

## **BYLAWS**

### **CERTIFICATION OF SECRETARY**

I, Jeff Moravchik, Secretary of Bayfield Electric Cooperative do hereby certify that the attached is a true and correct copy of Bayfield Electric Cooperative's ByLaws, most recently amended on June 9, 2014.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative, this 2<sup>nd</sup> day of March 2018.

SEAL

  
Signature

**AMENDED AND RESTATED**  
**BYLAWS**

**BAYFIELD  
ELECTRIC  
COOPERATIVE**

IRON RIVER, WISCONSIN

ADOPTED JUNE 9, 2014

**BYLAWS**  
By Article and Section Headings

SECTION	PAGE
---------	------

**I – Membership**

1	Requirements for Membership .....	5
2	Membership Certificates .....	5
3	Joint Membership.....	5
4	Membership Fee .....	6
5	Purchase of Electric Energy.....	6
6	Non-Liability for Debts of the Cooperative .....	7
7	Termination of Membership .....	7
8	Property Interest of Members .....	7

**II – Area Coverage Service; Extension & Service Rules**

1	Area Coverage Service .....	8
2	Area Coverage Service Maps .....	8
3	Extension and Service Rules .....	8
4	Interruption of Cooperative Service .....	8

**III – Meetings of Members**

1	Annual Meeting .....	8
2	Special Meetings .....	9
3	Notice of Members' Meetings.....	9
4	Quorum .....	9
5	Voting .....	9
6	Order of Business .....	10

**IV – Board of Directors**

1	General Powers .....	11
2	Tenure of Qualifications .....	11
3	Disqualifications.....	12
4	Director Districts.....	13
5	Nominations .....	13
6	Director Resignation.....	13
7	Compensation .....	14
8	Removal of Director by Members .....	14
9	Indemnification of Officers, Directors, Employee and Agents .....	14

**V – Meetings of Board**

1	Regular Meetings .....	14
2	Special Meetings .....	15

3	Notice .....	15
4	Quorum .....	15
5	Manner of Acting .....	15
6	Special Meetings Conducted by Telephone .....	15

## **VI – Officers**

1	Number .....	16
2	Election and Term of Office .....	16
3	Removal of Officers and Agents by the Board .....	16
4	President .....	17
5	Vice President .....	17
6	Secretary .....	17
7	Treasurer .....	17
8	Chief Executive Officer .....	18
9	Bonds of Officers .....	18
10	Compensation .....	18
11	Reports .....	19

## **VII – Financial Transactions**

1	Contracts .....	18
2	Checks, Drafts, etc .....	18
3	Deposits .....	18
4	Change in Rates .....	18
5	Fiscal Year .....	18

## **VIII – Non-Profit Operation**

1	Interest or Dividends on Capital Prohibited .....	19
2	Patronage Capital in Connection with Furnishing Electric Energy .....	19
3	Classification of Business in Allocation of Capital Credits .....	19
4	Retirement of Patronage Capital on Dissolution or Liquidation or Prior Thereto on Revolving Basis .....	20
5	Assignment of Patronage Capital .....	20
6	Prior Retirement to Estates of Deceased Patrons .....	20
7	Lien and Set-Off .....	20
8	Assignment to Wisconsin Electric Cooperative Foundation for Education or Charitable Purposes .....	21
9	Forfeiture of Unclaimed Funds .....	21
10	Contractual Obligations .....	21

## **IX – Disposition of Property and Procedure for Sale**

1	Disposition of Property .....	22
2	Procedure for the Sale of All or Substantially All of the Cooperative Property .....	22

<b>X – Seal</b>	23
-----------------	----

**XI – Miscellaneous**

1	Membership in Other Organizations	23
2	Waiver of Notice	23
3	Policies, Rules and Regulations	23
4	Accounting System and Reports	23
5	Subscriptions to Wisconsin REC News	24

<b>XII – Amendments</b>	24
-------------------------	----

**AMENDED AND RESTATED  
BYLAWS OF BAYFIELD ELECTRIC COOPERATIVE**

**ARTICLE I  
MEMBERSHIP**

**Section 1. Requirements for Membership.** Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Bayfield Electric Cooperative (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors, and
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

**Section 2. Membership Certificates.** Membership in the cooperative may be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. A membership certificate titled in the name of one spouse shall be presumed to be owned by both spouses unless written evidence to the contrary is furnished to the Cooperative.

