

**BYLAWS
Of
RIVERLAND ENERGY COOPERATIVE
Arcadia, Wisconsin**

The aims of the Cooperative are three-fold:

- (a) to make adequate and dependable electric service available to all members and to all unserved persons within its service area desiring to become members
 - (b) to render such service without discrimination on a Cooperative basis at the lowest cost consistent with sound economy and good management; and
- to fulfill its obligations as a responsible business citizen in furthering the general welfare of the citizens of the community in which it operates.

ARTICLE I

Membership

SECTION 1. REQUIREMENTS FOR MEMBERSHIP.

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Riverland Energy Cooperative (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that that person or entity has first:

- (a) Made an application for service and membership in the Cooperative, in such form as the Cooperative may specify;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of incorporation and Bylaws of the Cooperative and reasonable policies, rules and regulations adopted by the Board of Directors, and
- (d) Paid the membership fee hereinafter specified.

Any person who requests service from the Cooperative subject to the conditions applicable to all patrons of the same class of service, upon receipt of such service shall be deemed a member with the same rights and privileges as each other member patron of such class. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

SECTION 2. RECORDING OF MEMBERSHIP

Certificates evidencing membership in the Cooperative will not be issued subsequent to March 16, 1996. In lieu thereof, all memberships in the Cooperative will be entered in the Cooperative records and maintained as a permanent part of such records. Membership certificates previously issued may also continue to evidence such membership.

SECTION 3. JOINT MEMBERSHIP.

- (a) Any application for membership in the Cooperative received after October 6, 1962, from any person who is married shall be deemed and become an application for membership by husband and wife as joint tenant members with right of survivorship unless the person making such application otherwise designates in writing.

- (b) With respect to memberships issued prior to October 6, 1962, the membership of any person who on October 6, 1962, was married, or who thereafter while a member became married, shall be deemed to have become, and did become at such time, a membership in husband and wife as joint tenant members with right of survivorship without further action by such member, unless within 30 days after October 6, 1962, or 30 days after date of marriage, whichever date is later, the person to whom such membership was issued otherwise has designated in writing.
- (c) The term "member" as used in these Bylaws shall be deemed to include a husband and wife or any persons holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership, including, without limitation the following:
 - (1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
 - (2) The vote of either separately or both jointly shall constitute one joint vote;
 - (3) A waiver of notice signed by either or both shall constitute a joint waiver;
 - (4) Notice to either shall constitute notice to both;
 - (5) Expulsion of either shall terminate the joint membership;
 - (6) Withdrawal of either shall terminate the joint membership;
 - (7) Either but not both may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office.
- (d) The records of the Cooperative shall properly show all joint memberships in the names of the joint members. By writing signed by both joint members and filed with the Cooperative any joint membership may be terminated and changed to a membership in common or vested solely in one of the joint members.
- (e) Upon the death of either spouse, or other person, who is the party to a joint membership, such membership shall be held solely by the survivor and the records of the Cooperative shall be changed to show membership solely in the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 4. MEMBERSHIP FEE.

The membership fee shall be in such amount as the Board of Directors shall from time to time determine, the payment of which shall make the member eligible for service, subject to making any meter or guarantee deposit or connection fee which may be required by rules and regulations of general application applicable to the class of service requested.

SECTION 5. PURCHASE OF ELECTRIC ENERGY.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative facilities, shall be subject to appropriate safety regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these Bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 6. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE.

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

SECTION 7. TERMINATION OF MEMBERSHIP.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. Subject to any regulations imposed by lawful authority, 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 reasonable policies, rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate, if any, of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or their estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by the member, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.
- (d) Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint, provided that except for the membership fee, this provision shall not affect the ownership of funds held by the Cooperative in the names of the joint owners, and further provided, that neither joint owner shall be released from debts due the Cooperative arising from the joint ownership.

SECTION 8. 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 the Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the capital credited to each bears to the total capital credited to all members, in each case determined immediately prior to the final retirements of patronage capital described in par. (b), above, subject to and in accordance with such classifications of business formula as

may have been employed in allocating patronage capital to such members. In making this distribution, patronage for each year may, if the Board of Directors determines it is fair and feasible to do so, be adjusted to reflect the changes in the Consumer Price Index, if any, between the year the patronage occurred and the date of distribution.

