopted by its Board of Directors; and
- (d) Paid the membership fee hereinafter specified; provided that no application for membership shall be disapproved except for good cause shown and such shall not be unreasonably withheld. Any applicant whose application has been disapproved may, by filing a written request with the Cooperative at least 30 days prior to the next meeting of members, have such application submitted to and approved or disapproved by the vote of the members at such meeting at which the applicant shall be entitled to be present and be heard. 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.
- (e) The membership of one spouse may not be reissued to his or her spouse nor shall the other spouse be entitled to a new membership in his or her name, unless and until all debts due the Cooperative from the original member-spouse have been paid in full.

Section 1.2: Membership Fee. Unless waived by the Board of Directors under policies of general application, the membership fee shall be as fixed, from time to time, by the Board of Directors. The issuance of a membership certificate shall make the member eligible for one service connection.

Section 1.3: Acceptance into Membership. Upon complying with the requirements for membership set forth herein, any applicant for membership shall be accepted into membership in the Cooperative by Board resolution unless the Board of Directors shall determine that such applicant is not willing or is not able to satisfy and abide by the Cooperative’s terms and conditions of membership or that such application should be rejected for other

good cause; provided that any person whose application has been submitted to but not approved by the Board of Directors for 60 days or longer may, by filing a written request therefor with the Cooperative, at least 30 days prior to the next meeting of members, have his or her application submitted to and approved or disapproved by the vote of the members at such meeting at which the applicant shall be entitled to be present and be heard.

Section 1.4: Purchase of Electric Energy and/or Electric Power Distribution Services. Except as hereinafter provided, each member shall, as soon as electric energy, electric power distribution services and/or associated electric services shall be available, purchase from the Cooperative all electric energy, all electric power distribution services and all associated electric services purchased by the member for use on the premises specified in said member's application for membership/service and shall pay therefor, at rates which shall from time to time be fixed by the Board; however, provide that as required or allowed by law and as determined by the Board, the member may purchase such electric energy from other sources for use on such premises as the member may determine, but subject to conditions established from time to time by the Board of Directors. In addition to such rates, the members shall also be required to pay such other fees and charges as may be approved by the Board of Directors and all other obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable. All amounts paid for electric energy, electric power distribution and/or associated electric services in excess of the cost of service are furnished by the member as capital and each member shall be credited with the capital so furnished in the manner provided in Article XIII of the Bylaws.

Production or use of electric energy on the member's premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

Section 1.5: Non-Liability for Corporate Debts. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 1.6: Expulsion of Members. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member of the Cooperative who shall have violated or refused to comply with any of the provisions of the Articles of Consolidation or the Bylaws of the Cooperative or any policies, rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a vote of the members of the Cooperative at any annual or special meeting of the members but such member shall not be entitled to receive services from the Cooperative until all debts and obligations of such member have been paid in full. The action of the members with reference to such reinstatement shall be final.

Section 1.7: Withdrawal from Membership. Any member of the Cooperative may withdraw from membership upon payment in full of all of his, her or its debts and liabilities to the Cooperative and upon compliance with and performance of such terms and conditions as the Board of Directors may prescribe.

Section 1.8: Termination of Membership. The Board of Directors may further, by a vote of not less than two-thirds (2/3) of the members thereof, terminate the membership of any member who has not received electric service from the Cooperative, or who, having received such service, has discontinued the use thereof and is not using electric service from the Cooperative. Membership in the Cooperative and the certificate representing the same shall not be transferable, and upon the death, cessation of existence or withdrawal of a member, or upon the expulsion of a member or termination of a membership by the Board of Directors, the membership of such member shall thereupon terminate and his, her or its certificate of membership shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in and to the property and assets of the Cooperative, except such rights, if any, as he or she may be entitled to under the provisions of Article XIII of these Bylaws; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

Section 1.9: Joint Membership.