**Section 3. Joint Membership.** (a) Any application for membership in the Cooperative received after September 1963 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 designates in writing that the application is for individual membership.

(b) With respect to memberships issued prior to September 1963 the membership of any person who on September 1963 was married, or who thereafter while a member became married, shall be deemed to have become, and did become at such time, a membership held by husband and wife as joint tenants with right of survivorship without further action by such member, unless the member notifies the Cooperative in writing within thirty (30) days after the date of marriage, that the member desires to retain an individual membership.

(c) The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership, and to two adults who reside at the same service address who mutually elect in writing to hold a joint membership. The following

provisions relate to the rights and liabilities of joint membership:

- (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 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 director, 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 Cooperative any joint membership may be terminated and changed to a membership in common or vested solely in one of the joint members.
- (e) Joint members shall notify the Cooperative in writing upon the cessation of their relationship as spouses or otherwise. Upon determining or discovering the cessation of the relationship:
- (1) if one joint member remains qualified to be a member and continues to take service from the Cooperative at the same location, then the joint membership converts to an individual membership comprised of that person;
  - (2) if more than one joint member remains qualified to be a joint member and continues to use a cooperative service at the same location, then the joint membership converts to a membership comprised of those persons;
  - (3) if no joint member remains qualified to be a member or continues to use a Cooperative service at the same location, then the joint membership terminates.

**Section 4. Membership Fee.** The membership fee shall be \$5.00, 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 regulation of general application of the Board of Directors 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, except as may be specifically authorized by the Board of Directors, and shall pay therefore 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 cooperative facilities, shall be subject to appropriate safety and other 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 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 the 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 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 a 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, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be canceled 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 of such member shall be surrendered forthwith to Cooperative. Termination of membership in any manner shall not release a member or his 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, 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.

**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 aggregated patronage of each bears to the total patronage of all members during the ten calendar years next preceding the date of the filing of the certificate of dissolution, subject to and in accordance with such classifications of business formula as may have been employed in allocating patronage capital to such members during said ten-year period.



## ARTICLE II

### AREA COVERAGE SERVICE; EXTENSION & SERVICE RULES

**Section 1. Area Coverage Service.** The Cooperative holds itself out to serve and through its Board of Directors, it 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.

**Section 2. Area Coverage Service 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.

**Section 3. Extension and Service Rules.** Extension and service rules of the Cooperative from time to time promulgated by the Board of Directors shall be of general and uniform application and shall provide for service without discrimination to all patrons as members within the same classification of service.

**Section 4. Interruption of Cooperative Service.** The Cooperative shall provide services to members in a reasonable manner. The Cooperative does not guarantee or warrant that it will provide adequate, continuous, or non-fluctuating electric service. The Cooperative is not liable for damages, costs, or expenses, including attorneys' fees or other legal expenses caused by inadequate, noncontinuous or fluctuating electric service, unless such damages are caused by the Cooperative's negligence or willful misconduct. The Cooperative's responsibility and liability for providing service terminate upon the delivery of service to the member. In case of emergency, or as requested by government or emergency officials or representatives, the Cooperative may interrupt electric service to members.

## ARTICLE III

### MEETINGS OF MEMBERS

**Section 1. Annual Meeting.** The annual meeting of the members shall be held at such time and place within the service area of the Cooperative as shall be determined by resolution of the Board of Directors and designated in the notice of the meeting for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. The date of the meeting shall be not less than two months, nor more than nine months from the close of the calendar year.