SECTION 9. SERVICE PRINCIPLES.

- (a) **Area Coverage Service.** The Cooperative holds itself out to serve and shall make diligent efforts to extend and render adequate and dependable service to all unserved persons within the Cooperative service area, regardless of the size or nature of their service requirements, who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of service.
- (b) **Service Area Maps.** The Cooperative shall from time to time prepare and maintain on file area coverage service maps designating the Cooperative service area within which it holds itself out to extend and render service under (a) of this section.
- (c) **Extension and Service Rules.** Extension and service rules of the Cooperative from time to time promulgated by the Board shall be of general and uniform application and shall provide for service without discrimination to all patrons or members within the same classification of service.
- (d) **Service to Non-Member Patrons.** In the event the Cooperative shall acquire all or any portion of the property of any public utility former consumers of such public utility served through the property acquired shall be invited to become members of the Cooperative. Should any such consumer refuse to become a member of the Cooperative then the Cooperative may continue to render electric service to such consumer as a patron of the Cooperative, provided, however, that the Cooperative may not render service to non-members in excess of ten percent of the total patrons served by the Cooperative.
- (e) **Assumption of Public Utility Obligations.** Within the corporate limits of any city or village in which the Cooperative may acquire the property of any public utility the Board of Directors by rule, or agreement with the governing Board of such municipality, may cause the Cooperative to become subject therein to all or part of the regulatory rules and jurisdiction of the Public Service Commission of Wisconsin, or other regulatory agency provided by law, provided that this shall not affect the status of the Cooperative in the balance of its service area nor require approval of its securities issued to the United States of America or to any financing institution organized by rural electric cooperatives.

SECTION 10. DISPUTE RESOLUTION.

Any and all disputes, claims or controversies arising from or related in any way to the Cooperative's provision of electric energy or other services, or its furnishing of any goods or its conduct of its operations, that are not resolved by agreement of the parties shall, at the request of any party, be resolved by binding arbitration by an impartial arbitrator or panel of arbitrators, pursuant to written procedures to be established from time to time by the Board of Directors; provided, however, that matters within the jurisdiction of the small claims courts may be pursued in such courts. As with the other terms of the contract between the patrons and the Cooperative, each patron, member or non-member alike, and the Cooperative agree to arbitrate all such claims or controversies according to this bylaw and the rules, regulations and policies prescribed by the Board of Directors pursuant to this bylaw, and further agree to abide by and perform any resulting arbitration awards.

ARTICLE II

Meetings of Members

SECTION 1. ANNUAL MEETING.

The annual meeting of the members shall be held during the first four months of each year on such dates and at such time and place within or conveniently adjacent to the general service area of the Cooperative in one of the counties in which the Cooperative serves members in the State of Wisconsin, as shall be selected by the Board of Directors, which date, time and place shall be specified in the notice of the annual meeting. If the election of directors shall not be held at any such annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS.

Special meetings of the members may be called by the President or by a two-thirds (2/3) vote of the Board of Directors or upon a written request signed by at least twenty percent (20%) of the members and it shall thereupon be the duty of the President to call such a meeting. Special meeting of the members may be held at any place within or conveniently adjacent to the general service area of the Cooperative in one of the counties in which the Cooperative serves members in the state of Wisconsin, specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBERS' MEETINGS.

Written or printed notice 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 seven (7) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the member's address, as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership, notice given to either joint member shall be deemed notice to both joint members. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. QUORUM.

The number of members to constitute a quorum at a meeting of members shall be one hundred (100). In case of a joint membership, the presence at the meeting of either joint member or both shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting, provided a new notice is mailed to each member specifying the time and place of such adjourned meeting.

SECTION 5. VOTING.

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum

is present, all questions shall be decided by a vote of a majority of the members voting thereon at such meeting except as otherwise provided by law, the articles of incorporation of the Cooperative or these Bylaws. Two or more persons holding a joint or tenancy in common membership shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. Any member which is a cooperative, corporation, partnership, limited liability company, government body, church or voluntary association may, acting through its governing body, designate in writing its representative to act for it at membership meetings. Such written designation shall be filed with the Secretary before such representative votes at any such meeting, except that the chairman of any such cooperative, corporation, church, association, or body politic may cast its vote at such meeting if no such written designation for any other representative is so filed. Such representative or officer may also vote as an individual if he or she is a member.