(A) A husband and wife may apply for joint membership and, subject to their compliance with the requirements set forth in Section 1.1 of this Article, may be accepted for such 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 to the holders of a joint membership shall be as follows:

- (1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (2) The vote of either separately or both jointly shall constitute one vote;
- (3) A proxy executed by either or both shall constitute one proxy; PROVIDED that if both file proxies which are in conflict, neither proxy shall be deemed valid;
- (4) A waiver of notice signed by either or both shall constitute a joint waiver and notice to either shall constitute notice to both;
- (5) Termination of membership of either shall constitute termination of the joint membership and withdrawal of either from membership shall terminate the joint membership;

- (6) 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;
- (7) Neither will be permitted to have any additional service connections except through their one, joint membership.

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

(C) Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the surviving spouse, 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 to the Cooperative. Upon the legal separation or dissolution of marriage of the holders of a joint membership, such membership shall be continued 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 the other spouse shall not be released from any debts due to the Cooperative from the holders of such joint membership; and further provided that such legal separation or dissolution of marriage notwithstanding, each of said joint members shall retain his or her proportionate share of any capital credits standing to the credit of said joint membership account at the same time of such legal separation or dissolution of marriage.

ARTICLE II MEETINGS OF MEMBERS

Section 2.1: Annual Meeting. The annual meeting of members of the Cooperative shall be held on the second Saturday in the month of March at the hour of 1:00 p.m. at such place in one of the counties within which the Cooperative serves, as the Board of Directors shall from year to year fix, unless some other place, date and/or time shall be designated by resolution of the Board of Directors adopted at a meeting thereof held not less than one month nor more than three months prior to the regular date of said annual meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may properly come before said meeting. If the election of directors shall not be held on the date fixed for such annual meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of members as soon thereafter as such meeting may reasonably and conveniently be held. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

Section 2.2: Special Meetings. A special meeting of members may be called by a majority vote of the Board of Directors, by the Chairman of the Board, or by petition signed by not less than ten percent (10%) of the members of the Cooperative and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 2.3 of this Article II. Such special meeting shall be held at such time and place in the city of Paxton, Illinois, or as may be otherwise specified in the notice of such meeting.

Section 2.3: Notice of Members' Meeting. Written or printed notice of meetings of members, stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 days nor more than 30 days before the date of such meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member of the Cooperative. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the members at his, her or its address as it appears on the records of the Cooperative, with postage thereon prepaid. 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 such annual or special meeting.

Section 2.4: Quorum. Business may not be transacted at any meeting of the members unless there are present in person or by proxy at least 100 members of the Cooperative 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, not earlier than 9:00 a.m. nor later than 8:00 p.m., and date, not less than 40 days thereafter, to any place in one of the counties in which the Cooperative serves. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the minutes of such meeting, or incorporate therein by reference, a list of those members who were registered as being present in person or by proxy.

Section 2.5: Voting Rights. Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of members at which a quorum is present, all questions shall be decided by a vote of the majority of the members present in person or represented by proxy, except as otherwise provided by law, the Articles of Consolidation or these Bylaws. The election of directors shall be by ballot and each member shall have the right to cast one vote for each director to be elected; provided, however, that if no more than one candidate has been nominated for each director to be elected, so that there is no contest for any directorship up for election, then the election of directors may be by voice vote if a majority of the members present in person or by proxy at said meeting shall so determine. The candidate to be elected from each directorate district, as specified elsewhere in these Bylaws, receiving the highest number of valid votes shall be elected for the term of office for which he or she has been nominated.

At all elections determined by ballot, spoiled or blank ballots shall not be counted as ballots “voted” in determining the total number of votes cast at such election.

Section 2.6: Proxies. At all meetings of members, a member may vote by proxy upon executing such proxy in writing, provided such proxy may be given only to another member of the Cooperative. Such proxy shall be filed with the Secretary of the Cooperative or his or her duly designated registrar before or at the time of commencement of the meeting as designated in the notice of such meeting. No proxy shall be voted at any meeting of members unless it shall designate the name of the member to whom the proxy is given and 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 in the proxy or any adjournment of such meeting. No member shall vote as proxy for more than three (3) members at any meeting of the members and no proxy shall be valid after 60 days from the date of its execution. A proxy may be unlimited as to the matters on which it may be voted or it may be restricted and a proxy containing no restrictions shall deem to be unlimited. In the event a member executes two or more proxies for the same meeting, the most recently dated proxy shall revoke all others. If such proxies carry the same date and are held by different persons, none of them will be valid or recognized. The presence in person of a member at a meeting shall revoke any proxy theretofore executed by such member and such member shall be entitled to vote in the same manner and with the same effect as if said member had not executed a proxy.

