

**RESTATED ARTICLES OF INCORPORATION OF
PIERCE PEPIN COOPERATIVE SERVICES -- NONSTOCK**

Executed by the undersigned for the purpose of forming a cooperative association under Chapter 185 of the Wisconsin Statutes.

RESTATED ARTICLES OF INCORPORATION

**Article I
NAME AND LOCATION**

1. The name of this cooperative shall be Pierce Pepin Cooperative Services (hereinafter called the cooperative) and its principal office shall be in the Township of Trimbelle, County of Pierce, Wisconsin, post office address: W7725 U.S. Hwy. 10, P.O. Box 420, Ellsworth, Wisconsin 54011.

**Article II
PURPOSES**

The purposes for which this cooperative is formed are:

1. To generate, manufacture, purchase, acquire, and accumulate electric energy and energy services for its members and to transmit, distribute, furnish, sell and dispose of such electric energy and energy services to its members only; and in order to carry out and accomplish any of such purposes, to construct, erect, purchase, lease and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease, exchange and mortgage plants, buildings, work, machinery, equipment, apparatus and supplies, and electrical transmission and distribution lines or systems.
2. To provide gas, telecommunications, and satellite and cable television services for its members.
3. To acquire, own, hold, use, exercise and, to the extent permitted by law, to mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, license and easements necessary, useful or convenient for carrying out and accomplishing of any of the purposes of the cooperative.
4. To purchase, lease, and in any manner acquire, own, hold, maintain, sell, lease, exchange, mortgage, pledge and in any manner dispose of any and all real and personal property.
5. To borrow money, to make and issue notes, bills of exchange, bonds, debentures, and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the cooperative; to secure the payment of such

bonds, debentures, notes or other evidences of indebtedness by mortgage or mortgages upon, or deed or deeds of trust upon, or by the pledge of or other security interest upon, any or all of the property, rights, privileges or franchises of the cooperative wheresoever situated, whether acquired or to be acquired.

6. To receive contributions from its members and other sources and make donations for charitable purposes, whether to members or nonmembers, directly or indirectly, in order to improve the quality of life in the region in which the cooperative operates.

7. To do all such acts and things as may be useful, necessary or convenient for the accomplishment of the purposes in this article expressed or any of them; provided, however, that all of the operations of the cooperative shall be on a cooperative basis, not for profit, and for the use and benefit of its members as such.

The enumeration of the foregoing purposes shall not be held to limit or restrict in any manner the general powers of the cooperative, and the cooperative shall be authorized to exercise and enjoy all the powers, rights and privileges granted to or conferred upon a cooperative of the character of the cooperative by the laws of the State of Wisconsin now or hereafter in force; provided, however, that it shall not be a purpose of the cooperative to produce, transmit, deliver or furnish heat, light, water or power to or for nonmembers except to the limited extent provided in the bylaws for former consumers of any public utility the cooperative may acquire.

Article III DURATION

The duration of the cooperative shall be perpetual.

Article IV NON-STOCK AND VOTING RIGHTS

The cooperative is organized without capital stock, and the voting rights of all members of the cooperative shall be equal within the cooperative.

Article V MEMBERSHIP

1. Any person, firm, association, corporation, partnership, limited liability entity, two persons as joint tenants with right of survivorship, ~~tenants in common~~, or body politic may become a member of the cooperative by: (a) submitting an application for membership in such form as the board or its designee may approve; (b) agreeing to purchase from the cooperative, while a member, the amount

of electrical energy and energy services hereinafter specified in Section 2 of this article or, if not connected to the cooperative's electric distribution system, the gas, telecommunications, or television services specified in Section 3 of this article; (c) agreeing to comply with and be bound by the articles of incorporation, the bylaws and such policies, rules and regulations as may from time to time be adopted by the board of directors of the cooperative; and (d) being accepted into membership by the board of directors of the cooperative or its designee.

2. Each member who is or desires to be connected to the cooperative's electric distribution system shall, as soon as electrical energy and energy services shall be available, purchase from the cooperative all electric energy and energy services purchased for use on the premises specified in the application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the board of directors; provided, however, that the board of directors may limit the amount of electric energy and energy services which the cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy and energy services in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in the bylaws. Each member shall pay to the cooperative such minimum amount per month, regardless of the amount of electric energy and energy services consumed, as shall be fixed by the board of directors 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.

3. An individual or entity not connected to the cooperative's electric distribution system may become a member for the purpose of purchasing gas, telecommunications, or satellite or cable television services from the cooperative. Amounts paid by members in excess of the cost of their gas, telecommunications, or satellite or cable television services, as with electric service, are furnished by the members as capital, and each member shall be credited with the capital so furnished as provided in the bylaws. Members may purchase service from more than one service division of the cooperative, but in no event shall any member be entitled to more than one vote.

4. Members of the cooperative may voluntarily withdraw from membership upon payment in full of all debts and obligations of such member to the cooperative, and upon compliance with and performance of all contracts of such member with the cooperative.

5. The board of directors may, by the affirmative vote of not less than two-thirds of all the members of the board of directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or policies, rules or regulations adopted by the board of directors. A resolution stating the charges against the offending member shall be mailed by registered mail. A hearing shall be held, and when possible no sooner than ten days nor more than fifteen days after mailing date, before the board of directors. Any expelled member may be reinstated by majority vote of the board of directors or by majority vote of the members at any annual or special meeting.

Article VI

DIRECTORS

1. The business and affairs of the cooperative shall be managed under the direction of a board of nine (9) directors from nine (9) districts who must be members of the cooperative. Directors shall be elected at such times and for such terms as shall be provided for in the bylaws of the cooperative at each annual meeting.
2. The board of directors shall have the power, among other powers, to make and adopt such policies, rules and regulations not inconsistent with the laws of the United States, State of Wisconsin, or the articles of incorporation, or the bylaws of the cooperative for the management, administration and regulation of the business and affairs of the cooperative as the board of directors may deem advisable.