Except as provided in Article III, Section 5, below, voting by absentee ballot shall be only on such matters and according to such procedures as the Board of Directors shall determine. Where mail ballots are permitted, the Board of Directors may similarly permit electronic voting, provided it has first adopted authentication procedures to govern such voting that in the Board's judgment will reasonably ensure that it is the member who is casting the vote.

SECTION 6. ORDER OF BUSINESS.

The order of business at the annual meeting of the members, and so far as appropriate, at all other meetings of the members shall be established by the Board of Directors and shall include but not be limited to the following:

1. Report on registration.
2. Taking necessary action on unapproved minutes of previous meetings of members provided that copies of those minutes have been provided to the members.
3. Presentation and consideration of, and if appropriate acting upon, reports of officers, directors and committees.
4. Election of directors.
5. Unfinished business.
6. New business.
7. Adjournment.

The order of business may be changed by a two-thirds (2/3) vote of the members in attendance and voting at any such meeting. Unless the members by a two-thirds (2/3) vote of those in attendance and voting determine otherwise, Roberts Rules of Order shall govern all other procedural questions not covered by the meeting rules adopted by the District Committee Conference as provided below.

ARTICLE III

Directors

SECTION 1. GENERAL POWERS.

The business and affairs of the Cooperative shall be managed by a Board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

Powers of the Board of Directors (without limitations because of designation) shall

include the determination and fixing of classifications of service, rates to be charged by the Cooperative for services furnished, the promulgation and enforcement of rules and regulations governing service to patrons, and the selection or nomination of directors, delegates or other representatives of the Cooperative at meetings of organizations of which the Cooperative may be a member, including the power to remove such director, delegate or representative.

SECTION 2. DIRECTOR DISTRICTS.

The territory served by the Cooperative shall be divided into a number of districts equal to the number of directors. Each district to the extent practicable shall contain approximately the same number of members as each other district. The lines of such districts shall initially be established and may from time to time be changed by the Board of Directors but shall be subject to prospective revision by the members at any membership meeting. Except as provided in Section 11 of this Article III, each district shall be represented by one director who must be a resident of such district. Directors shall be nominated and elected for the terms and in the manner provided in Sections 3, 4 and 5 following. Notwithstanding anything to the contrary herein, the number of districts covering, primarily, each of the counties of Buffalo, La Crosse and Trempealeau, respectively, shall at all times be equal.

SECTION 3. TENURE AND QUALIFICATION.

- (1) **Tenure:** Commencing with 2009, directors shall be elected for four-year terms, with one-third (1/3) of the directors representing three different director districts being so elected each year, provided, however, that no regular election shall be held in 2012 or in every fourth year thereafter. Each director so elected shall serve until the annual meeting when his or her term expires, or until his or her successor is elected and qualified, subject to the provisions of these Bylaws with respect to the removal of directors. A director who has served four consecutive, full terms shall be ineligible for re-election to succeed himself or herself. This provision shall not prevent or be affected by the appointment by the Board of Directors of any member to fill a vacancy on the Board until the next meeting of the members, nor shall it prevent the election of any member to complete the balance of any unexpired term on the Board of Directors.
- (2) **Qualifications:** No member shall be eligible to become or, except as provided in Section 11 of this Article III, to remain a director or hold any position of trust in the Cooperative who:
 - (a) is not a bona fide resident in the area served by the Cooperative and in the director district from which he or she is nominated and elected; or
 - (b) is employed by or in the reasonable judgment of the disinterested directors has more than a de minimis financial interest in (i) a competing enterprise, (ii) a business (other than another cooperative) that is engaged in selling electric energy, or (iii) a business which receives, or is likely to receive, substantial revenues from the sale of goods or services to the Cooperative; or
 - (c) has been employed by the Cooperative at anytime in the prior five (5) years; or has been convicted of a felony or of a misdemeanor involving alleged dishonesty unless the sentence for such conviction, including any period of probation or parole, was completed more than ten (10) years prior to nomination, election or

appointment to the position with the Cooperative; or has pursued any claim or litigation against the Cooperative or any of its employees or directors at anytime in the prior five (5) years, or who is delinquent on any obligation owed the Cooperative for more than 60 days.