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 majority vote of the Board of Directors or upon a written request signed by at least ten percent (10%) of the members and it shall thereupon be the duty of the President to call such a meeting. Special meetings 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 (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 his address, as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership, notice given to either husband or wife 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 shall be fifty (50). For purposes of any motion or resolution at a meeting of members a quorum shall be computed based on the number of members present and the number of signed ballots submitted on the question. The presence at the meeting of either one or both of joint members 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 from time to time without further notice. The minutes of each meeting shall have appended to them a list of the members present and of those casting a signed absentee ballot.

**Section 5. Voting.** (a) 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 which vote may be cast in person or by absentee ballot. There shall be no voting by proxy. 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 on those matters where a greater vote is required by law, the Articles of Incorporation of the Cooperative or these Bylaws. A husband and wife 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, 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 corporation, association, board 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. A guardian or legal representative of any member may vote in behalf of such member.

(b) Any member who is unable to attend a meeting of the members may vote on any motion to be considered at the meeting only as follows:

1. If the Cooperative provides ballots for the vote on the motion to the members together with notice of the meeting at which the vote will be taken and exact copies of the motion and any resolution to which it pertains, an absent member may vote on the motion by submitting a signed ballot. If a signed ballot has been submitted on a motion under this paragraph, neither the motion nor any resolution to which it pertains may be amended.
2. If the Cooperative does not provide ballots and an exact copy of the motion or resolution to which it pertains to the members along with the notice of meeting, but makes available ballots for the vote along with exact copies of the motion or resolution to which it pertains, then a member may request a ballot and exact copy of the motion and may vote by submitting a signed ballot. However, the motion and any resolution to which it pertains may be amended at the meeting and if the motion or resolution is amended, the ballot is void. The ballot may not be counted on any motion to amend or adopt as amended the motion or resolution.
3. A sealed envelope bearing the signature of the member and enclosing a marked but unsigned ballot shall constitute a signed absentee ballot for purposes of this section.
4. Absentee ballots shall be mailed or delivered the Cooperative office so as to be received at the office on or before the day before the membership meeting.
5. In the event a member voting by absentee ballot attends such meeting in person, the member's absentee ballot shall be discarded in favor of the vote cast in person at the meeting.

(c) Members may vote for directors by absentee ballot.

(d) Voting for a director in district in which only one eligible candidate is standing for election may be by voice vote.

**Section 6. 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 follows:

1. Report on the number of members present in person and number of absent members voting by signed ballot to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Taking action on unapproved minutes of previous meetings of members that have been distributed.
4. Presentation and consideration of, and acting upon, reports of officers,

- directors and committees.
- 5. Election of directors.
- 6. Unfinished business.
- 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.

## **ARTICLE IV**

### **BOARD OF 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 limitation 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. Tenure and Qualifications.** (a) Tenure: Directors shall be elected for three-year terms with one-third (1/3) of the directors representing three different director districts being so elected each year, as provided by Article III, Section 5 of these Bylaws. Each director so elected shall serve until the annual meeting when his 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.

(b) Qualifications: No member shall be eligible to become or remain a director or hold any position of trust in the Cooperative who:

- (1) is not a member and bona fide resident in the area served or to be served by the Cooperative and in the director district from which he is nominated and elected;
- (2) has at any time in the two (2) years preceding nomination been in any way employed by or financially interested in a competing enterprise, or primarily engaged in the business of selling electric energy, electric supplies, electric equipment or electric appliances to the Cooperative or to its members.
- (3) has within the five (5) years preceding nomination or during a term of office

pursued any claim or litigation against the Cooperative or any of its directors or employees, or who is in default on any obligation owed to the Cooperative at the time of nomination, election or during a term of office.

- (4) has within the five (5) years preceding nomination been convicted of a felony, if the circumstances of the charges are substantially related to the fiduciary duties and obligations of a director.

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 (b), above, and unless all partners shall meet the qualifications set forth in (b)(2), above. When a membership is held by a corporation, one, but not more than one, of the officers thereof designated in writing by the corporation 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 (b), above, and unless all of the officers shall meet the qualifications set forth in (b)(2), above.

### **Section 3. Disqualification.**

(1) At a meeting of the membership, other than at a district meeting, upon establishment of the fact that a nominee for director lacks eligibility under Section 2 of this Article IV, it shall be the duty of the chairperson presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee.