Article VII OFFICERS

The principal officers of the cooperative shall be a chairman, one or more vice chairmen, a secretary, and a treasurer, or such other titles as the bylaws may prescribe for those positions. The bylaws shall further prescribe the authority and duties of the respective officers and the manner of their election. The bylaws may also provide for such combination of offices or such assistant officers as is allowed by law.

Article VIII DISPOSITION OF PROPERTY

Section 1. Disposition of Property

The cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or substantially all of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at two (2) successive meetings of the membership held at least eleven (11) months apart by the affirmative vote of not less than three-fourths (3/4) of all of the members of the cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of such meeting; provided, however, that notwithstanding anything herein contained, the board of directors of the cooperative, without authorization by the members thereof, shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof, or from National Rural Utilities Cooperative Finance Corporation (hereinafter referred to as "C.F.C.") or other financing institution or bank, and in connection with such borrowing to authorize the execution and delivery of mortgages upon or the pledging or encumbering of any or all of the property of the cooperative, whether acquired or to be acquired, all upon such terms and conditions as the board of directors shall determine, to secure any indebtedness of the cooperative to the United States of America or any instrumentality or agency thereof or to C.F.C. or other financing institution or bank; provided further

that the board of directors may upon the authorization of a majority of those members of the cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or substantially all of its property to, including by merger or consolidation with, another cooperative doing business in this state pursuant to the act under which this cooperative is incorporated.

Section 2. Liquidation or Dissolution

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, and any remaining property and assets 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 above, subject to and in accordance with such classifications of business formulas as may have been employed in allocating patronage capital to such members.

Article IX NAMES OF INCORPORATORS

The names and residences of the incorporators of the cooperative, all of whom are adults, are as follows:

Sidney Peterson, R.R. 1, Hager City, Wisconsin
Walter M. Leonard, Ellsworth, Wisconsin
George Andrews, Bay City, Wisconsin
Xavier Dettling, Maiden Rock, Wisconsin
Almon W. Vandeberg, R.R. 2, Prescott, Wisconsin
Nicolai Johnson, R.R. 1, Box 77, River Falls, Wisconsin
Paul Johnson, R.R. 1, Ellsworth, Wisconsin
William A. Butel, R.R. 1, Beldenville, Wisconsin

Article X AMENDMENTS

The cooperative reserves the right to annul, alter, change or repeal any provision contained in these articles of incorporation in the manner now or hereinafter prescribed by law. Notwithstanding the foregoing, the required majorities set forth in Section 1 of Article VIII, "Disposition of Property", may not be amended by vote of less than that majority proposed to be amended.

**RESTATED BYLAWS OF
PIERCE PEPIN COOPERATIVE SERVICES
(hereafter called the "Cooperative")**

The aim of the cooperative is 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, and similarly to make other types of energy, energy services, and other utility-type services available within its service area;
- B. To render such service without discrimination on a cooperative basis at the lowest cost consistent with sound economy and good management; and
- C. 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
MEMBERS**

Section 1. Qualifications and Obligations.

Subsection 1. Any person, firm, association, corporation, partnership, limited liability entity, two persons as joint tenants with right of survivorship, ~~tenants in common~~, or body politic may become a member of the cooperative by:

- a. Submitting an application for membership in such form as the board or its designee may approve.
- b. Agreeing to purchase from the cooperative electric energy and energy services as hereinafter specified, or, if not connected to the cooperative's electric distribution system, service from the cooperative's gas, telecommunications, or television divisions as provided herein. Members may purchase service from more than one service division of the cooperative, but in no event shall any member be entitled to more than one vote.
- c. Agreeing to comply with and be bound by the articles of incorporation of the cooperative and these bylaws and any amendments thereto and such policies, rules and regulations as may from time to time be adopted by the board of directors; provided, however, that no person, firm, association, corporation, partnership, limited liability entity, joint membership, ~~tenants in common~~, or body politic shall become a member unless and until (s)he or it has been accepted for membership by the board of directors. No person, firm, association, corporation, partnership, joint membership,

~~tenants in common~~, or body politic may own more than one (1) membership in the cooperative. Each membership shall be entitled to only one (1) vote.

- d. ~~Two or more persons may hold a membership as tenants in common or as joint tenants with right of survivorship in accordance with the terms of their application, these bylaws, and any rules of the board of directors applicable thereto. The provisions of subsection 2(c) of this article shall apply to a membership held by tenants in common, and to a joint membership where the holders thereof are not husband and wife.~~

~~Subsection 2. Husband and Wife Joint Membership. Two natural persons may hold a joint membership as joint tenants with right of survivorship in accordance with the terms of their application, these bylaws, and any rules of the board of directors applicable thereto. No other form of joint membership is authorized.~~

- a. Any application for membership in the cooperative received from any person who is married shall be deemed and become an application for membership by ~~husband and wife~~both spouses as joint tenant members with right of survivorship unless the person making such application otherwise designates in writing.
- b. The membership of any person who marries while he or she is a member of the cooperative shall, without further action by the member, be deemed to become a membership in both spouses as joint tenant members with right of survivorship unless the spouse holding the individual membership designates otherwise in writing to the cooperative prior to the date of marriage.
- c. The term "member" as used in these bylaws shall be deemed to include a ~~husband and wife holding a~~ joint membership and such membership shall be subject to any provisions relating to the rights and liabilities of 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 a 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;

~~76. Either but not [A1] both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.~~

- d. Any application for joint membership in the cooperative received after [DATE OF 2019 ANNUAL MEETING] shall be deemed and become an application for membership as joint tenant members with right of survivorship. With respect to joint memberships issued on or prior to [DATE OF 2019 ANNUAL MEETING] that were not joint tenant memberships with right of survivorship[A2], such joint memberships shall be deemed to have become, and did so become as of [DATE OF 2019 ANNUAL MEETING], joint tenant memberships with right of survivorship without further action by such joint members, unless within 30 days after [DATE OF 2019 ANNUAL MEETING], the joint members have otherwise designated in writing.