When a membership is held jointly or by tenants in common, one of the joint tenants or one of the tenants in common, but not more than one, may be elected a director, provided, however, that such person shall not be eligible to become or remain a director or hold a position of trust in the Cooperative unless both joint tenants or all tenants in common shall meet the qualifications hereinabove set forth. When a membership is held by a partnership, one, but not more than one, of the partners designated in writing by the partnership may be elected a director; provided, however, that none of the partners shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (2)(a) – (e) above, and unless all partners shall meet the qualifications set forth in (2)(b) – (e), above. When a membership is held by a corporation or limited liability company, one, but not more than one, of the officers thereof designated in writing by the corporation or limited liability company may be elected a director, provided, however, that none of the officers shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (2)(a) – (e), above, and unless all of the officers shall meet the qualifications set forth in (2)(b) – (e), above.

Nothing in this section shall be construed to preclude any member from serving as a director or from holding any position of trust in the Cooperative because such member is also a member or a director of any other cooperative from which this Cooperative purchases or may purchase electric energy, supplies or services, or which is engaged in selling electrical or plumbing appliances, fixtures, or supplies to the members of this Cooperative, nor shall anything in this section be deemed or construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Should a question arise as to whether any director is eligible to remain a director under any of the above qualifications, the remaining directors, upon notice to such director, shall proceed to hold a hearing on such matter and shall find and determine whether or not such director is ineligible to remain a director under the qualifications for eligibility provided in these Bylaws. If the remaining directors find and determine by a majority vote that said director is not eligible under such qualifications to remain a director, the office of such director shall forthwith become vacant and the remaining directors shall appoint a successor to serve until the next membership meeting.

SECTION 4. NOMINATIONS: DISTRICT COMMITTEE CONFERENCE.

- (1) Election of District Committee Persons. For the purpose of electing District Committee persons, the Board of Directors shall divide the territory served by the Cooperative into a number of districts. At least 60 days before the Annual Meeting of Members, there shall be mailed to each member in the districts for which the director's term expired at the prior Annual Meeting a list of the names of all members residing in that district with a request to the member to vote for such number of members from such list as is specified on such list as district committeepersons by checking the specified number of names on the list and returning the list to the Cooperative's office within the period of time specified on such list. The members in each district receiving the highest number of votes shall be the district committeepersons for that district, to serve for a four-year term, provided they continue to reside in their districts and are not absent from two

consecutive District Committee Conferences. In the event of death, incapacity or successive absences of a district committeeperson, the Board of Directors shall appoint a successor for the remainder of the term. Written notice of the time and place of the District Committeeperson's Conference shall be mailed to each committeeperson at least 10 days before the conference. In specifying the number of persons to be elected as committee persons from a district, the Board shall, to the extent practicable, reflect the principle of equal representation.

- (2) Member Resolutions. Any member wishing to present a resolution to the Annual Meeting shall submit the proposed resolution to the Cooperative at least 10 days prior to the District Committee Conference to permit the District Committee Conference to consider the resolution, determine whether additional information should be presented to the membership to ensure a full airing of the issue and an informed decision, and make a recommendation to the membership concerning disposition of the resolution. The members shall be notified of the deadline for submitting member resolutions through the Wisconsin Energy Cooperative News, another newsletter of the Cooperative or other means similarly effective in notifying the membership.
- (3) District Committee Conference. A conference of the District Committeepersons shall be held, at the call of the President, at least 25 days before the Annual Meeting of Members for the purpose of nominating candidates for directors, establishing rules to govern the conduct of that year's Annual Meeting, reviewing the business operations of the Cooperative and the policies of the Board of Directors, and considering and making recommendations to the Annual Meeting regarding the Bylaws, Articles of Incorporation, policies of the Board, member resolutions or other matters for the good and welfare of the Cooperative.

District Committeepersons present at said District Committee Conference from within any director district from which a director is to be elected in connection with the ensuing Annual Meeting shall meet separately and shall use their best effort to nominate two or more qualified candidates for director to represent such director district on the Board of Directors. Additional nominations for director may be made by petition signed by not less than 10 members from within such director district and filed at the office of the Cooperative within 7 days after the District Committee Conference but in no event less than 20 days before the Annual Meeting.

