

Bylaws of Menard Electric Cooperative



Adopted by the Membership

March 9, 1968

As Amended

June 15, 1971

October 25, 1971

June 28, 1975

February 17, 1978

June 21, 1980

February 27, 1984

February 24, 1986

April 18, 1986

June 13, 1987

June 11, 1988

October 24, 1988

October 23, 1989

March 26, 1991

June 8, 1991

January 24, 1995

February 22, 2000

June 10, 2000

July 23, 2002

June 2, 2012

June 14, 2018

April 27, 2021

August 5, 2021

August 22, 2023

ARTICLE I - MEMBERSHIP

Section 1.01 Membership Eligibility.

A. Any (1) natural person, (2) firm, (3) association, (4) corporation, (5) business trust, (6) partnership, (limited liability company), (7) state, state agency, or state political subdivision, (foreign government,), (8) the United States of America, or any federal agency or federal political subdivision, or (9) other body politic (collectively, "Person"), will become a regular member of Menard Electric Cooperative (hereinafter called "the Cooperative") upon receipt of electrical service from the Cooperative, provided that he, she or it has first:

1. Is not a minor and is legally competent and accountable for debts incurred;
2. Made a written application for membership therein;
3. Agreed to purchase from the Cooperative electric energy as herein specified;
4. Agreed to comply with and be bound by the Articles of Incorporation, Bylaws, Policies and any rules and regulations of the Cooperative adopted by the Board of Directors, and;
5. Paid the membership fee hereinafter specified.

B. Associate Membership. Any person, firm, association, corporation, or body politic (hereinafter called the "Applicant"), will become an Associate Member of the Cooperative, upon receipt of services from any firm, association, or corporation owned in whole or in part by the Cooperative, provided the Applicant:

1. Has made a written application for membership in the Cooperative and the subsidiary on the prescribed forms;
2. Has agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and the subsidiary, and any and all rules and regulations adopted by the Board of Directors of either the Cooperative or the subsidiary; including retroactive application of any amendments;
3. Has paid any required membership fee.

C. No member may hold more than one membership or associate membership in the Cooperative, and no membership or associate membership in the Cooperative shall be transferable, except as provided in these Bylaws. No Cooperative membership and no right or privilege associated with Cooperative membership may be sold, purchased, assigned or other transferred.

D. Any person seeking to become a Member (Applicant) must complete the following procedures, ("Membership Procedures"):

1. Immediately upon using, receiving or purchasing any Cooperative service, complete a written membership application provided by the Cooperative in which the Applicant agrees, in writing, to:

(a) Comply with:

(1) All applicable law and legally binding agreements regarding the:

- (A) Cooperative;
- (B) Cooperative's operation;
- (C) Cooperative's assets;
- (D) Cooperative's Members and Patrons; and,
- (E) Provision, use, receipt and purchase of Cooperative services,

Including, but not limited to, all applicable:

- I Legislative, executive, administrative, and judicial statutes, case law, regulations, ordinances, rulings, or orders;
- II Local, state, and federal statutes, case law, regulations, ordinances, rulings, or orders;
- III Contractual provisions legally enforceable by, or against, the Cooperative, and,
- IV Legally binding contracts between the Cooperative and the Applicant or Member.

(2) The Cooperative's Articles of Incorporation ("Articles");

(3) These Bylaws;

(4) The Cooperative's service rules and regulations;

(5) National Electric Code;

(6) National Electrical Safety Code;

(7) The Cooperative's rate or price schedules; and,

(8) Any policy, resolution, action, or amendment adopted by the Cooperative's Board of Directors ("Board") or membership; as any of these materials currently exist, or as later amended, (collectively, "Governing Documents"); and,

(b) Be a Member; and,

(c) At prices, rates or amounts determined by the Board, and in a manner specified by the Cooperative, pay the Cooperative for all:

- (1) Cooperative services used, received, or purchased:
 - (A) By the Member; or
 - (B) At, or for, any dwelling or structure owned, controlled, or directly occupied by the Member; and,
 - (2) Dues, assessments, fees, deposits, contributions, or other amounts required by these Bylaws or the Board, or as required by law.
2. Complete any additional or supplemental document or contract required by the Board for the Cooperative service which the Applicant is seeking to use, receive or purchase;
 3. Pay the Cooperative any dues, assessment, fee, deposit, contribution or other amount required by these Bylaws or the Board;
 4. Pay the Cooperative any dues, assessment, fee, deposit, contribution, or other amount required by Law; and,
 5. Unless waived in writing by the Board, or waived pursuant to Board policy generally applicable to all Applicants, pay the Cooperative any outstanding amounts owed the Cooperative by the Applicant.