Section 2.7: Order of Business. The order of business at the annual meeting of members and, insofar as practicable or desirable, at all other meetings of members shall be essentially as follows:

- (1) Determination if a quorum is present.
- (2) Reading of the notice of the meeting and the proof of mailing of such notice.
- (3) Presentation and consideration of unapproved minutes of previous meetings of the members and the taking of necessary action thereon, unless such reading is waived by a unanimous vote of the members present in person or by proxy, in which event the minutes may be approved without reading.
- (4) Presentation and consideration of, and action upon, reports of officers, directors and committees.
- (5) Election of directors.
- (6) Unfinished business.
- (7) New business.
- (8) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; provided, that no business other than adjournment

of the meeting to another time and place may be transacted unless and until the existence of a quorum is first established.

Section 2.8: Rules of Order. At all meetings of the members, meeting procedures, except as otherwise provided by law, the Articles of Consolidation or these Bylaws, shall be governed by the latest edition of Robert's Rules of Order.

ARTICLE III DIRECTORS

Section 3.1: Numbers and General Powers. The business and affairs of the Cooperative shall be managed by a Board of Directors which shall exercise all of the powers of the Cooperative except such as are bylaw or by the Cooperative's Articles of Consolidation or Bylaws conferred upon or reserved to the members.

Such Board shall be comprised of not more than twelve (12) members in 1999 and not more than eleven (11) members thereafter, who shall be elected by the membership of the Cooperative following fair and equitable rules and procedures to be established by the Board of Directors but subject to the following requirements. The Board shall establish nine (9) Directorate Districts numbered one (1) through nine (9) and shall determine the geographical boundaries of each of said Districts; provided that all Districts shall contain approximately the same number of members of the Cooperative residing therein so that all members shall have fair and substantially equal representation on the Board of Directors. The boundaries of such Districts may be changed from time to time by the Board of Directors when it deems it necessary to accommodate population changes to equalize member representation by the Board; provided the membership shall be given reasonable notice of any such change at least sixty (60) days prior to the next annual meeting of members.

One director shall be elected from each Directorate District by the vote of members of the Cooperative noting in said election held at the Cooperative's annual meeting. Candidates standing for election must reside in that District. In addition, at the election of directors held at the 1999 annual meeting of members, three (3) directors shall be elected at large by all members of the Cooperative voting in said election and in the election at the annual meeting of members in the year 2000 and thereafter two (2) directors shall be elected at large by all members of the Cooperative voting in said election, so that, following the election in the year 2000 and thereafter, the Board of Directors shall be comprised of eleven (11) directors. Except as provided in these bylaws, all other rules and regulations governing the election of directors, shall be determined by the Board of Directors, whose decision in such matters shall control and be final.

Section 3.2: Election and Terms of Office. The term of office for each director shall be three (3) years or until his or her successor shall have been elected and qualified.

Section 3.3: Qualifications. No person shall be eligible to become or remain a director of the Cooperative who is not a bona fide member of the Cooperative receiving service from the Cooperative at his or her primary residential abode or who is in any way employed by, or has more than a minor financial interest in, any enterprise which operates electrical facilities, competes to a material degree with the Cooperative, or a business selling electric energy or merchandise to the Cooperative, or a business substantially engaged in selling electrical facilities, fixtures or supplies to the members of the Cooperative. Further, so long as the National Rural Electric Cooperative Association shall provide a director training and certification program, no director shall be eligible to be re-elected to the Board of Directors after having served three full terms on the Board, commencing with the election of directors in 1989, or thereafter, unless he or she has been certified by said National Rural Electric Cooperative Association as having successfully completed its course of training for rural electric cooperative directors. Upon establishment of the fact that a director is holding office in violation of any of the foregoing qualification requirements, the Board may remove such director from office by the affirmative vote of the majority of the total membership of the Board. Nothing contained in this section shall affect, in any manner, any action taken at any meeting of the Board of Directors.