~~_____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 [A3] of either spouse, or other person, who is at 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.~~

Subsection 3. Conversion of Membership. By written request, a membership in the name of one person or a joint membership may be converted to a membership as tenants in common or as joint tenants with right of survivorship of the other type. Except as provided in Article I, Section 8, such written request shall be signed and shall contain the agreement of all persons having an interest in the membership involved, upon the written request by the holder and the agreement by the holder and the persons becoming tenants in common or joint tenants, to comply with the articles of incorporation, bylaws and policies, and rules and regulations adopted by the board.

Section 2. Membership and Service Principles.

Subsection 1. Nondiscrimination. In passing upon applications for membership made pursuant to the provisions of Section 1 of this article, the board of directors shall be guided by and shall accept

members upon the basis of the following principles of this cooperative:

- a. The extension of the privilege of membership on an area coverage basis; and
- b. The acceptance of applicants on the basis of open membership without discrimination within the area or territory within which the cooperative has undertaken to render service to its members.

Subsection 2. Extension of Service Rules. The board of directors shall from time to time adopt rules of general application for the extension of service to unserved members. In adopting such rules, the board of directors shall give consideration to such factors as the type or classification of service desired, the distance or investment required to extend such service and such other relevant cost factors of general application as may affect the rendition of such service. Such rules may provide that such extension shall be made only upon condition that the member or members served from such extension agree to or guarantee a monthly minimum bill proportionately greater than the minimum bill otherwise applicable, or, that in lieu thereof, such member or members pay for the cost of making such extension. If additional members are subsequently served with the facilities financed by such increased extension investment, such increased monthly minimum payments, or other member payments, by all members served by such facilities may at the discretion of the board of directors, be reduced or refunded proportionately. The obligation of the cooperative to render service to any member shall be conditioned upon the provisions of this section and the standard rules of extension adopted by the directors and in force at the time of the acceptance of such member. The rules may include consent by the member to convey easement rights enabling the cooperative to serve its members.

Subsection 3. Service Area Maps. The cooperative shall from time to time prepare and maintain on file area coverage service maps designating the cooperative service area within which it holds itself out to extend and render service under Section 1 of this article.

Subsection 4. Construction. The term "area or territory within which the cooperative has undertaken to render service to its members" as used in this section shall mean the area adjacent to the existing facilities of the cooperative, or to the facilities to be constructed in the immediate future pursuant to contract or loan commitment therefor and within which feasible extension to such existing or planned facilities may be constructed without impairing service to existing members or materially increasing the cost of service to members. No provision of this Section 2 shall be deemed to require the board of directors to accept into membership or to take any other action for the purpose of furnishing service to any person at any location already served with central station electric service by some other provider; nor shall the cooperative be required to extend service to any member unless the cooperative has available loan funds or working capital to finance the construction of such extension of its facilities upon reasonable terms.

Subsection 5. Retention of Cooperative Status. Nothing contained in Section 2(1) to 2(4) inclusive shall be construed to require the cooperative to render service at any time to any entity who has not applied for membership in and who has not been accepted as a member of the cooperative. 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 decline to become a member of the cooperative then the cooperative may continue to render service to such consumer as a patron of the cooperative and, except for the privilege of voting and other governance rights, such person shall be treated in all respects as a member.

Section 3. Purchase of Electric Energy.

Each member who is or desires to be connected to the cooperative's electric distribution system shall, as soon as electric energy and energy services are available, purchase from the cooperative all electric energy and energy services purchased for use on the premises specified in the application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the board of directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the cooperative.

Section 4. Service at Cost.

It is expressly understood that amounts paid to the cooperative for service in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these bylaws. Separate allocations of gains and losses shall be made for each service division as provided in Article VII, below. Each member shall pay to the cooperative such minimum amount per month regardless of the amount of services consumed, as shall be fixed by the board of directors from time to time. Each member shall also pay all amounts owed to the cooperative as and when the same shall become due and payable.

Section 5. Nonliability 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 6. Expulsion of Members.

Subject to any regulations imposed by lawful authority, the board of directors may, by the affirmative vote of not less than two-thirds of all the members of the board of directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or policies, rules or regulations adopted by the board of directors. A resolution stating the charges against the offending member shall be mailed by registered mail. A hearing shall be held, and when possible no sooner

than ten (10) days nor more than thirty-one (31) days after mailing date, before the board of directors. Any expelled member may be reinstated by vote of the board of directors or by vote of the members at any annual or special meeting.

Section 7. Withdrawal of Member.

Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

Section 8. Transfer and Termination of Membership.

Subsection 1. Membership in the cooperative shall not be transferable. Except as hereinafter provided, upon the death, cessation of existence, expulsion, withdrawal or disconnection of service of a member without intention of reconnection within one year, the membership of such member shall be classified nonvoting and inactive. The board of directors may similarly terminate the membership of any member that fails to purchase service from the cooperative during any 12-month period. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the cooperative.

Subsection 2. ~~When a membership is held jointly, upon~~ Upon the death of either ~~party person who is a party to a joint membership,~~ such membership shall be ~~deemed to be~~ held solely by the survivor with the same effect as though such membership had been originally issued solely to such ~~party person~~ and, upon the recording of such death on the books of the cooperative, the membership ~~may~~ shall be ~~reordered~~ changed to show membership solely in the name of ~~such the~~ survivor; provided, however, that the estate of the deceased shall not be released from any debts or liabilities to the cooperative.