Section 1.02 Member Classes. Based upon a Member's use, receipt or purchase of one (1) or more Cooperative services, the Cooperative may group Members in the following classes ("Member Classes"):

Class A Member: Any Member using, receiving or purchasing -

1. Solely from and through the Cooperative substantially all the electric power used, received, or purchased for; and,
2. Any Cooperative services associated with, or regarding the provision of electric power to: a residential or commercial dwelling or structure owned, controlled, or directly occupied by the Member.

Class B Member: Any Member using, receiving, or purchasing any Cooperative service regarding the provision of electric power to any dwelling or structure owned, controlled, or directly occupied by the Member.

Class C Member: Any Member using, receiving, or purchasing any Cooperative service for which the Cooperative is exempt from income

taxation under the Internal Revenue Code, as currently existing or as later amended or replaced.

Class D Member: Any Member using, receiving and purchasing any Cooperative service for which the Cooperative is not exempt from income taxation under the Internal Revenue Code as currently existing or hereafter amended or replaced.

In classifying Members:

1. No Member may be a member of more than one (1) Member Class;
2. Based upon a Member's use, receipt, or purchase of one (1) or more Cooperative services, the Cooperative may group the Member (in descending order of priority as a Class A Member, Class B Member, Class C Member, or Class D Member) (first as a Class A Member, if possible, then as a Class B Member, if possible, then as a Class C Member, if possible, and then as a Class D Member, if possible); and,
3. Upon the Cooperative learning of, or upon a Member demonstrating to the Cooperative's reasonable satisfaction, a change in any Member's use, receipt or purchase of one (1) or more Cooperative services, then, if necessary, (within (thirty (30) (sixty (60) (ninety (90) days.), the Cooperative shall re-classify the Member (in descending order of priority as a Class A Member, Class B Member, Class C Member, or Class D Member) (first as a Class A Member, if possible, then as a Class B Member, if possible, then as a Class C Member, if possible, and then as a Class D Member, if possible.)

Unless otherwise provided in these Bylaws:

4. The term "Member" includes all Member Classes; and,
5. All Members have the same rights and obligations.
6. Except as required by law or otherwise provided in these Bylaws, the Cooperative will not release, disclose, or disseminate, personally identifiable, proprietary or confidential information regarding a Member.
7. A member shall pay the Cooperative for damages, cost, or expenses, including attorneys fees caused by or associated with a Member's failure to comply with the Cooperative's Articles of Incorporation, Bylaws, Policies and Resolutions, as adopted by the Cooperative Board of Directors.

8. As requested by the Cooperative, a Member shall: (1) submit a claim or dispute between the Member and the Cooperative for mediation and/or arbitration, according to the rules and procedures described by the American Arbitration Association; and (2) indemnify the Cooperative for, and hold the Cooperative harmless from liabilities, damages, costs, or expenses, including reasonable attorneys fees, incurred by the Cooperative, or by a Cooperative Director, Officer, Employee, Agent, or Representative, and caused by a Member's negligence, gross negligence, or willful misconduct, or by the unsafe or defective condition of a member's property.

Section 1.03 Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed by the President and by the Secretary of the Cooperative. No membership certificate shall be issued for less than the membership fee fixed in these Bylaws and until such membership fee has been paid. In case a certificate is lost, destroyed or mutilated a new certificate may be issued upon such uniform terms and indemnity to the Cooperative as the Board may prescribe.

Section 1.04 Joint Membership. Two individuals may apply for a joint membership and, subject to the compliance with the requirements set forth in Section 1.01 of this Article, may be accepted for such membership. Said joint membership shall continue until such time as the Cooperative shall receive written notification for the termination of said joint membership. In the event that one of said joint members continues to take service, a new membership may be issued to that party, for that member to be eligible for continued service. Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by, or in respect of the holders of a joint membership shall be as follows:

- (A) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (B) The vote of either separately or both jointly shall constitute one 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) Expulsion of either shall terminate the membership;
- (F) Withdrawal of either shall terminate the membership;
- (G) Either but not both may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office.

Section 1.05 Conversion of Membership.

- (A) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and new member, to comply with the articles of incorporation, Bylaws and rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner and shall indicate the changed membership status.
- (B) Upon the death of either member who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.
- (C) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing with a request to terminate their joint membership. On such written notification: (1) If one joint Member remains qualified to be a Member and continues to use Cooperative service at the same location, then the joint Membership converts to a Membership comprised of that person; (2) If more than one joint Member remains qualified to be a joint Member and continues to use service at the same location, then the joint Membership converts to a Membership comprised of those persons; (3) If all joint Members remain qualified to be joint Members and continue to use service at the same location, then the joint Membership converts to a Membership of persons determined by the Cooperative; and (4) If no joint Member remains qualified to be a Member and continues to use service at the same location, then the joint Membership terminates.