Section 3.4: Election. At each annual meeting of the members, commencing with the annual meeting in 1989, directors shall be elected by secret written ballot by the members present in person or represented by proxy except as provided in Section 2.5 of Article II of these Bylaws permitting election by a voice vote under the conditions therein prescribed. One director, and one only, shall be elected from each directorate district. Candidates must have their principal residential abode in the directorate district from which they seek to be elected. Voting for directors shall be from the membership of the entire Cooperative at large and shall not be restricted to districts.

Section 3.5: Nominations. Any member of the cooperative in good standing who desires to be elected to its Board of Directors may be nominated by petition signed by not less than twenty-five (25) members and filed with the Secretary of the Cooperative not less than forty-five (45) days prior to the annual meeting of members. Nominations from the floor shall not be permitted. The Secretary of the Cooperative shall cause to be prepared and posted at the principal office of the Cooperative at least thirty (30) days before the annual meeting, a list of the nominations for Directors thus filed with him or her.

A specimen ballot marked "Ballot for Directors" containing the names and addresses of all nominees listed in the order determined by lot conducted by the Board of Directors of the Cooperative shall be printed in or mailed with the notice of the meeting. The Secretary shall also have printed in or mailed with the said notice of the meeting or separately not less than ten (10) days prior to said annual meeting, a statement of the number of directors to be elected and the district from which they are to be elected.

Section 3.6: Credentials Committee. The Board of Directors shall appoint a Credentials Committee comprised of five members to be selected by the Board of Directors of the Cooperative whose duty shall be to review the qualifications of all candidates who have filed nominating petitions, to determine their eligibility to serve as Directors of the Cooperative.

Section 3.7: Vacancies. Vacancies on the Board of Directors occurring prior to the 1991 annual meeting of members shall not be filled unless such vacancy would result in one or more districts being without representation on the Board. In such event, such vacancy shall be filled by a majority vote of the Board of Directors from among members residing in the district from which such vacancy has occurred.

In the event of any vacancy on the Board of Directors through death, resignation or otherwise (but not if a director has been removed or if the number of directors has been increased), occurring after the 1991 annual meeting of members, the remaining directors may, by a majority vote, elect a successor to fill such vacancy to hold office until the election of directors at the next annual meeting of members, at which time a director to fill such vacancy shall be elected by the members voting at large, for the remainder of the term of the director whose position is vacant. Any director appointed or elected to fill a vacancy on the Board of Directors must reside in the same directorate district as the director whose position he or she has been appointed or elected to fill.

Section 3.8: Removal of Directors. Any member may bring one or more charges for cause against any one or more Directors and may request the removal of such Director or Directors by reason thereof by filing with the Secretary, in writing, a detailed and specific statement of such charges together with a petition signed by not less than ten percent of the total membership of the Cooperative requesting the removal of such Director or Directors, which petition calls for a special member meeting the stated purpose of which shall be to hear and act on such charges and, if one or more Directors are recalled, to elect their successors. Such petition shall specify the place, time (between 9:00 a.m. and 8:00 p.m.) and date of such special meeting not less than forty (40) days after the filing of such petition and the Secretary shall give notice of such special meeting as provided for elsewhere in these By-laws.

The Director or Directors against whom such shall have been filed shall be informed in writing of the charges set forth in such petition immediately after such petition has been filed and no less than thirty (30) days prior to the meeting of members at which the charges are to be considered. He, she or they shall have an opportunity at such meeting to be heard in person, by witnesses, by counsel or any combination of such and to present evidence in respect to the charges. The person or persons bringing the charges shall have the same opportunity but must be heard first.

The question of the removal of such Director or Directors shall, separately for each, if more than one has been charged, be considered and voted

upon at such meeting, provided that the question of the removal of a Director shall not be voted upon at all unless some substantial evidence in support of the charges against him or her shall have been presented during the meeting. Any vacancy created by such removal shall be filled by a vote of the members present at such meeting in person or by proxy without compliance with the other provisions of these Bylaws with respect to nominations, except that nominations shall be made from the floor. Any newly-elected Director at such meeting shall be from the same directorate district as was the Director whose office he or she succeeds and shall serve for the unexpired portion of the removed Director's term.