Subsection 3. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held jointly until the joint members apply for conversion of the membership pursuant to Article I, Section 1(3) or until either of the following occurs: 1) a person who is a party to the joint membership may convert the membership to an individual membership in his or her name without the signature of the other person who is a party to the joint membership if he or she certifies that the other person no longer occupies or uses the premises served under such membership, or 2) a person who is party to the joint membership may withdraw from the joint membership if he or she certifies that he or she no longer occupies or uses the premises served under such membership; ~~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 this provision shall not affect the ownership of funds held by the cooperative in the names of the joint ~~owners~~ membership, and further provided, that neither ~~joint owner~~ person shall be released from debts due the cooperative arising from the joint ~~ownership~~ membership. The cooperative may accept any such certification at face value and shall not be liable or responsible for any dispute relating to a conversion of a membership hereunder.

Section 9. 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 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 MEETING OF MEMBERS

Section 1. Annual Meeting

The annual meeting of the members shall be held within one hundred twenty (120) days after the close of the fiscal year, at such time and place in or conveniently adjacent to the service area of the cooperative as shall be determined by the board of directors, which time and place shall be clearly designated in the notice to be mailed to each member. 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 may be convenient. Failure to hold the annual meeting at the designated time shall not cause a forfeiture or dissolution of the cooperative.

Section 2. Special Meetings.

Special meetings of the members may be called by the chairman or by a two-thirds (2/3) vote of the board of directors or upon a written request signed by at least twenty per centum (20%) of the members and it shall thereupon be the duty of the chairman to call such meeting. Special meetings of the members may be held at any place within or conveniently adjacent to the service area of the cooperative specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings.

Written notice stating the place, day and hour of the meeting, and in the case of any annual meeting or a special meeting at which business requiring special notice is to be transacted, the nature of such business, 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 chairman, or upon a default in duty by the chairman, by the persons calling the meeting, to each member. If mailed, such

notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her 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 fifty (50). In case of a joint membership ~~or a membership held by tenants in common~~, the presence at a meeting of either person who is a party to the joint membership or both, ~~or by one of the tenants in common~~, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, the meeting shall be adjourned, and a new notice mailed to each member specifying the time and place of such adjourned meeting.

Section 5. Voting.

Each member or joint membership 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 entity, 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 firm, association, corporation, partnership, limited liability entity, 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 (s)he is a member. Voting by proxy shall not be allowed. Uniform ballots shall be issued and each director shall appoint one ballot clerk from their district.

Where the cooperative makes mail ballots available, the completed ballot shall be mailed or delivered to the location and by the deadline specified in the notice of the membership meeting. A sealed envelope bearing the signature of the member and enclosing a marked ballot shall constitute the valid mail ballot of that member. 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 and provided the vote is received as, and by the deadline, specified by the cooperative in the notice of the membership meeting.

Section 6. Meeting Rules. Prior to the annual meeting, the board of directors, or other rules

committee that it may appoint, shall adopt rules and procedures for conducting the annual meeting. The rules and procedures may, but shall not be required to, include a deadline for any member wishing to present a resolution to the annual meeting to submit the proposed resolution to the cooperative prior to the meeting. The members shall be notified reasonably in advance of any deadline for submitting member resolutions. The board, or a committee it may appoint: (a) shall try to ensure that the members have sufficient information to make an informed decision on such resolutions and (b) may make a recommendation to the membership for approval or rejection of such resolutions.

Section 7. Order of Business.

The order of business at the annual meeting of the members, and so far as possible, at all other meetings of the members, shall be essentially as set forth in the notice of the meeting and shall ordinarily include the following:

1. Report on registration.
2. Explanation of the meeting rules and procedures.
3. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
4. Taking action on unapproved minutes of previous meetings of members that have been distributed to the members.
5. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
6. Election of directors.
7. New business.
8. Adjournment.

The foregoing 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, the latest edition of *Roberts Rules of Order* shall govern all other procedural questions not covered by the meeting rules and procedures adopted by the board of directors or other rules committee that it may appoint.

Article III DIRECTORS

Section 1. General Powers.

The business and affairs of the cooperative shall be managed under the direction of the board of nine (9) directors from nine (9) districts, 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 shall include (without limitation because of designation) the determination and fixing of classifications of services and rates to be charged by the cooperative for services furnished; the promulgation and enforcement of policies, 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. Tenure and Qualifications.

Subsection 1. Tenure.

- a. At each annual meeting of the members three (3) directors shall be elected by ballot by and from the members to serve a term of three years, or until their successors shall have been elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of directors.
- b. No director who has served four (4) successive full terms shall be eligible for re-election prior to a lapse of three years from the end of this fourth successive three-year term.

Subsection 2. Qualifications.

- a. A director must be a bona fide resident on premises in that district (s)he represents and must be served directly by this cooperative at those premises.
- b. Not qualifying. A member does not qualify if the member or the member's spouse has been employed by this cooperative at anytime within the prior five (5) years, or if the member or the member's spouse is in any way employed by or financially interested in:
 1. A competing enterprise, or
 2. A business selling electric energy, services or supplies to the cooperative,

or if the member or the member's spouse has pursued any claim or litigation against the cooperative or any of its employees or directors at anytime in the five years preceding his or her election or appointment, or has been delinquent on any obligation owed the Cooperative for more than 60 days at anytime during that same period, or if the member has been convicted of a felony or of any other offense involving a breach of trust unless the sentence including any period of probation or parole was completed more than five years preceding nomination or election to the board.

- c. Upon establishment of the fact that a nominee for director lacks eligibility under this section it shall be the duty of the chairperson who is or will be 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 already holding a position of director may lack eligibility to remain a director, it shall be the duty of the board, upon reasonable notice to the person whose eligibility is in question, to hold a hearing on such matter. The directors shall find and determine whether such person is ineligible to remain a director under the qualifications provided in these bylaws. In making such determination, the person whose eligibility is being considered may not vote. If the remaining directors determine by a majority vote that the person is ineligible, his or her office as a director shall forthwith become vacant. The remaining directors shall elect a successor until the next membership meeting.