Section 1.06 Inactive Member Automatic Upon Termination of Service. Any member who shall cease to take service from the Cooperative shall lose his voting rights as a member.

Section 1.07 Membership Fee. The membership fee shall be Twenty-five Dollars (\$25.00) upon the payment of which a member shall be eligible for service connection.

Section 1.08 Purchase of Cooperative Services. As required or allowed by Law, and unless otherwise specified in writing by the Board, each Member shall use, receive, or purchase Cooperative services from the Cooperative. Each Member shall comply with, and abide by, any policy, program, rule, procedure, or other determination promulgated by the Board regarding the provision of Cooperative services to the Member.

A. Payments to Cooperative. At prices, rates, or amounts determined by the Board, and in the manner specified by the Cooperative, each Member shall pay the Cooperative for all:

1. Cooperative services used, received, or purchased:
 - (a) By the Member; or
 - (b) At, or for, any dwelling or structure owned, controlled, or directly occupied by the Member; and
2. Dues and assessments, fees, deposits, contributions, reasonable attorneys fees, costs, or other amounts required by Law, these Bylaws, Policies, rules, regulations, or by the Board of Directors.

B. Interest and Late Payment Fees. As determined by the Board, Members shall pay interest, compounded periodically, and late payment fees for all amounts owed, but not timely paid, to the Cooperative. Notwithstanding the Cooperative's accounting procedures, the Cooperative may apply all amounts paid by any Member to all of the Member's accounts on a pro rata basis, or as otherwise determined by the Board.

C. Reduction in Cooperative Services. As required or allowed by Law, and as determined by the Board:

1. If a Member substantially reduces or ceases the Member's use, receipt, or purchase of Cooperative services, either singly or in combination; then
2. The Cooperative may charge the Member, and the Member shall pay the Cooperative, the costs and expenses incurred by

the Cooperative in relying upon the Member's pre-reduction or pre-ceasing use, receipt, or purchase of Cooperative services.

Section 1.09 Member Suspension. The Cooperative may suspend Members as provided in this Bylaw and allowed by Law.

A. Suspension Reasons. The Cooperative may suspend a Member if the Member:

1. Fails to timely pay any amounts due the Cooperative;
2. Fails to timely comply with the Governing Documents;
3. For twelve (12) consecutive months, ceases using, receiving, or purchasing electric power provided by the Cooperative;
4. Dies, legally dissolves, or legally ceases to exist; or
5. Voluntarily requests suspension; or as otherwise provided in these Bylaws, or for other good cause determined by the Board (collectively, "Suspension Reason").

B. Notice and Comment. Upon a Member's voluntary request for suspension, or, unless otherwise provided in these Bylaws, if the Cooperative, following the occurrence of a Suspension Reason other than a Member's voluntary request for suspension:

1. Provides the Member at least fifteen (15) days prior written notice of the Member's possible suspension and the underlying Suspension Reason; and
2. Notifies the Member that the Member has, and allows the Member, at least five (5) days after the effective date of the notice to comment upon the Suspension Reason, either orally or in writing, then unless otherwise determined by the Board in good faith, the Member is suspended.

Any written suspension notice provided by mail must be mailed first-class or certified mail to the Member's most current address shown on the Membership List. Unless otherwise determined by the Board, a partnership-Member continuing to use, receive or purchase a Cooperative service is not automatically suspended upon the death of any partner, or following any other alteration in the partnership. A partner leaving a partnership-Member remains liable to the Cooperative for any amounts owed to the Cooperative by the partnership-Member at the time of the partner's departure.

C. Effect of Member Suspension Upon Cooperative. Upon a Member's suspension, and other than the Cooperative's:

1. Obligation to retire and refund Capital Credits and Affiliated Capital Credits; and
2. Obligations regarding the Cooperative's dissolution, the:
 1. Cooperative's duties, obligations, and liabilities imposed by these Bylaws for the Member cease; and
 2. Cooperative may cease providing any Cooperative service to the Member.

D. Effect of Member Suspension Upon Member. Other than the right to receive retired and refunded Capital Credits, and other than rights upon the Cooperative's dissolution, a suspended Member forfeits and relinquishes all rights provided in the Governing Documents. In particular, a suspended Member forfeits and relinquishes any voting rights provided by these Bylaws. A suspended Member, however, remains subject to all obligations imposed by the Governing Documents.