SECTION 5. ELECTION.

Directors shall be elected at the Annual Meeting, but voting for any position of director shall be confined to members from the district for and from which the director is to be elected who are either in attendance at such meeting or who return absentee ballots as provided in this section. Absentee ballots shall be mailed or otherwise provided to all members of districts from which directors are to be elected. If the Cooperative has proof to its satisfaction that the ballots were mailed to all members of those districts, duplicate absentee ballots may not be issued. The failure of any member to receive a ballot shall not affect the validity of the results of the election. The notice of the meeting shall list the nominees made for director from each district, separately designating those nominated by District Committee Conference and those nominated by petition. The notice shall also advise that any member who cannot be in attendance in person at the Annual Meeting may return an absentee ballot which, if properly signed according to procedures established by the Board of Directors and received at the office of the Cooperative at least one day before the day of the Annual Meeting shall be counted with ballots cast by members in attendance

at the meeting. The candidate receiving the highest number of votes from members within a director district shall be declared elected. In the event of a tie, the tie shall be resolved and the result determined by drawing of lots by a member in attendance at the meeting who shall be selected either by legal counsel or by the member reporting the election results. Nothing in this Article shall be deemed or construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 6. VACANCIES.

Subject to the provisions of these Bylaws with respect to the removal of directors, a vacancy in the office of director shall be filled by a majority vote of the remaining directors and a director thus elected shall serve until the next Annual Meeting of the members or until his successor shall have been elected and shall have qualified.

SECTION 7. COMPENSATION.

Directors as such shall not receive any salary for their services but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors or committee or affiliated organization of the Cooperative or for relevant training. Except in emergencies 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 such compensation shall be specifically authorized by a vote of the members.

The term "close relative", as used herein, applies to the following: son, daughter, mother, father, sister, brother, spouse and stepfather, stepmother, stepson, stepdaughter, half-sister, and half-brother.

SECTION 8. POLICIES, RULES AND REGULATIONS

The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 9. ACCOUNTING SYSTEM AND REPORTS.

The Board of Directors shall cause to be established and maintained a complete accounting system in accordance with generally accepted accounting principles, as shall be appropriate for the Cooperative and the nature of its business activities, and as shall at all times accurately reflect the financial status of the Cooperative. 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 reports shall be submitted to the members at the next succeeding Annual Meeting.

SECTION 10. REMOVAL OF DIRECTORS AND OFFICERS.

Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten percent (10%) of the members requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director or officer against

whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him or her shall have the same opportunity. A director who is ineligible to serve as such under Article III, Section 3, may also be removed as therein provided.

SECTION 11. QUALIFICATIONS UPON REDISTRICTING.

No director who, at the time of election, was qualified to become and remain a director shall be or become ineligible to remain a director for the remaining portion of his/her unexpired term solely by reason of a revision of the lines of director districts by the Board of Directors under and pursuant to Section 2 of this Article III.

ARTICLE IV

Meetings of Directors

SECTION 1. REGULAR MEETINGS.

The regular Annual Meeting of the Board of Directors for the election of officers shall be held immediately after and at the same place as the Annual Meeting of members or at the time and place of the next regularly scheduled monthly Board meeting. Regular meetings of the Board of Directors shall be held monthly at such time and place as the Board of Directors may provide by resolution. Regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS.

Special meetings of the Board of Directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. NOTICE.

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least three (3) days previous thereto, by written notice, delivered personally or mailed, or electronically if receipt is acknowledged, 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 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. QUORUM.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors' present may adjourn the meeting from time to time, provided, further, that a reasonable attempt shall be made to notify the absent directors of the time and place of such adjourned meeting.

SECTION 5. MANNER OF ACTING.

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.

ARTICLE V

Officers

SECTION 1. TITLES AND RESPONSIBILITIES.

The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer. The offices of Secretary and of Treasurer may be held by the same person. The Board of Directors may create such assistant or additional offices as it deems useful for conducting its business. Each officer shall have such authority and responsibilities as shall be assigned by law or by the Board of Directors. Absent any such specific delegation: the President shall preside at all meetings of the members and the Board and shall sign all contracts and instruments authorized to be executed on behalf of the Cooperative unless signature authority in any instance shall be delegated to another person; the Vice President shall perform the duties of the President in the event of the President's inability or refusal to act; and the Secretary shall see that notices of meetings of the members and the Board are given and minutes are kept of those meetings.