When a membership is held by joint tenants, ~~tenants in common~~, a partnership, a limited liability entity, cooperative, a corporation, a government body, church or other association, one of the joint tenants, ~~tenants in common~~, partners, members or officers, 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 that candidate shall be a bona fide resident of the director district he or she represents and unless all the joint tenants, ~~tenants in common~~, partners, members or officers shall meet the qualifications set forth in sub. 2.b., 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.

Section 3. Nominations and Elections.

Subsection 1. Voting District. The territory served or to be served by the cooperative shall be divided into nine (9) districts, each of which shall contain as nearly as practicable the same number of voting members. Each district shall be represented on the board of directors by one director who is a member and resident of such district. The territorial boundaries of said district shall be initially determined by the board of directors; provided, however, that 20% of all voting members may petition for changes 60 days prior to the annual meeting and such changes may be approved by the membership at the annual meeting and will then apply to director positions filled in the future, whether by election or appointment. No change in the district boundaries shall disqualify any director from completing his or her current term. Not less than sixty (60) days before any meeting of the members at which directors are to be elected, the board of directors may review the composition of the districts, and if it should be found that inequalities in representation have developed which can be corrected by a re-delineation of districts, the board of directors shall reconstitute the districts so that each shall contain as nearly as practicable the same number of members.

Subsection 2. Nominations. Nomination of candidates for director shall be by petition. To be valid,

a petition shall be in a form designated by the cooperative, shall designate the district the candidate resides in and is being nominated for, shall be signed by not less than ten (10) members from that district (with the signature of either or both parties to a joint membership~~tenant or tenancy in common members~~, counting as one signature), and shall be delivered to the cooperative's principal office at least 90 days prior to the annual meeting. The cooperative shall give advance notice of that deadline in the *Wisconsin Energy Cooperative News* or through some other means. In the event no valid petitions have been filed by the deadline, the board of directors shall appoint a Nominating Committee of two (2) or more members, from the director district or districts for which no petitions were received. In that event, the Nominating Committee shall use its best efforts to nominate one (1) or more candidates for director from each of those districts. The names of all qualified candidates nominated by valid petition or by the Nominating Committee shall be included in the notice of meeting and on the ballots for director.

Subsection 3. Election and Term. At each annual meeting, there shall be elected by the members one director from each of three of the territorial election districts, for three-year terms. Prior to the membership meeting, ballots for use in voting for a director shall be provided to all members along with the notice of the meeting, and members may use those ballots for voting for director in accordance with the provisions on mail ballots in these bylaws. To the extent permitted by law, the board of directors may also allow electronic voting for directors, in accordance with the provisions on electronic voting in these bylaws. Members present at the meeting and who have not previously cast mail or electronic ballots may cast their ballots at the meeting. Members present at the meeting or casting mail or electronic ballots may vote for one candidate from each district for which a director is to be elected. The candidate from each district receiving the highest number of votes shall be declared elected. Any tie shall be resolved by lot, between the candidates receiving the highest number of votes.

Section 4. Removal of Director by Members.

Any member of the cooperative may bring charges against a director, and by filing with the secretary such charges in writing together with a petition signed by ten percent (10%) of the members, may request the removal of such director. The director against whom such charges have been brought shall be informed in writing by registered mail of the charges at least ten (10) days prior to the board of directors meeting at which the charges are to be considered and said director shall have an opportunity at the meeting to be heard in person and/or by counsel and to present evidence in respect to the charges; and the person(s) bringing the charges against the accused shall have the same opportunity. In the event the board of directors does not remove such director subsequent to the meeting and such director does not resign, the question of the accused director's removal shall be considered and voted upon at the next meeting of the members upon written request to the secretary by the person(s) bringing the charges.

Section 5. Vacancies.

(a) Vacancies within six months after the beginning of the term. If ~~Aa~~ vacancy in the office of

director occurs within six (6) months after the beginning of the term, the vacancy shall be filled by a majority vote of the remaining directors, and the director thus elected shall serve until completion of the regular nomination and election process at the next annual meeting of the members ~~or until his or her successor shall have been elected and shall have qualified.~~ The director elected at that annual meeting shall serve the remainder of the term.

(b) Vacancies more than six months after the beginning of the term and more than six months before the end of the term. If a vacancy in the office of director occurs more than six (6) months after the beginning of the term but with sufficient time to complete the nomination process prior to the annual meeting at which the term expires, the vacancy shall be filled by a majority vote of the remaining directors, and the director thus elected shall serve through the remainder of the term.

(c) Vacancies within six months of the end of the term. If the vacancy occurs in the final six (6) months of the term, so that it is too close to the annual meeting to allow sufficient time to provide the notice to members and the petition and/or Nominating Committee process to occur substantially as described in Section 3, Subsection 2, above, the remaining directors shall fill the vacancy but the election described in sub. (b), above may be deferred until the next succeeding annual meeting.

If a vacancy in the office of director occurs more than six (6) months after the beginning of the term but with sufficient time to complete the nomination process prior to the annual meeting at which the term expires, the vacancy shall be filled by a majority vote of the remaining directors, and the director thus elected shall serve through the remainder of the term or until his or her successor shall have been elected and shall have qualified.

Section 6. Compensation.

Directors shall not receive any salary for their services as such, but by resolution of the board of directors a fixed sum and expenses of attendance, if any, may be allowed for each day spent in whole or in part on cooperative business, such as attendance at meetings of the board of directors, committees of the cooperative, conferences or training programs. 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" means by blood or affinity and may be further defined by the board.

Section 7. 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 they may deem advisable for the management, administration and regulation of the business and affairs of the cooperative.

Policies, rules and regulations are in a policy book at the cooperative's office and may be inspected on request. Members shall be notified of any new or revised policies affecting the terms of their service via the *Wisconsin Energy Cooperative News*, a newsletter, another newspaper in the service area or on the cooperative's website.

Section 8. Attendance of Directors.

Any board member who is absent two consecutive board meetings, without being excused by the other directors, shall be expelled and the vacancy filled by the board.