Section 3.9: Compensation and Expenses. Directors shall, if authorized by a resolution of the Board of Directors, receive, on a per diem basis, a fixed fee for attending meetings or transacting affairs which, in the judgement of the Board of Directors, will promote the interests of the Cooperative and in addition thereto, may be reimbursed for reasonable expenses necessarily incurred in connection therewith. No director shall receive compensation for serving the Cooperative in any other capacity nor shall any close relative of a director receive compensation for serving the Cooperative unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or unless such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure.

Section 3.10: Additional Powers of the Board of Directors. The Board of Directors shall have the power to make, adopt, amend, abolish and promulgate such policies, rules, regulations, rate schedules, contracts, security and other types of deposits, payments or charges, not inconsistent with law or the Cooperative's Articles of Consolidation or Bylaws, as it may deem advisable for the proper management, administration and regulation of the business and affairs of the Cooperative.

Section 3.11: Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to Generally Accepted Accounting Principles as prescribed by the American Institute of Certified Public Accountants. All accounts of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four times a year at regular meetings of the Board of Directors. The Board of Directors shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit report, or an accurate summary thereof, shall be submitted to the members at the following annual meeting.

ARTICLE IV MEETINGS OF DIRECTORS

Section 4.1: Regular Meetings. A regular meeting of the Board of Directors shall be held without notice immediately after, and at the same place as, the annual meeting of members. A regular meeting of the Board of Directors shall also be held monthly and at such time and place in one of the counties served by the Cooperative, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than the resolution fixing the time and place thereof.

Section 4.2: Special Meetings. Special meetings of the Board of Directors may be called by Board resolution or by the Chairman of the Board or by any three directors. The persons authorized to call special meetings of the Board of Directors may fix the time and place which must be in one of the counties in which the Cooperative serves, unless all directors consent, in writing, to its being held in some other place in the State of Illinois or elsewhere.

Section 4.3: Notice of Directors' Meetings. Notice of the time, place and purpose of any special meeting shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each director at his or her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4.4: Quorum. The presence in person of a majority of the directors in office shall be required for the transaction of business of the Board of Directors and the affirmative vote of a majority of the directors present shall be required for any action to be taken; PROVIDED 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.

Section 4.5: Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 4.6: Rules of Order. At all meetings of the Board of Directors, meeting procedures, except as provided by law or the Articles of Consolidation, shall be governed by the latest edition of Robert's Rules of Order.

ARTICLE V OFFICERS AND DUTIES THEREOF

Section 5.1: Classes, Number and Title. Cooperative officers shall be of two classifications: Board Officers and Staff Officers. Board Officers shall be: Chairman of the Board, Vice Chairman of the Board, Secretary, Assistant

Secretary, Treasurer and such other Board Officers as may be determined by resolution of the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

Staff Officers shall be the President and Chief Executive Officer and such other Staff Officers as the Board of Directors may, in its discretion, appoint and designate titles therefor. Staff Officers shall serve at the pleasure of the Board of Directors. Staff Officers, other than the President/CEO of the Cooperative, shall perform such duties as the President/CEO of the Cooperative shall assign to each of them, from time to time.

Section 5.2: Election and Term of Office. The Board Officers of the Cooperative shall be elected, by ballot, annually, at the first meeting of the Board of Directors held after each annual meeting of the members, by and from the Board of Directors, except that the President and Chief Executive Officer may serve as an officer though not a member of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Except as otherwise provided in these Bylaws, each officer shall hold office until the first meeting of the Board of Directors following the next annual meeting of members or until his or her successor shall have been duly elected and shall have qualified.

Section 5.3: Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgement the best interests of the Cooperative would be served thereby.