SECTION 2. ELECTION AND TERM OF OFFICE.

The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each Annual Meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual Meeting of the members or until his or her successor shall have been duly elected and shall have qualified, subject to the provision of these Bylaws with respect to the removal of officers.

SECTION 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 judgment the best interests of the Cooperative will be served thereby.

SECTION 4. VACANCIES.

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

SECTION 5. MANAGER.

The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the Board of Directors may from time to time require of him and shall have such title and authority as the Board of Directors may from time to time vest in him.

SECTION 6. BONDS OF OFFICERS.

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

SECTION 7. COMPENSATION.

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, and the powers, duties and compensation of any other officer, agents and employees shall be fixed by the Board of Directors.

SECTION 8. REPORTS.

The officers of the Cooperative shall submit at each annual meeting of the members' reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI

Contracts, Checks and Deposits

SECTION 1. CONTRACTS.

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

SECTION 2. CHECKS, DRAFTS, ETC.

All checks, drafts or other orders for the payment of money, and all notes, bonds, or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, or employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. DEPOSITS AND INVESTMENTS.

All funds except petty cash of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select. Nothing herein shall be deemed to prohibit the board from extending loans to members for proper purposes in the interest of the Cooperative.

ARTICLE VII

Non-Profit Operation

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED.

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

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY.

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts 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, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

SECTION 3. PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICE.

In the event that the Cooperative should engage to a substantial extent in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods and services shall, insofar as permitted by law, be pro-rated annually on a patronage basis and returned or allocated to those patrons, members or non-members alike, from whom such amounts were obtained.

SECTION 4. UNALLOCATED RESERVES.

Notwithstanding anything to the contrary in this article, the board of directors, in its discretion, may in any year credit to unallocated surplus or reserves of the Cooperative a

portion of the net proceeds not exceeding the amount of margins from any subsidiaries of the Cooperative and other non-operating margins, but not including patronage capital from the Cooperative's wholesale power supplier or cooperative lenders.

SECTION 5. CLASSIFICATION OF BUSINESS.

With respect to the furnishing of electric energy, and the allocation of capital credits in connection therewith, the Board of Directors may classify the business done by the Cooperative with all of its patrons into classes of business and patronage. Such classifications shall be based on factors relating to the cost of rendering service and the rate lawfully chargeable in connection therewith in accordance with reasonable accounting, engineering and utility standards and practice. The Board of Directors may apply to such classes of business formulas designed to equitably determine for each class so established any amounts paid by patrons within such class in excess of the costs of service for such class. In developing such formulas and in determining the respective amounts of capital so furnished by all patrons within such classes, the Board shall give regard to the level of capital contributed by each such class of business during the current or any prior fiscal year so as to equitably adjust the aggregate capital accounts between and among classes of business.

If the receipts from every class of business in any year exceed the costs and expenses allocable and chargeable thereto, then the excess of receipts over expenses for each class of business shall be allocable to each such class as capital credits and to patrons within each such class on a dollar patronage basis. If, however, the costs and expenses chargeable or allocable against any one or more classes of business exceed the receipts from all patrons within such class or classes of business, then such deficit shall be charged against the patronage margins otherwise assignable to any remaining class or classes of business, on a dollar volume patronage business, so that in no year shall there be credited to patrons as patronage capital an amount greater than the excess of receipts from all patrons over the costs and expenses of doing business with all patrons. All patronage margins contributed by patrons within a given class of business shall be assigned to such patrons on a dollar volume basis of patronage, but no patronage capital shall be deemed to have been contributed by, or shall be allocated to, any patron within any class of business, if the receipts from all patrons within such class do not exceed the costs and expenses chargeable or allocable to such class. In the event patronage from any patron falls into two or more classes of business, capital credits assigned to such patron shall be the net amount of the capital credits determined after debiting and crediting such patron's account with all patronage debits and credits from all such classes of business.

SECTION 6. RETIREMENT OF PATRONAGE CAPITAL ON DISSOLUTION OR LIQUIDATION OR PRIOR THERETO ON REVOLVING BASIS.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a 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 shall not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine under rules of general application the method, basis, priority and order of retirement for all amounts heretofore and hereafter furnished as capital.