E. Lifting of Suspension. Unless otherwise determined by the Board in good faith, a Member's suspension is automatically lifted upon the Member rectifying, to the Cooperative's reasonable satisfaction, the underlying Suspension Reason within ten (10) days of the suspension. The Board may lift any Member Suspension for good cause as determined by the Board.

Section 1.10 Termination of Membership.

- A. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the articles of incorporation, Bylaws or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board.
- B. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

ARTICLE II - RIGHTS AND LIABILITIES OF MEMBERS

Section 2.01 Property Interest of Members. Upon dissolution, after

- A. All debts and liabilities of the Cooperative shall have been paid, and
- B. All capital furnished through patronage shall have been retired as provided in these Bylaws.

The remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the period of the Cooperative's existence.

Section 2.02 Non-Liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

Section 2.03 Provision of Cooperative Services. The Cooperative shall provide Cooperative services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants continuous or flawless provision of Cooperative services. The Cooperative's responsibility and liability for providing Cooperative services terminates upon delivery of any Cooperative service to a Member or other Person acting for Member. After providing the Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate provision of any Cooperative services to any Member.

Upon:

- A. Determining that a Member has tampered or interfered with, damaged, or impaired any product, equipment, structure, or facility furnished or used by the Cooperative to provide, monitor, measure, or maintain Cooperative service ("Cooperative Equipment");
- B. Discovering the unsafe condition of any Cooperative equipment; or
- C. Discovering any imminent hazard or danger posed by any Cooperative equipment; then, without providing the Member notice or an opportunity to comment, the Cooperative may suspend the Member, and may suspend or terminate provision of Cooperative services to the Member.
- D. Without providing a Member notice or an opportunity to comment orally or in writing, the Cooperative may suspend or terminate service to the Member upon determining or discovering: (1) that Cooperative Equipment has been tampered

with, altered, interfered with, damaged, or impaired; (2) that Member Equipment connected to Cooperative Equipment adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative System or provide a Cooperative service; (3) the unsafe condition of Cooperative Equipment or Member Equipment connected to Cooperative Equipment; or (4) an imminent hazard or danger posed by Cooperative Equipment or Member Equipment connected to Cooperative Equipment.

Section 2.04 Member Grant of Property Rights. As determined or required by the Cooperative, each Member shall:

- A. Provide the Cooperative temporary, or permanent, safe and reliable access to, and use of, any portion of; and
- B. Upon request from, and without charge to, the Cooperative, grant and convey, and execute any document requested by the Cooperative to grant and convey, to the Cooperative any written or oral easement, right-of-way, license, or other property interest in any real or personal property in which the Member possesses any legal right and which is reasonably necessary to:
- C. Purchase, install, construct, inspect, monitor, operate, repair, maintain, remove, or relocate any Cooperative equipment;
- D. Provide, monitor, measure, or maintain any Cooperative service;
- E. Satisfy or facilitate any obligation incurred, or right granted, by the Cooperative regarding the use of Cooperative equipment; or
- F. Safely, reliably, and efficiently:
 1. Operate the Cooperative; or
 2. Provide any Cooperative service.

No Member shall tamper or interfere with, damage, or impair any Cooperative equipment. Unless otherwise determined by the Board, the Cooperative owns all Cooperative equipment. Each Member shall protect all Cooperative equipment, and shall install, implement, and maintain any protective device or procedure required by the Cooperative. Each Member shall comply with any procedure required by the Cooperative regarding the provision of any Cooperative service to any Member or Person.

ARTICLE III - MEETING OF MEMBERS

Section 3.01 Annual Meeting. An annual meeting of the members shall be held each year within a county served by the Cooperative, as shall be selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold an annual meeting at the designated time 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 the Board of Directors, by a majority of the directors, or by petition signed by not less than ten (10%) percent of the active 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 with in which the Cooperative serves, on such date, not sooner than forty (40) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall be designated by him or those calling or petitioning for the same.

Section 3.03 Notice of Member Meetings. Written, printed or electronic notice of the day and hour of the meeting and place or manner of attendance, 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 forty (40) days prior to the date of the meeting, either personally, by mail or by electronic transmission, by or at the direction of the President 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 and/or its monthly insert, if any, in the Association of Illinois Electric Cooperative publication known as "I.C.L." If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the member's 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. An electronically transmitted notice of a member meeting is delivered when it is electronically sent to a member at the member's electronic mail address as shown on the Cooperative's records. 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 shall not effect any action taken at a member 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 attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the grounds 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 3.04 Member Quorum. A quorum of members is Four percent (4%) of members entitled to vote on a matter, present in person or by proxy. If less than the Member Quorum is present at any Member Meeting, then a majority of Members attending the Member Meeting in person or by proxy may adjourn the Member Meeting without further notice, to a date no more than ninety (90) days following the original Member Meeting.