(2) Except as provided in subsection (1) above, upon the establishment of the fact that any person being considered for, or already holding a position of director, may lack eligibility to become or remain a director, it shall be the duty of the directors, upon reasonable notice to the person whose eligibility is in question, to hold a hearing on such matter.

(3) The directors shall find and determine whether such person is ineligible to become a director or if already a director, is ineligible to remain a director under the qualifications provided in these bylaws. In making such determination, if the person whose eligibility is being considered is a director, that person may not vote. If the remaining directors determine by a majority vote that the person, if a candidate, is ineligible to become a director, then such person's name shall be withdrawn as a candidate for director. If the person is already a director, then that person shall be ineligible to remain a director, and his or her office as a director shall forthwith become vacant. The remaining directors shall appoint a successor until the next membership meeting.

(4) The Board of Directors may, by majority vote, remove a director who fails to attend, without a valid reason for such absence, three consecutive meetings of the Board.

(5) Any director convicted of a felony at any time shall immediately upon learning of that fact be deemed ineligible to serve as a director.



**Section 4. Director Districts; Election by District Members.** The territory served by the Cooperative shall be divided into nine (9) director districts, designated numerically or in any manner the Board of Directors shall see fit. Each district shall be comprised of contiguous territory and shall contain as near as may be practicable the same number of members as each other district. The divisions shall follow township lines as closely as practicable keeping in mind the elements of population, area, community interests, terrain of the district and any such factor that would equitably tend to comprise such district, but no one element shall out-weight the other elements or factors in establishing a district.

Not less than sixty (60) days before any meeting of the members at which directors are to be elected, the Board of Directors shall review the composition of the several districts, and, if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the Board of Directors shall reconstitute the districts so that each shall contain as nearly as practicable the same number of members.

Candidates for director shall be elected solely by the members present at the meeting or voting by mail who reside in the district to be represented by the candidate. Members not residing or having a principle place of business within the Cooperative's service territory shall vote for directors in the district in which service is taken. If the member is served by the Cooperative at multiple locations, the member shall vote in the district in which service was first taken.

**Section 5. Nominations.** Nominations for any position of director may be made by petition signed by not less than ten (10) members from the director district from which a director is to be elected. Such petition shall be filed at the office of the cooperative at least ninety (90) days before the membership meeting at which directors are to be elected. Petitions filed less than ninety (90) days prior to the meeting shall not be considered. The notice of the meeting shall list the names of all candidates for director nominated by petition.

The candidate in each district receiving the highest number of votes from members therefrom voting in person and by absentee signed ballot, shall be declared elected. In the event of a tie vote, such tie may be resolved by lot or in such other manner as may be determined by the members present at such membership meeting.

**Section 6. Director Resignation; Vacancies.** A director may resign at any time, by signing and delivering written notice of resignation to the Board President, or to the Secretary. Except where a later date is provided in the notice of resignation, a director's resignation is effective upon receipt of notice.

At the Board's option, a vacancy in the office of director due to resignation, disqualification or removal may be filled at the next subsequent annual meeting, or may be filled by appointment 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 shall not receive any salary for their services as such, but subject to such limitations as may be imposed by the members at any annual meeting for the year immediately following, by resolution of the Board of Directors, a fixed sum may be allowed for each day or portion spent on Cooperative business, such as attendance at meetings, conferences and training programs or performing committee assignments authorized by the board. The board may also authorize directors, committee members and delegates to be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or grant a reasonable per diem allowance in lieu of detailed accounting for some of these expenses. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the director or his close relative shall have been certified by the board as an emergency measure.

**Section 8. Removal of Director by Members.** Any member may bring charges against the director representing such member's district and, by filing with the Secretary such charges in writing, together with a petition signed by at least ten percent (10%) of the members of the district or 100, whichever is less, may request the removal of such director by reason thereof. Any director against whom charges are brought shall be informed, in writing, of the charges within ten days of the filing of such charges.