SECTION 7. ASSIGNMENT OF PATRONAGE CAPITAL.

Except as provided in Sections 10 and 11 hereof, capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

SECTION 8. PRIOR RETIREMENT TO ESTATES OF DECEASED PATRONS.

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital 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 Board is authorized, but not required, to provide for prior retirements to surviving joint tenancy patrons and to heirs of deceased patrons on the same basis as retirements hereunder may be made to estates of deceased patrons.

SECTION 9. SECURITY INTEREST IN PATRONAGE CAPITAL.

The Cooperative shall have a continuing security interest in the patronage capital allocated and credited to any patron for any indebtedness due and owing from such patron to the Cooperative. The patron shall execute such documents as the Cooperative may request to create and perfect this security interest. The rights of the Cooperative under the security interest hereby granted may be exercised in the event of the default in payment by the patron of the patron's obligations, or in the event of the bankruptcy of the patron, and such indebtedness of the patron shall be subtracted from the capital allocated and credited to the patron in any retirement thereof made hereunder to said patron or to his estate, heir, or surviving joint member.

SECTION 10. ASSIGNMENT FOR EDUCATIONAL OR CHARITABLE PURPOSES.

Any patron may assign all or any portion of the patronage capital now or hereafter expected to be credited to his or her account pursuant to this Article VII to the Cooperative, in trust, however, to be used only for Federated Youth Foundation, Inc., a charitable tax exempt trust, or to such other tax exempt charitable organization approved by the Board of Directors as may be designated by the assignor or, in the absence of such designation by the assignor, as designated by the Board, effective as of the date of assignment, subject to the Cooperative's prior lien for unpaid charges under Section 9 of this Article.

SECTION 11. FORFEITURE OF UNCLAIMED FUNDS.

- (a) The Cooperative shall effect the forfeiture of all unclaimed funds, including all forms of distributions or capital credits, membership fees, deposits, and dividends, and shall do the following in connection therewith:
 - (1) No earlier than three years and no later than five years after the funds are first made available to the owners, the Board of Directors shall declare the funds

forfeited to the Cooperative unless claimed by a specified date.

- (2) After the declaration of forfeiture, the Cooperative shall give notice that states that the funds shall be forfeited if not claimed by the specified date, which date shall be a business day at least 60 days after the mailing of the notice.
 - (3) The notice under paragraph (2) shall be mailed to the last known address of each owner and shall be published on or before the date of mailing in a newspaper published in the municipality containing the service area of the Cooperative.
 - (4) The Cooperative shall dedicate any funds remaining unclaimed after the date specified in paragraph (2) to educational purposes, limited to providing scholarships or loans to students, or to charitable purposes, as the Board of Directors determines, within one year after the date the funds are declared forfeited under paragraph (1). Educational purposes shall not include political purposes as defined in section 11.01(16), Wisconsin Statutes.
- (b) At any time subsequent to a forfeiture under this Bylaw, the owner of forfeited funds may submit a claim to the Board of Directors and if the Board determines that the person owned the funds at the time of the forfeiture, it shall refund the funds to the person.
 - (c) The Board of Directors may establish a reasonable reserve for payment of claims, which reserve shall be credited to patrons in accordance with the ratio which their patronage bears to total patronage. This reserve shall be reimbursed for claims charged thereto, out of funds subsequently declared forfeited.

SECTION 12. SUBSCRIPTIONS TO WISCONSIN ENERGY COOPERATIVE NEWS.

The Cooperative, through action of its Board of Directors, is authorized in the name and behalf of each member of the Cooperative, to subscribe for the Wisconsin Energy Cooperative News (or any successor publication). The expense of such subscription for all members shall be charged to the aggregate of capital deposited by members under Section 2 of this Article for electric service in the same manner as are charged other appropriate expenses of the Cooperative.

SECTION 13. CONTRACTUAL OBLIGATIONS.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation, Bylaws and policies, rules and regulations adopted pursuant thereto 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 section 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 and on its website. Copies of the Articles, Bylaws, and policies, rules or regulations relating to the terms of service to members shall be available to members upon request.