Section 3.05 Voting. Each member receiving electric service who is not in a status of suspension, as provided for in Section 1.09 or Section 2.03, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. To vote for an Entity Member, an individual must present evidence requested by and satisfactory to the Cooperative that the individual is authorized to vote for the Entity Member. 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 vote by a majority of the members receiving electric service present in person or by proxy, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes or vote by mail.

Section 3.06 Order of Business. The order of business at the annual meeting of the members shall be conducted in an orderly manner according to Robert's Rules of Order.

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 members which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these Bylaws conferred upon or reserved to the members and from time to time fix rates for service rendered by the Cooperative.

Section 4.02 Qualifications. No person shall be eligible to become or remain a director of the Cooperative who is defined as a "close relative" in Section 4.11 of these Bylaws, of an incumbent director or of an employee of the Cooperative, or is not a member in good standing of the Cooperative. A qualified candidate must receive service from the Cooperative which includes a facility charge and have their primary residential abode within the district they represent. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least eighteen (18) years of age or is in any way employed by or financially interested in a competing enterprise, and no person shall take or hold office as a Director who is the incumbent of an elective public office in connection with which a salary is paid other than school offices and during three (3) years immediately before becoming a Director, not have been an employee of the Cooperative or any Cooperative subsidiary. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already 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 withhold such position from such person, or to cause him to be removed therefrom, as the case may be. 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 such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

Section 4.03 Election. At each annual meeting of the members, directors shall be elected by secret written ballot by the members and, except as provided in Section 4.02 of these Bylaws, from among those members who are natural persons: PROVIDED, that when the number of nominees does

not exceed the number of directors to be elected from a particular Directorate District, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast. Drawing by lot shall resolve, where necessary, any tie votes.

Section 4.04 Tenure. Directors shall be so nominated and elected that one director from or with respect to each of the Directorate Districts Two (2), Five (5), and Nine (9) shall be elected for three-year terms at an annual member meeting; one director from or with respect to each of the Directorate Districts One (1), Four (4), and Six (6) shall be elected for three-year terms at the next succeeding annual member meeting; and one director from or with respect to each of Directorate Districts Three (3), Seven (7), and Eight (8) shall be elected for three-year terms at the next succeeding annual members meeting, and so forth. Upon their election, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over until the next member meeting at which a quorum is present and their successors have been elected and qualify.

Section 4.05 District Boundaries. Directors to be elected at said annual or special meeting shall be selected so that at all times one of such directors shall be a resident of each of the districts described as follows:

District No. 1 -- All that area in Range 7 West of 3rd P.M. lying South of the division line between Township 17 North and Township 18 North and all of that area in Ranges 5 and 6 West of 3rd P.M. lying West and South of the Sangamon River.

District No. 2 -- All that area in Ranges 8 and 9 West of 3rd P.M. lying South of the division line between Township 17 North and Township 18 North.

District No. 3 -- All that area West of the division line between Range 9 West and Range 10 West of 3rd P.M. and lying South of the Sangamon and Illinois Rivers.

District No. 4 -- All that area in Ranges 7, 8 and 9 West of 3rd P.M. lying South and West of the Sangamon River and North of the division line between Township 17 North and Township 18 North and all that area in Township 19 North lying South of Salt Creek and East of the Sangamon River in Ranges 6 and 7 West of 3rd P.M.

District No. 5 -- All that area between the Sangamon River and the division line between Township 21 North and Township 22 North, lying West of the division line between Range 6 West and Range 7 West of 3rd P.M.

District No. 6 -- All that area in Ranges 7 and 8 West of 3rd P.M. lying North of the division line between Township 21 North and Township 22 North and all that area in Ranges 5 and 6 West of 3rd P.M. lying North of division line between Township 20 North and Township 21 North.

District No. 7 -- All that area lying East of the division line between Range 4 West and Range 5 West of 3rd P.M. and lying North of the division line between Township 18 North and Township 19 North and all that area in Townships 19 and 20 North in Range 5 West of 3rd P.M. and all that area in Townships 19 and 20 North that lies North of Salt Creek in Range 6 West of 3rd P.M.

District No. 8 -- All that area in Township 18 North lying between the Sangamon River and the division line between Range 2 West and Range 3 West of 3rd P.M. and all that area in Township 17 North lying between the Sangamon River and the division line between Range 3 West and Range 4 West of 3rd P.M. and all that area in Township 16 North that lies North of the Sangamon River in Range 5 West and Range 6 West of 3rd P.M.