A meeting of the members of the district shall be held in a public place within such district within thirty days of the filing of the petition with the Secretary. Notice of such meeting shall be given to the members of such district pursuant to the by-laws of the Cooperative.

At the meeting of the members of the district, the charges shall be considered and all members of the district, or their legal counsel, shall have an opportunity to be heard respecting the charges. The question of the removal shall be considered and voted upon by the members of the district.

**Section 9. Indemnification of Officers, Directors, Employees and Agents.** The Cooperative's indemnification of officers, directors, employees and agents shall be determined according to the provisions of Wisconsin Statutes Sections 185.035 as that section may be amended from time to time. The right to indemnification under sec. 185.035(2) shall be determined by a vote of the majority of disinterested directors. If a quorum cannot be obtained, the determination shall be made by a majority vote of a committee or independent counsel duly appointed by the Board of Directors.

## ARTICLE V

### MEETINGS OF BOARD

**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. A regular meeting of the Board of Directors shall also be held monthly at such time and place within one of the counties served by the cooperative, as the Board of Directors shall provide for by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

**Section 2. Special Meetings.** Special meeting of the board may be called by the President or by any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or directors calling the meeting shall fix the time and place for the holding of the meeting. Except in an emergency and under conditions making it reasonably convenient to all directors to hold such meeting elsewhere, the place of any such special meeting shall be in a county in which the Cooperative renders service.

**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 to each director at his 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. Absent members shall be notified 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, except as otherwise provided in these Bylaws.

**Section 6. Meetings Conducted by Telephone.** (a) If the Board of Directors shall permit in advance and shall be given the required notice, 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 or a committee thereof 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. For purposes of this section, any sale, lease, exchange or other disposition which covers or affects 5% or more of the Cooperative property or assets, shall constitute a substantial disposal thereof.

## ARTICLE VI

### OFFICERS

**Section 1. Number.** The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the board from time to time. The offices of Secretary and Treasurer may be held by the same person.

**Section 2. Election and Term of Office.** The officers shall be elected by ballot, annually by and from the board at the meeting of the board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

**Section 3. Removal of Officers and Agents by the Board.** Any officer or agent elected or appointed by the board may be removed by the board 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, and by filing with the Secretary such charges in writing together with a petition signed by ten percent (10%) of the members or 300, whichever is the lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

**Section 4. President.** The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board of Directors, shall preside at all meetings of the members and the Board;
- (b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

**Section 5. Vice President.** In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned by the Board of Directors.

**Section 6. Secretary.** The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the cooperative and affixing the seal of the cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (f) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and
- (g) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board.

**Section 7. Treasurer.** The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the board.

**Section 8. Chief Executive Officer.** The board may appoint a chief executive officer who may be, but who shall not be required to be, a member of the Cooperative. The chief executive officer shall perform such duties and shall exercise such authority as the board may from time to time vest in him or her.

**Section 9. Bonds of Officers.** The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the board shall determine. The board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

**Section 10. Compensation.** The powers, duties and compensation of officers, agents and employees shall be fixed by the board subject to the provisions of these bylaws with respect to compensation for a director and close relatives of a director.

**Section 11. 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. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VII**

### **FINANCIAL TRANSACTIONS**

**Section 1. Contracts.** Except as otherwise provided in these bylaws, the board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

**Section 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 resolution of the board.

**Section 3. Deposits.** All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board may select.

**Section 4. Change in Rates.** Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective. This requirement shall not apply to any automatic fuel clause or purchased power cost adjustment.

**Section 5. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## **ARTICLE VIII**

### **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 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 amount 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. Classification of Business in Allocation of Capital Credits.** In determining and allocating the operating costs and expenses properly chargeable against the furnishing of electric energy to form the basis of determining in turn the respective amounts of capital furnished by patrons through their patronage, the board may classify the business done by the Cooperative with all its patrons into appropriate classes or

departments of business or patronage. Such classifications shall be based on factors relating to the cost of rendering service in accordance with reasonable accounting, engineering and utility standards and practice. The board may apply to such classes of business for the purpose of allocating capital credits between and among them formulas designed to ascertain as accurately and equitably as possible amounts paid by all patrons in each class in excess of the costs of service.