Section 5.4: Vacancies. Except as otherwise provided in these Bylaws, a vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 5.5: Chairman of the Board. The Chairman of the Board:

- (a) Shall be the principal officer of the Cooperative and shall preside at all meetings of the Board of Directors and, unless determined otherwise by the Board of Directors, at all meetings of the members;
- (b) Shall sign with the Secretary certificates of membership of the Cooperative, and may sign any deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors 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 shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5.6: Vice-Chairman of the Board. In the absence of the Chairman of the Board, or in the event of his or her inability or refusal to act, the Vice-Chairman of the Board shall perform the duties of the Chairman, and when so acting, shall have all the powers of, and be subject to, all the restric-

tions upon the Chairman, and shall perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 5.7 (A): Secretary. The Secretary shall:

- (a) Keep or cause to be kept the minutes of meetings of the members and 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 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) Keep or cause to be kept a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) Sign with the Chairman of the Board certificates of membership of the Cooperative, the issuance of which shall have been authorized by resolution of the Board of Directors;
- (f) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) Keep on file at all times a complete copy of the 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 forward a copy of the Bylaws and of all amendments thereto to each member; and
- (h) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 5.7 (B): Assistant Secretary. In the absence of the Secretary, or in the event of his or her inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary, and shall perform such other duties as from time to time assigned to him or her by the Board of Directors.

Section 5.8: 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 moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in all such banks 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 or her by the Board or Directors.

Section 5.9: Delegation of Secretary's and Treasurer's Responsibilities.

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 5.7 and 5.8, 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 duties to one or more agents, other officers, or employees of the Cooperative who are not directors.

Section 5.10: President. The President of the Cooperative shall be its Chief Executive Officer and shall be responsible for the management and operation of the Cooperative and direct and control its business affairs, manage its personnel, be responsible for its financial operations, provide guidance and direction to the Board and, in general, operate, manage, control and direct the business of the Cooperative, performing such other duties and exercising such authority as is consistent with those duties and responsibilities; subject, however, to the approval and control of the Board of Directors to which he or she, at all times, shall be responsible. He or she may sign, with the Secretary, any deeds, mortgages, notes or other written obligations of the Cooperative, security agreements, financing statements, bonds, contracts and other instruments authorized by the Board of Directors except in cases in which the signing thereof shall be expressly delegated by said Board or these Bylaws to some other officer or agent of the Cooperative or shall be required by law to be otherwise signed or executed.

Section 5.11: Bonds of Officers. The Board of Directors shall require the Treasurer, or any other officer of the Cooperative charged with responsibility for custody of any of its funds or property, to give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine or as may be required by law. The Board of Directors in its discretion may also require any other officer, agent or employee of this Cooperative to give such bonds in such amounts, with such surety or sureties, and containing such terms and conditions as it shall determine or as may be required by law. The cost of all such bonds shall be paid by the Cooperative.

Section 5.12: Compensation and 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 by the members as provided elsewhere in these Bylaws. The powers, duties and compensations of all other officers, agents or employees of the Cooperative shall be fixed by the Board of Directors, except as otherwise provided in these Bylaws. The Cooperative may indemnify directors, officers, including the President, agents and employees to the extent provided in the General Not-for-Profit Corporation Act of the State of Illinois, or as otherwise provided by law. The Cooperative may purchase insurance to cover such indemnification.

Section 5.13: Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year. The President or Chairman of the Board or such officer as shall be designated by the Board of Directors shall make or cause to be made any reports to state or federal officials as may be required by law or by such officials.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

Section 6.1: Contracts. Except as limited elsewhere by these Bylaws, the Board of Directors 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 6.2: Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such office or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 6.3: Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

ARTICLE VII MEMBERSHIP CERTIFICATES

Section 7.1: Certificates of Membership. Membership in the Cooperative shall be evidenced by a certificate of membership-ownership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Consolidation or the Bylaws of the Cooperative. Such certificate shall be signed by the President and by the Secretary of the Cooperative and shall be sealed with its corporate seal, provided that the seal and the signatures of the Chairman of the Board and the Secretary may be imprinted thereon by facsimile.

Section 7.2: Issue of Membership Certificates. No membership-ownership certificate shall be issued for less than the membership fee fixed by the Board of Directors (unless such fee has been waived by the Board of Directors acting under policies of general application), nor until such membership fee, any required service security deposits, facilities extension deposits, service connection fees, contributions in aid of construction or any unpaid obligation due the Cooperative from the applicant, have been fully paid.

Section 7.3: Lost Certificates. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE VIII WAIVER OF NOTICE

Section 8.1: Any member, director or officer may waive, in writing, any notice of meetings required to be given by these Bylaws.