District No. 9 -- All that area lying East of the division line between Range 2 West and Range 3 West of 3rd P.M. and lying South of the division line between Township 18 North and Township 19 North and all that area in Range 3 West of 3rd P.M. lying South of the division line between Township 17 North and Township 18 North and all that area in Range 4 West of 3rd P.M. lying South of the division line between Township 16 North and Township 17 North.

Section 4.06 Nominations. Any ten (10) or more Members may nominate individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting. Members may make petition nominations by delivering to the Secretary of the Cooperative Board of Directors not less than forty-five (45) days prior to the meeting, a Member Petition Nomination containing the following:

Name of the Member Petition Nominee;

The position for which the Member Petition Nominee will run;

The printed names, addresses and original signatures of at least ten (10) Members;

The members may, at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not effect in any manner whatsoever the validity of any election of Directors.

Section 4.07 Removal of the Board Member by Members. Any member may bring charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least five percentum of the members entitled to vote, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members. If a majority of the members vote to remove a Director, then the Director is removed, effective the time and date of the member vote.

Section 4.08 Vacancies. Vacancies occurring in the Board of Directors between annual meetings shall be filled by the remaining members of the Board of Directors, and directors thus selected shall serve until the next annual meeting of the members, when the balance of any unexpired term shall be filled by election of the membership; or until their successors shall have been elected and shall have qualified.

Section 4.09 Compensation: Expenses. Directors shall, as determined by a resolution of the Board of Directors, receive on a per diem basis, a fixed fee, which may include insurance benefits (a) for attending meetings of the Board of Directors and (b) for the performance of other Cooperative business for which they have had prior approval of the Board of Directors. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred. 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 such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure.

Section 4.10 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 such accounting system as may from time to time be designated by the Administration of the United States of America. 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, and the same shall be made conveniently available to the membership.

Section 4.11 "Close Relative" Defined. As used in these Bylaws, the term close relative means a person who, through blood, law or marriage, is a spouse, child, step-child, father, step-father, mother, step-mother, brother, step-brother, half-brother, sister, step-sister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law.

Section 4.12 Director's Standard of Conduct. A Director shall discharge the Director's duties, including duties as a Board Committee member: (1) in good faith; (2) in a manner the Director reasonably believes to be in the Cooperative's best interests; (3) when acting in connection with the Director's decision-making function or devoting attention to the Director's oversight function, with the care that an individual in a like position would reasonably believe appropriate under similar circumstances; and (4) in a manner in which the Director discloses or causes to be disclosed to other Directors or Board Committee members information not known by them, but known by the Director to be material to discharging the Director's decision-making or oversight functions, except that disclosure is not required to the extent that the Director reasonably believes that disclosure would violate a duty imposed under law, a legally enforceable obligation of confidentiality, or a professional ethics rule.

ARTICLE V - MEETINGS OF THE BOARD

Section 5.01 Regular Meetings. A regular meeting of the board shall be held without notice, immediately after, and at the same place or in the same manner of attendance as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place as designated by the Board. Such regular monthly meeting may be held without notice other than by resolution, from time to time made in advance, fixing the time and place thereof. For good cause, the Board President may change the date, time or location of a regular Board meeting. All Directors are entitled to receive notice of a President's change in the regular Board meeting date, time or location at least 24 hours before the changed regular Board meeting.

Section 5.02 Special Meeting. Special meetings of the Board may be called by the President or by any four Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Board members calling the meeting shall fix the time and place for the holding of the meeting.

Section 5.03 Notice of Board Meetings. Seventy-two hours written notice or twenty-four hours oral or electronic notice of the time, place and purpose of any special meeting of the Board shall be mailed, transmitted or given to each Board member personally. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at his last known address as it appears on the records of the

Cooperative, with postage thereon prepaid. If electronically transmitted, such notice shall be deemed to be delivered when it is electronically sent to the director's electronic mail address.

Section 5.04 Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

Section 5.05 Board Action by Written Consent. Without a Board Meeting, the Board may take any action required, or permitted, to be taken at a Board Meeting if the action is:

- A. Taken by all Directors; and
- B. Evidenced by one (1) or more, written or electronic consents (Director Written Consent):
 - 1. Describing the action taken;
 - 2. Signed by each Director; and
 - 3. Included with the Cooperative's Board Meeting minutes.

Unless the Director Written Consent specifies a different effective date, action taken by Director Written Consent is effective when the last Director signs the Director Written Consent. A Director Written Consent has the effect of, and may be described as, a Board Meeting vote.

Section 5.06 Conduct of Board Meetings. Except as otherwise provided in these Bylaws, a Regular Board Meeting or a Special Board Meeting may be: (1) held in, or out of a state in which the Cooperative provides a Cooperative service; and (2) conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting. The Board may promulgate or approve rules, policies and procedures regarding: (1) attendance at, participation in, or presentation during Board Meetings by persons other than Directors; (2) the right to access, inspect, or copy minutes, records, or other documents relating to a Board Meeting by persons other than Directors; or (3) the conduct of Board Meetings.