ARTICLE VIII

Waiver of Notice

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws. In case of a joint membership, a waiver of notice signed by either husband or wife shall be deemed a waiver of notice of such meeting by both joint members.

ARTICLE IX

Disposition of Property, Merger and Offer to Sell

SECTION 1. DISPOSITION OF PROPERTY.

The Cooperative may not sell, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, lease or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless notice of such proposed sale, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to borrow money and to authorize mortgages upon, or the pledging or encumbering of, any or all of the property of the Cooperative, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative; provided, further, that the Board of Directors may, in accordance with the provisions set forth in Sections 2 and 3 below, and upon the authorization of a two-thirds (2/3) majority vote of those members of the Cooperative voting thereon, sell, lease, or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with, another cooperative or foreign corporation doing business in this state pursuant to the act under which this Cooperative is incorporated. The required majorities set forth in this article may not be amended by vote of less than that majority proposed to be amended.

SECTION 2. MERGER.

This Cooperative may merge or consolidate with one or more other electric cooperatives upon compliance with the provisions of law relating thereto. If the other cooperative or cooperatives with which this Cooperative proposes to merge or consolidate is or are electric cooperatives organized and existing under Wisconsin Statutes, and have been engaged in producing or furnishing electric power to its or their members at cost and without profit for at least two years prior to such merger or consolidation, an affirmative vote of a two-thirds (2/3) majority of members voting thereon shall constitute approval of the plan of merger or consolidation. Likewise, if this Cooperative proposes to merge or consolidate with an electric cooperative which is an entity resulting from merger or consolidation of other electric cooperatives meeting the qualifications set forth above, an affirmative vote of a two-thirds (2/3) majority of members voting thereon shall constitute approval of the plan of merger or consolidation. If the proposed merger or consolidation is with one or more organizations not meeting the foregoing qualifications, approval of the plan of merger or consolidation shall require the affirmative vote of not less than two-thirds (2/3) of all members of the Cooperative.

SECTION 3. PROCEDURE FOR THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE COOPERATIVE PROPERTY.

If at any time the Cooperative shall receive an offer to buy all or substantially all of its assets, the Board of Directors is authorized, in its sole discretion, to determine whether or not such offer shall be submitted to the Cooperative membership for vote. The Board of Directors shall base its decision on what it considers to be in the best interest of the Cooperative and its members. In evaluating the offer, the Board of Directors may consider any criteria it deems relevant, including those set forth in a Board Policy. Among other criteria, it shall consider what it believes would be the effect of a sale on the dependability and adequacy of service necessary to meet the present and future needs of its members, and the rates to be charged therefor. If the Board approves such proposal, it shall adopt a resolution directing the submission thereof to a vote at a meeting of members entitled to vote which may be either an annual or a special meeting.

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 last day of December of 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, Wisconsin".

ARTICLE XII

Membership in Other Organizations

The Cooperative shall not become a member of any other organization without approval by the Board of Directors or the members.

ARTICLE XIII

Amendments

These Bylaws may be altered, amended or repealed by a majority of the members of the Cooperative voting at any annual or special meeting; provided, however, that these Bylaws shall not be altered, amended or repealed at any meeting of the members unless notice of the purpose of such alterations, amendments, or repeal shall have been contained in the notice of such meeting. Any amendment offered from the floor at any such meeting which is germane to any amendment or resolution specified or referred to in the notice of the meeting may be acted upon with the same force and effect as though set forth in the notice of the meeting, and, in the event such germane amendment is adopted, it shall have the same effect as though adopted by all members voting in person and by mail and mail ballots received shall, to the extent allowed by law, be counted as though they were ballots on the original motion or resolution as amended.

ARTICLE XIV

Indemnification of Officers, Directors and Employees

To the extent allowed by law, the Cooperative shall indemnify an individual against liability and expenses incurred in any proceeding in which the individual was joined because of his or her service at anytime as an officer or director of the Cooperative or any predecessor hereto, and shall indemnify employees to the same extent permitted for officers and directors. Entitlement to indemnification shall be determined by majority vote of the disinterested directors. If a quorum cannot be obtained, then the determination shall be made by majority vote of a committee duly appointed by the Board and consisting of two or more disinterested directors, or by independent legal counsel selected by the Board. The Board may refer the matter to the members for their determination by majority vote at a meeting of the disinterested members duly called and held.