**Section 4. Retirement of Patronage Capital on Dissolution or Liquidation or Prior Thereto on Revolving Basis.** The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. Provided further that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by organizations in which the Cooperative is a member. Such rules shall (a) establish a method for determining the particular portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative books of the separate portion or portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notification to patrons with respect to the separate portions of capital credited to their accounts and (d) preclude a general retirement of these separate portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year of any capital credited to patrons for any prior fiscal year.

**Section 5. Assignment of Patronage Capital.** Except as provided in Sections 7 and 8 hereof, capital accredited 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 6. 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 person's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

**Section 7, Lien and Set-Off.** The Cooperative shall have a continuing lien against the patronage capital allocated and credited to any person for any indebtedness due and owing from such patron to the Cooperative and such indebtedness to the extent of such capital so allocated and credited upon which the cooperative has a lien shall not be extinguished by the bankruptcy of said patron or lapse of time, but shall be set off against



any capital allocated and credited to said patron in any retirement thereof made hereunder to said patron or to his estate or heirs or surviving joint member.

**Section 8. Assignment to Wisconsin Electric Cooperative Foundation for Education or Charitable Purposes.** Any patron may assign all or any portion of the patronage capital now or hereafter expected to be credit to his or her account pursuant to this Article VIII to the Cooperative in trust, however, to be used only for Federal Youth Foundation, Inc. or such other educational or charitable purpose as may be designated by the assignor or the board, effective as of the date of assignment, subject to the Cooperative's prior lien for unpaid charges under Section 6 of this article.

**Section 9. 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 dated 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 10. Contractual Obligations.** The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws and of the policies, rules and regulations adopted or authorized 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 had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

## **ARTICLE IX**

### **DISPOSITION OF PROPERTY AND PROCEDURE FOR SALE**

**Section 1. Disposition of Property.** The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrances is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrances 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 as "C.F.C.") or other financing institution or bank and in connection with such borrowing, to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all, in such amounts and 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 "Cooperative Finance Corporation" (C.F.C.) or other financing institution or bank provided further that the Board of Directors may upon authorization of a two-thirds (2/3) majority of those members of the Cooperative present at a meeting of the members thereof, 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.

**Section 2. 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**

### **SEAL**

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the Words "Corporate Seal, Wisconsin."

## **ARTICLE XI**

### **MISCELLANEOUS**

**Section 1. Membership in Other Organizations.** The Cooperative by a two-thirds (2/3) vote of its Board of Directors or by a majority vote of its members voting thereon, may purchase a membership in any corporation or purchase shares of stock in any corporation where such membership or stock purchase is deemed reasonably incident to the business of the Cooperative in furnishing electric energy to patrons and in furthering rural electrification, including, without limitation because of designation, corporations furnishing financing and other services to cooperatives and in corporations for the purpose of acquiring electric facilities.

**Section 2. Waiver of Notice.** Any member or director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or director of any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**Section 3. Policies, Rules, and Regulations.** The board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

**Section 4. Accounting System and Reports.** The board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. The board shall



also after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

**Section 5. Subscriptions to Wisconsin REC 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 REC News. The expense of such subscriptions for all members, at such rate as the Board of Directors may from time to time establish, shall be charged to the aggregate of capital deposited by members under Section 2 of Article VIII for electric service in the same manner as are charged other appropriate expenses of the Cooperative.

## **ARTICLE XII**

### **AMENDMENTS**

Except as provided herein, these bylaws may be altered, amended or repealed by a majority of the members of the Cooperative voting at any annual or special meeting, providing, 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, and provided further that any bylaw which, by its terms, sets a voting requirement of greater than a majority of the members of the Cooperative voting at any annual or special meeting, shall only be altered, amended, or repealed by a vote equal to the voting requirement so stated in the bylaw proposed to be altered, amended or repealed. Any amendment offered from the floor at any such meeting which is germane to any amendment or resolution 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.