ARTICLE IX DISPOSITION AND PLEDGING OF PROPERTY

Section 9.1: Sale, Lease, Exchange or Other Disposition of Property. The Cooperative may not sell, lease, exchange or otherwise dispose of any of its property, other than:

- (a) Property which in the judgement of the Board of Directors is, or will be, neither necessary nor useful in operating or maintaining the Cooperative's system, provided sales of such property, in any calendar year, shall not exceed fifteen percent (15%) of the value of all of the property, real and personal, of the Cooperative;
- (b) Services of all kinds, including electric energy; and
- (c) Personal property acquired for resale; unless and until such sale, lease, exchange or other disposition has been authorized by the affirmative vote of two-thirds (2/3) of the votes present and voted, either in person or by proxy, at any regular meeting of members or at a special meeting called for that purpose. The notice of any such meeting, regular or special, shall contain a statement of such purpose and a general description of the terms of the proposed sale, lease, exchange or other disposition of the Cooperative's property. At the election held for such purpose, a spoiled or blank ballot shall not be counted as "voted."

Section 9.2: Mortgage and Pledge of Cooperative Property. The Board of Directors, without authorization by the members, shall have authority to borrow money solely for the proper purposes of the Cooperative and in the usual and regular course of the conduct of the affairs of the Cooperative and to execute and deliver promissory notes or other evidences of indebtedness and one or more mortgages or deeds of trust, pledging and encumbering any or all of the property, revenues, and assets of every kind of the Cooperative, to secure the indebtedness thus incurred.

Section 9.3: Non-Applicability. The provisions of this article shall not apply to a sale, lease, exchange or other disposition of the Cooperative property to one or more other rural electric cooperatives if the substantial or actual legal effect thereof is to merge or consolidate with such other cooperative or cooperatives.

ARTICLE X FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December in the same year.

ARTICLE XI 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 XII AMENDMENTS

Section 12.1: Amendments to Articles of Consolidation. The Articles of Consolidation of the Cooperative may be amended from time to time in the following manner:

- (a) The Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of members entitled to vote on amendments which may be either an annual or special meeting of members;
- (b) Written or printed notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each member entitled to vote on amendments at such meeting within the time and in the manner provided in these Bylaws for the giving of notice of meeting of members. If such meeting be an annual meeting, the proposed amendment, or a summary as aforesaid, may be included in the notice of such annual meeting;
- (c) At such meeting, a vote of the members entitled to vote on the proposed amendment shall be taken and the proposed amendment shall be adopted by receiving the affirmative vote of at least two-thirds (2/3) of the votes present and voted either in person or by proxy. If such election is conducted by ballot, a spoiled or blank ballot shall not be counted as “voted” in determining the total number of votes cast. After the adoption of the proposed amendment or amendments, the Board of Directors shall authorize and direct the proper officers to take such further steps as may be required by law to effect the proposed amendment or amendments to the Articles of Consolidation.

Section 12.2: Amendments to Bylaws. The initial Bylaws of the Cooperative shall be adopted by its Board of Directors, subject to repeal or change by action of the members. The Bylaws may be altered, amended or repealed by the members of the Cooperative at any regular or special meeting

thereof. Written or printed notice setting forth the proposed Bylaw amendment or amendments, or an accurate summary of the changes to be effected thereby, shall be set forth in the notice of the meeting at which said amendment is or said amendments are to be voted upon.

Section 12.3: Number of Amendments. Any number of amendments to the Articles of Consolidation or the Bylaws, or both, may be submitted to the members and voted upon by them at one meeting.

ARTICLE XIII

NON-PROFIT OPERATION

Section 13.1: The Cooperative shall at all times be operated on a cooperative, non-profit basis for the mutual benefit of its patrons. No interest or dividend shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 13.2: 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. 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 his or her 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.

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, shall become permanent equity of the Cooperative.

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. 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 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, unless otherwise directed by the Board of Directors acting under the rules of general application consistent with non-profit operation principles. Provided, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion (power supply and other service or supply portion) of capital credited to the accounts of patrons which corresponds to the capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notification to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or for any capital credited to patrons for any prior year.

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 part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his or her estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The 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 due thereon as the legal rate on judgments permissible under Illinois law in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, ac-

knowledge that the terms and provisions of the Articles of Consolidation 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 office.