Article IV
MEETING OF DIRECTORS

Section 1. Regular Meetings.

The regular annual meeting of the board of directors for the election of officers shall be held either immediately after and at the same place as the annual meeting of members or at the same time and place of the next regularly scheduled monthly board meeting. A regular meeting of the board of directors shall also be held monthly at such time and place in or conveniently adjacent to the service area of the cooperative as the board of directors may provide by resolution. Such regular monthly meeting 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 chairman 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. Meetings Conducted by Telephone.

- a. If the board of directors shall permit in advance, or if all directors shall verbally consent concurrently with the holding of the meeting, any or all directors may participate in a regular or special meeting or in a committee meeting, including an executive committee meeting, of the board by, or the meeting may be conducted through the use of, any means of communication by which any of the following occurs:
 - (1) All participating directors may simultaneously hear each other during the meeting.
 - (2) All communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.
- b. If a meeting will be conducted through the use of any means described in par. a, all

participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by any means described in par. a is deemed to be present in person at the meeting. Minutes of the meeting shall be prepared and distributed to each director and shall also be kept with the official records of the cooperative.

- c. A meeting held by the board by any means described in par. a may not act on the following matters: a plan of merger, consolidation or division; to sell, lease, exchange or otherwise dispose of substantial property or assets of the cooperative; to voluntarily dissolve; or to file for bankruptcy.
- d. For purposes of this Section, any sale, lease, exchange or other disposition which covers or affects 3% or more of the cooperative's property or assets shall constitute a transaction affecting substantial property or assets. Authority of the board to dispose of assets shall at all times be subject to such approval of the cooperative membership as is set forth in these bylaws.

Section 4. Notice.

Notice of the time, place and purpose of any special meeting of the board of directors shall be given at least three (3) non-holiday weekdays previous thereto, by written notice, delivered personally or mailed, or delivered electronically if the director has the means to receive communications in that form, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in 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 5. 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, said meeting shall be adjourned and a new meeting scheduled in accordance with Article IV, Section 4.

Section 6. Manner of Acting.

The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the board of directors.

Article V

OFFICERS

Section 1. Number.

The officers of the cooperative shall be a chairman, vice chairman, secretary and treasurer. The offices of secretary and treasurer may be held by the same person.

Section 2. Election and Term of Office.

The officers shall be elected, by ballot, annually by and from the board of directors at the first meeting of the board of directors held after each annual meeting of the members. 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 successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

Section 3. Removal of Officers and Agents by the Board of Directors.

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. In addition, any member of the cooperative may bring charges against an officer or agent, and by filing with the secretary such charges in writing together with a petition signed by ten per cent (10%) of the members, may request the removal of such officer or agent. The officer or agent against whom such charges have been brought shall be informed in writing by registered mail of the charges at least ten (10) days prior to the board of directors meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person and/or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against the accused shall have the same opportunity. In the event the board of directors does not remove such officer or agent, and such officer or agent does not resign, the question of the accused's removal shall be considered and voted upon at the next meeting of the members upon written request to the secretary by the person(s) bringing the charges.

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. Chairman.

The Chairman:

- a. shall be the principal executive officer of the cooperative and shall preside at all meetings of the members and of the board of directors;
- b. shall sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by resolution or policy of the board of directors or by these bylaws to some other officer or agent of the cooperative, or shall be required by law to be otherwise signed or executed; and

- c. in general shall perform all duties incident to the office of chairman and such other duties as may be prescribed by resolution or policy of the board of directors from time to time.

Section 6. Vice Chairman.

In the absence of the chairman, or in the event of the chairman's inability or refusal to act, the vice chairman shall perform the duties of the chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman and shall perform such other duties as from time to time may be assigned to the vice chairman by resolution or policy of the board of directors.

Section 7. Secretary.

The Secretary shall:

- a. keep the minutes of meetings of the members and the board of directors in one or more books provided for that purpose;
- b. see that all notices are duly given in accordance with these bylaws or as required by law;
- c. be custodian of the corporate records and of the seal of the cooperative and see that the seal of the cooperative is affixed to all documents, the execution of which on behalf of the cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- d. keep a register of the post office address of each member which shall be furnished to the secretary by management;
- e. have general charge of the books of the cooperative in which a record of the membership are kept;
- f. keep on file at all times a complete copy of the bylaws of the cooperative containing all amendments thereto, which copy shall always be open to the inspection of any members, and at the expense of the cooperative forward a copy of the bylaws and of all amendments thereto to each member; and
- g. in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to the secretary by resolution or policy of the board of directors. Under board authorization by resolution or policy the actual execution of any of the duties and functions of the office of secretary may be delegated to employees of the cooperative under the direction of the president and chief executive officer.

Section 8. Treasurer.

The treasurer shall be responsible for confirming that safeguards are in place for oversight of all funds and securities of the cooperative and in general perform the duties incident to the office of treasurer and such other duties as from time to time may be assigned to the treasurer by resolution or policy of the board of directors. Under board authorization by resolution or policy the actual execution of any of the duties and functions of the office of treasurer may be delegated to employees

of the cooperative under the direction of the president and chief executive officer.

Section 9. President and Chief Executive Officer.

The board of directors may appoint a president and chief executive officer who may be, but who shall not be required to be, a member of the cooperative. The president and chief executive officer shall perform such duties and have such authority as the board of directors may from time to time establish in writing. No contract of employment for a duration of more than three years shall be made with the president and chief executive officer.

Section 10. Bonds of Officers.

The board of directors shall require the chairman and treasurer, or any other officer of the cooperative charged with responsibility for the custody of any of its funds or property to give bond, or to have similar insurance in place, 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 officer, agent or employee of the cooperative to give bond in such amount and with such surety as it shall determine.

Section 11. 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 officers, agents and employees shall be fixed by the board of directors.

Section 12. Reports.

The officers of the cooperative shall submit at each 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.