Section 5.07 Conflict of Interest Transaction. A conflict of interest transaction is a contract or transaction with the Cooperative in which a Director has a direct or indirect interest. (Conflict of Interest Transaction).

- A. Indirect interest. A Director has an indirect interest in a Contract or transaction with the Cooperative if at least one party to the Contract or transaction is another Entity: (1) in which the Director has a material or financial interest, or is a general partner; or (2) of which the Director is a director, officer or trustee.
- B. Approval of Conflict of Interest Transaction. Regardless of the presence or vote of a Director interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved by the Board if the material facts regarding the Conflict of Interest Transaction and the Director's interest, are disclosed or known to the Board.
- C. Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is approved pursuant to this Bylaw, or that is fair to the Cooperative when entered or approved pursuant to this Bylaw, is not, solely by reason of being a Conflict of Interest Transaction; (1) void or voidable; or (2) the basis for imposing liability on a Director interested in the Conflict of Interest Transaction.

ARTICLE VI - OFFICERS

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

Section 6.02 Election and Term of Office. The officers shall be elected annually by the affirmative vote of a majority of the directors from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

Section 6.03 Removal. Any officer, employee or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 6.04 President. The President shall:

- (A) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (B) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (C) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 6.05 Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

Section 6.06 Secretary. The Secretary shall be responsible for:

- (A) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (B) seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (C) being custodian of the corporate records and of the seal of the Cooperative and seeing 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) keeping a register of the post office address of each member which shall be furnished to the Secretary by such member and

- of making the same available to the Board or any member upon request therefor;
- (E) signing, with the President, certificates of membership, the issue of which shall have been authorized by the Board;
 - (F) keeping on file at all times a complete copy of the articles of incorporation and 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, furnishing a copy of the Bylaws and of all amendments thereto to any member upon request; and
 - (G) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board.

Section 6.07 Treasurer. The Treasurer shall be responsible for:

- (A) custody of all funds and securities of the Cooperative;
- (B) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (C) the general performance of all 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.

Section 6.08 Manager. The Board may appoint a manager who may be, but who shall not be required to be a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

Section 6.09 Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 6.10 Compensation. The powers, duties or compensation of officers, agents or employees may be fixed by the Board subject to the provisions of these Bylaws.

Section 6.11 Reports.

- (A) 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. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.
- (B) The President or Secretary or such other officer as shall be designated by the Board of Directors shall make and verify a report in writing to the Secretary of State of the State of Illinois between the first day of February and the first day of March in each year, upon the forms prescribed for the purpose, giving the address of the Cooperative, and the names and addresses of the officers and directors and otherwise legal filing requirements imposed upon the corporation.

Section 6.12 Indemnification by Reason of Litigation.

- (A) The electric Cooperative may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the electric Cooperative) by reason of the fact that he is or was a director, officer, employee or agent of the electric Cooperative, or who is or was serving at the request of the electric Cooperative as a director, officer, employee or agent of another Cooperative, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the electric Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the electric Cooperative, and, with respect to any criminal

- action or proceeding, had reasonable cause to believe that his conduct was unlawful.
- (B) The electric Cooperative may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the electric Cooperative to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the electric Cooperative, or is or was serving at the request of the electric Cooperative as a director, officer, employee or agent of another Cooperative, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the electric Cooperative, and except that no indemnification shall be made in respect of any claim issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the electric Cooperative, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.
- (C) To the extent that a director, officer, employee or agent of the electric Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in paragraphs (a) and (b), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.
- (D) Any indemnification under paragraphs (a) and (b) (unless ordered by a court) shall be made by the electric Cooperative only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors

- who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the members.
- (E) Expenses incurred by defending a civil or criminal action, suit or proceeding may be paid by the electric Cooperative in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined he is entitled to be indemnified by the electric Cooperative as authorized in this Section.
 - (F) The indemnification provided by this Section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors, or otherwise, both as to action in this official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall incur to the benefits of the heirs, executors and administrators of such a person.
 - (G) The electric Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the electric Cooperative, or who is or was serving at the request of the electric Cooperative as a director, officer, employee or agent of another Cooperative, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the electric Cooperative would have the power to indemnify him against such liability under the provisions of this Section.