Section 13. Employee Activity.

No employee of the cooperative shall take part or participate in any campaign to elect or defeat any candidate for director or to adopt or reject any change in the bylaws on cooperative time. Such activity shall constitute grounds for dismissal.

Article VI
FINANCIAL TRANSACTIONS

Section 1. Contracts.

Except as otherwise provided in these bylaws, the board of directors by resolution or policy may authorize any officer, employee or agent 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. In no event shall contracts of employment, except collective

bargaining agreements negotiated with a union and approved by the board and contracts with the president and chief executive officer as provided in Article V, Section 9, be for a period of longer than one year.

Section 2. Checks, Drafts, Etc.

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the cooperative and in such manner as shall from time to time be determined by written resolution of the board.

Section 3. Deposits and Investments.

All funds of the cooperative, except petty cash, 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.

Section 4. Accounting System and Reports.

The board of directors shall cause to be established and maintained a complete accounting system, which among other things, shall conform to applicable laws and rules and regulations. The financial condition of the cooperative shall be reviewed by the board of directors monthly at the regular meetings of the board of directors. The board of directors shall, 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. A report of such audit shall be submitted to the members at the next following annual meeting.

Article VII
REVENUE AND RECEIPTS

Section 1. Interest or Dividends on Capital Prohibited.

The cooperative shall at all times be operated on a cooperative nonprofit 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 Utility-Type Services.

In furnishing goods and services, the cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the cooperative. The cooperative will account separately for the costs and receipts of its respective electric and energy service, gas, telecommunications, and satellite and cable television service divisions. In order to induce patronage and to assure that the cooperative will operate on a nonprofit basis, the cooperative is obligated to

account on a patronage basis to all its patrons within a particular service division, or business classification within any such division, for all amounts received and receivable from the furnishing of service to patrons within such division or classification in excess of operating costs and expenses properly chargeable against the furnishing of service to patrons within such division or classification.. Where there is substantial common membership in two or more service divisions, the board of directors in its discretion may in any year combine such divisions for purposes of such accounting.

Subject to the provisions hereof relating to adjustments between and among classes of business, 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 members as capital. Subject to the provisions hereof relating to adjustments between and among classes of business, 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 any 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 legal obligation to do so and the patron had then furnished the cooperative corresponding amounts for capital.

In the event of dissolution or liquidation of the cooperative, after all outstanding indebtedness of the cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the cooperative will not be impaired thereby the capital then credited to patrons' accounts may be retired in full or in part. The board of directors shall determine under rules of general application the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. Any retirement in cash of such capital shall be at its face value unless the book value thereof be less than such face value, in which case such retirement shall be at such book value.

Capital credited to the account of each patron shall be assignable only on the books of the cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the cooperative unless the board of directors, acting under policies of general application, shall determine otherwise, except as provided in Section 8, Section 9 and Section 10 of this article.

Section 3. Binding Effect. The patrons of the cooperative, by dealing with the cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws and the policies, rules and regulations adopted by the board of directors 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 has 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.

Section 4. Patronage Refunds in Connection with Furnishing Other Services.

In the event that the cooperative should engage to a substantial extent, in the judgment of the board of directors, in the business of furnishing goods or services other than electric energy and energy services, gas, telecommunications, and satellite and cable television services, 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 prorated annually on a patronage basis and returned or allocated to those patrons, members or nonmembers alike, from whom such amounts were obtained.

Section 5. Disposition and Allocation of Other Receipts; Losses.

- a. Patronage Refund Receipts. Patronage refunds, whether in cash or in the form of patronage capital, received by the cooperative as the result of suppliers of goods and services which are used in turn by the cooperative in its furnishing of goods and services to its patrons shall be treated as deductions from the expenses to which they are related in use or shall be allocated to patrons of the cooperative upon a patronage basis in accordance with the functions to which they relate.
- b. Rentals, Interest and Dividend Receipts. Rental receipts in excess of expenses chargeable thereto, if received from the rental of utility property, shall be treated as deductions from appropriate utility operating expense, and if from nonutility property, as deductions from expenses relating to such property or from appropriate utility operating expenses if the funds invested in such rental properties are derived from utility operating expense reserves. Receipts in the form of interest and dividends in excess of expense chargeable to the investments of funds giving rise to such receipts, to the extent that they are derived from the investment of expense reserves, such as depreciation, shall be treated as deductions from the appropriate expense, utility or nonutility, to which said reserves relate, provided, however, that if said interest or dividend receipts are derived from loans to or investments in enterprises furnishing goods or services to the cooperative, then such excess shall be treated as deductions from the cost of such goods or services. Unless it shall otherwise appear, to the extent that investments by the cooperative are less in amount than the amount of the utility property depreciation reserve, it shall be deemed that such investments are investments of such reserve and interest or dividend receipts therefrom shall be treated as deductions from depreciation or interest expense.
- c. Losses. Subject to the provisions of Section 6, below, in the event the costs and

expenses of the cooperative in furnishing any goods or services should in any year exceed the receipts therefor, the resulting deficit shall not be charged to the individual patrons furnishing such receipts during such year but shall be assigned on the books of the cooperative to those participating members based on their patronage in the year the loss was incurred, and shall be reflected in the determination of the book value of any capital credits upon their retirement or upon dissolution of the cooperative as heretofore provided. In that event, the amount of any such adjustment shall be credited to the patrons whose own margin allocations had been reduced in the year the loss was incurred, based on their patronage in that year. However, the board of directors shall apply non-operating margins derived from functions other than those arising out of or incidental to the furnishing of electric, gas, telecommunications, or television service, to the reduction of losses or deficits before making any other allocation thereof.

- d. 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 6. Classification of Business.