ARTICLE VII - NOT-FOR-PROFIT OPERATION

Section 7.01 Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative not-for-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 7.02 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 and members alike will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a not-for-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons and members alike, 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. As to any and all members operating under special contract rates, in allocating capital credits, the Cooperative will use the standard capital credits factor as determined from all other rate classes, but said allocation, as to members operating under special contract rates, shall not exceed 90% of margins; margins being the difference between patronage and total cost of service for that member. 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, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the 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 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 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. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. After January 24, 1995 and thereafter, the Board shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Bylaws, the Board at its discretion, shall have the power at any time upon the death of any natural person whose membership is held individually, or solely as the survivor of a joint membership in accordance with Section 1.05.B, to retire capital credited to such natural person if the legal representatives of the decedent's estate shall request in writing that such capital be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws. Such retirement of capital credited to any such natural person shall occur immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such natural person's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and the 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.

ARTICLE VIII - DISPOSITION OF PROPERTY

Section 8.01. The Cooperative may not sell, lease or otherwise dispose of more than ten percentum (10%) of its property in any one year unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative authorized to vote, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting. However, the Board of the Cooperative, upon authorization by an affirmative vote of at least two-thirds (2/3) of the members of the Cooperative present and entitled to vote at a special or regular meeting thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or pledging or encumbering any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative whether acquired or to be acquired and wherever situated as well as the revenues and income therefrom. All of the terms and conditions to secure any indebtedness of the Cooperative shall be determined by the Board. The Board may dispose of property which in its judgment is or will be neither necessary nor useful in operating and maintaining the Cooperative's system, not to exceed in value in any one year ten percentum (10%) of the value of all of the property of the Cooperative. The Board may enter into agreements for sale of all or any part of the Cooperative's property to, or to facilitate the merger of the Cooperative with any one or more RUS financed electric Cooperatives organized and existing for the purposes of providing central station electrical service to its or their members, upon approval by the majority of all the members authorized to vote at a regular or special meeting of the members with due notice having previously been given of the time and place of such meeting and the purposes thereof.

ARTICLE IX - SEAL

Section 9.01. The corporate seal of the Cooperative shall have inscribed thereon the name of the State of the Cooperative and the words "Corporate Seal".

Section 9.02 Governing Law. These Bylaws shall be governed by and interpreted under the laws of the State of Illinois and venue and jurisdiction for any proceeding with regard to interpretation of these Bylaws shall be Menard County, Illinois.

ARTICLE X - FINANCIAL TRANSACTIONS

Section 10.01 Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 10.02 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 officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 10.03 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 banks as the Board may select.

Section 10.04 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 XI - MISCELLANEOUS

Section 11.01 Membership in Other Organizations. The Cooperative may join and become a member of any organization upon motion duly made and adopted by the Board of Directors of the Cooperative when in their judgment such membership will foster and further the aims and objectives of the Cooperative in furnishing low cost electric energy to its members, or upon motion duly made and adopted by the Cooperative members present in person or by proxy at a regular or special meeting of the Cooperative called in accordance with these Bylaws wherein the notice of such meeting specifies that action is to be taken with respect to such proposed membership.

Section 11.02 Waiver of Notice. Any member or Board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member, except in case a member or Board member shall attend a meeting for the

express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 11.03 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 11.04 Area Coverage. The Board shall make diligent effort to see that electric service is extended to all persons within the Cooperative service area who (a) desire such service and (b) meet all requirements established by the Cooperative as a condition of such service.

ARTICLE XII - AMENDMENTS

Section 12.01 Amendments. These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of the Members of the Board in any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, and provided, further, that the provisions of Article III, Article IV, excluding Section 4.05 District Boundaries, and Article VIII, may be altered, amended or repealed only by affirmative vote of not less than a majority of the members entitled to vote present in person or by proxy at a regular or special meeting, and, provided further, that the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. If any member or members desire to offer an amendment of any of said articles or sections such member or members shall deposit a copy of said proposed amendment with the Secretary of the Board at least one-hundred twenty (120) days before the meeting in which such resolution is to be offered and the said Secretary shall cause a copy of said proposed resolution to be included in the notice of the meeting.

ARTICLE XIII - PROXIES

Section 13.01. At all meetings a Member entitled to vote may vote by proxy executed in writing by the Member. Such proxy shall be filed with the Secretary at the Cooperative headquarters at least three (3) business days prior to 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 three (3) Members at any meeting of the Members except where such person is exercising a proxy in connection with the borrowing of funds from the United States of America or a sale, mortgage, lease or other disposition or encumbrance of property to the United States of America or any agency or instrumentality thereof or in connection with an amendment to the Articles of Incorporation of the Cooperative. 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 party comprising the membership. The presence of either party comprising a joint membership 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. Any action previously taken at any meeting shall not be invalidated by revocation of a proxy provided herein.



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*Menard Electric Cooperative is an
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