In determining and allocating the operating costs and expenses properly chargeable against the furnishing of services to determine, in turn, the respective amounts of capital furnished by patrons through their patronage, the board of directors shall classify the business done by the cooperative with its patrons by service division as contemplated in Section 2, above, and may classify the business done by the cooperative with its patrons into appropriate classes or departments of business or patronage within any service division. Such classification shall be based upon factors relating to the cost of rendering such service, or doing such business, and the rate schedule applied thereto in accordance with accepted accounting and engineering practice. The board shall consider such factors as the value of business, volume discounts in the rate structures, discount or rate reduction granted by virtue of any restrictions made upon the time of day or period of year for the rendition of services to the various classification of customers and service. In allocating and charging costs to each class of business, the board shall consider and give weight to such factors as demand, consumption, number of patrons, gross revenue and cost allocable within each class as may be appropriate to equitably and properly allocate cost attributable to each class of business. If the receipts from every division and class of business in any year exceed the costs and expenses allocable and chargeable thereto, then the excess of receipts over expenses for each division and 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 divisions or classes of business exceed the receipts from all the patrons within such divisions or classes of business, then

such deficit shall be charged against the patronage margins otherwise assignable to any remaining divisions or classes of business, on a dollar volume patronage basis, 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. Notwithstanding the foregoing, no margin allocation shall be made to members in a division or class until any prior years' loss allocations to such members have been offset either by their allocable margins from other classes in which they participate or by subsequent year margin allocations for the division or class incurring the earlier losses.

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 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 7. Retirement of Estates; Forfeitures.

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 said patron, or the legal representative of their estate or their heirs, shall request in writing that the capital credited to any such patron 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 said patron or the legal representatives of such patron's estate or his or her heirs 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 a deceased patron who was a natural person on the same basis as retirements hereunder may be made to estates of a deceased patron who was a natural person.

Section 8. Lien and Set-Off.

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 default in payment by the patron of the patron's indebtedness, and such indebtedness of the patron shall be subtracted from the capital allocated and credited to said patron in any retirement thereof made hereunder to said patron or to their estate or heirs or surviving joint member.

Section 9. Assignment to Federated Youth Foundation, Inc.

Any patron may assign all or any portion of the patronage capital now or hereafter expected to be credited to their account pursuant to this Article VII to Federated Youth Foundation, Inc., a charitable tax exempt trust, effective as of the date of assignment, subject to the cooperative's prior lien for unpaid charges due the cooperative.

Section 10. 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.
 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). Education purposes shall not include political purposes as defined in Section 11.01(16), Wisconsin Statutes.
- b. At anytime subsequent to the 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.

**Article VIII
WAIVER OF NOTICE**

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

Article IX **DISPOSITION OF PROPERTY**

Section 1. Merger or Disposition of Property

The cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or substantially all of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at two (2) successive meetings of the membership held at least eleven (11) months apart by the affirmative vote of not less than three-fourths (3/4) of all of the members of the cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of directors of the cooperative, without authorization by the members thereof, shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof, or from National Rural Utilities Cooperative Finance Corporation (hereinafter referred to as "C.F.C.") or other financing institution or bank, and in connection with such borrowing to authorize the execution and delivery of mortgages upon or the pledging or encumbering of any or all of the property of the cooperative, whether acquired or to be acquired, all upon such terms and conditions as the board of directors shall determine, to secure any indebtedness of the cooperative to the United States of America or any instrumentality or agency thereof or to C.F.C. or other financing institution or bank; provided further that the board of directors may upon the authorization of a majority of those members of the cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or substantially all of its property to, including by merger or consolidation with, another cooperative doing business in this state pursuant to the act under which this cooperative is incorporated.

Section 2. Disposition of Offer to Purchase.

If the cooperative shall at any time receive an offer to purchase, lease, or otherwise acquire all or substantially all of its property, the board of directors is authorized to determine, in its sole discretion, after considering what it believes to be in the best interests of the cooperative and its members, whether or not to submit the offer to the membership pursuant to Section 1, above. Among other factors, the board may consider what it believes would be the effect of the proposed transaction on the present and future adequacy and cost of service for members, and the effects on employees, suppliers, and the communities in which the cooperative operates.

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 each year.

Article XI
MEMBERSHIP IN OTHER ORGANIZATIONS

The cooperative shall not become a member of any other organization without a two-thirds (2/3) vote of the board of directors or an affirmative vote of the members at a meeting called as provided in these bylaws and the notice of said meeting shall specify as an item of business that action is to be taken upon such proposed membership. On such a two-thirds (2/3) vote the board may also delegate to the chief executive officer general authority to join civic, business and similar organizations in the ordinary course of the cooperative's operations.

Article XII
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 XIII
INDEMNIFICATION OF OFFICERS, DIRECTORS, AND EMPLOYEES

To the extent permitted by law, the cooperative shall indemnify an individual against liability and expenses incurred in any proceeding in which the individual was joined as a party because of his or her service at any time as an officer or director of this 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 (2) 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.

Article XIV
AMENDMENTS

These bylaws may be altered, amended or repealed by a majority vote of the members of the cooperative 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 proposed alteration, amendment or repeal shall have been contained in the notice of such meeting, provided, however, that the required majorities set forth in Article IX may not be amended by vote of less than that majority proposed to be amended. Alteration, amendment or repeal of any provision of

these bylaws may be proposed by the board of directors or by member petition. Any alteration, amendment or repeal proposed by petition in writing signed by fifty (50) or more members and delivered to the cooperative not later than sixty (60) days before the date of any annual or special meeting, shall be included in the notice of such meeting.

Article XV
VOLUNTARY CONTRIBUTIONS

The cooperative may receive contributions from its members and from other sources and make donations for charitable purposes, whether to members or nonmembers, directly or indirectly, in order to improve the quality of life in the region in which the cooperative operates. Contributions received in this manner shall not be deemed amounts paid for services subject to any allocation as capital pursuant to Article VII of these bylaws. Donations by the cooperative as described above shall be deducted as an expense in determining the net proceeds that are subject to allocation as capital pursuant to Article VII of these bylaws.