

BYLAWS OF

COLES-MOULTRIE



Your Touchstone Energy® Cooperative



Mattoon, Illinois

Adopted June 14, 2021

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BYLAWS OF COLES- MOULTRIE 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 Coles-Moultrie Electric Cooperative (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that same has first:

- (a) Made a written application for membership therein.
- (b) Agreed to purchase from the Cooperative electric services 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 (hereinafter called the "Board").

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 Records

The Cooperative shall maintain a record of the names of the members of the Cooperative.

Section 3. Shared Membership

Up to four individuals may apply for a shared membership and, upon their compliance with the requirements set forth in Section 1 of this Article, will become a member. The term "member" as used in these bylaws shall be deemed to include individuals holding a shared membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a shared membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a shared membership shall be as follows:

- (a) The presence at a meeting of one or more holders of a shared membership shall be regarded as the presence of one member and shall constitute a waiver of notice of the meeting;
- (b) The vote of one or more holders of a shared membership shall constitute one vote;
- (c) A waiver of notice signed by a holder of a shared membership shall constitute a waiver of notice on behalf of all holders of that shared

membership;

- (d) Notice to any holder of a shared membership shall constitute notice to all holders of that shared membership;
- (e) Expulsion of any holder of a shared membership shall terminate that shared membership;
- (f) Withdrawal of any holder of a shared membership shall terminate that shared membership;
- (g) Any holder of a shared membership may be elected or appointed as an officer or Board Member, provided that individual meets the qualifications of such office, in which event all other individuals holding that shared membership shall be ineligible to be elected or appointed as an officer or Board Member.

Section 4. Conversion of Membership

Memberships may be converted as follows:

- (a) A membership may be converted to a shared membership upon the written request of the holder thereof and the agreement by such holder and any other individuals not exceeding a total of four to comply with the articles of incorporation, bylaws and rules and regulations adopted by the Board.

- (b) Upon the death of any person who is a party to a shared membership, such membership shall be held solely by the survivors.

Section 5. Purchase of Electric Energy and Services

- (a) **Member's Purchase of Electric Energy and Services.** Each member shall, as soon as electric service shall be available, purchase from the Cooperative all electric service purchased for use on the premises specified in the application of the member for electric service and shall pay therefore at the rates that are fixed from time to time by the Board. In fixing the rates that members pay for electric energy and services, the Board may assess the total cost of electric energy and services including those charges necessary for facilities, transmission, distribution and other costs associated with the delivery of electric energy and services to the members. Each member's rates shall also include the amount necessary to pay the subscription fee for the publications or written material as selected by the Board to be sent to the active members of the Cooperative.
- (b) **Amounts Paid in Excess of Cost.** It is expressly understood that amounts paid for electric service in

excess of the cost of service are furnished by the members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws.

- (c) **Minimum Payments.** Each member shall pay to the Cooperative such minimum amount, regardless of the amount of electric service made available and/or used, as shall be fixed by the Board from time to time.
- (d) **Charges Due.** Each member shall also pay all amounts owed by such member to the Cooperative as and when the same shall become due and payable.
- (e) **Cooperative's Purchase of Electric Energy from Members.** Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which may be interconnected with Cooperative facilities, shall be subject to and in accordance with the rules and regulations of the Cooperative.

Section 6. Classifications of Members

All members of the Cooperative shall be classified as either active or inactive members, as follows:

- (a) **Active Members.** All members currently using electric service from the Cooperative, delivered to the respective members through one or more service

connections, shall be classed the active members of the Cooperative and as such, shall have the right to vote upon any proposition submitted to the membership of the Cooperative and shall be eligible to hold any elective office in the Cooperative further providing the individual meets all other qualifications.

- (b) **Inactive Members.** Those persons, having otherwise qualified for membership in the Cooperative but who are not currently using electric service from the Cooperative shall be classed inactive members of the Cooperative and as such, shall not be eligible to vote upon any proposition submitted to the membership of the Cooperative or to hold any elective office in the Cooperative.

Classification of membership from inactive to active or vice versa, shall change at once without notice to said member upon commencing to use or ceasing to use electric service from the Cooperative or disconnection by the Cooperative of the member's electric service.

Except as provided for under Article IX, Section 4(b), a change of classification shall not affect in any way the obligation for debts the member may have incurred with the Cooperative nor the capital credits accrued by the member.

Section 7. Termination of Membership

Memberships may be terminated as follows:

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than $\frac{2}{3}$ 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 such member liable to expulsion and such failure shall have continued for at least 10 days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the active members at any annual or special meeting. The membership of a member who for a period of 6 months after service is available to such member, has not purchased electric service from the Cooperative, or of a member who has ceased to purchase service from the Cooperative, may be canceled by resolution of the Board.
- (b) Under the terms provided for under Article IX, Section 4, concerning special retirements, upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or the estate of such member from any debts due to Cooperative.
- (c) When either an active or inactive shared membership is held by a husband and wife or partners to a civil union, dissolution or legal separation shall act to terminate such membership. Written notification by the husband or wife or partners to a civil union, publication, or other legal notification of the dissolution or legal separation shall be deemed sufficient authority for the Board of the Cooperative to terminate such membership upon the records of the Cooperative. Any party to a shared membership may transfer to any other party to that shared membership his or her interest therein. Such termination or transfer shall not release any party thereto from any membership debts or liabilities to the Cooperative which may have been incurred prior to such termination or transfer.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members

Upon dissolution, after

- (a) All debts and liabilities of the Cooperative shall have been paid, *and*
- (b) All capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the 10 years next preceding the date of the filing of the certificate of dissolution.

Section 2. Non-Liability for Debts of the Cooperative

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

ARTICLE III

ELECTION AND VOTING BY MEMBERS

Section 1. Voting

Each active member shall be entitled to only one vote upon each matter, submitted to a vote of the active members. All questions shall be decided by a vote of a majority of the active members voting thereon in person or by proxy except as otherwise provided by law, the articles of incorporation or these bylaws.

For elections of directors each active member shall have one vote per director to be elected but voting shall not be cumulative. The candidate for director in each district who receives the highest number of votes shall win. In case of a tie, the winner shall be determined by lot.

Section 2. Voting by Mail

Any matter which the Board of Directors determines should be submitted to a vote of members may, at the discretion of the Board of Directors, be submitted to the members to be voted upon by written ballots with the voting to be conducted by mail unless the laws of the State of Illinois, the articles of incorporation or these bylaws provide otherwise.

When voting by members on any matter is to be conducted by mail, the Board shall fix an Election Date for the return of ballots and shall mail notice of the election

and a ballot for the election to each member not less than 14 days before the Election Date. The Board shall make such rules as shall be necessary to assure a fair and proper election.

The provisions of this Section shall apply to all elections in which voting is by mail except it shall not apply to voting for directors by mail to the extent that any provisions of this Section is inconsistent with Article V, Section 2 of these bylaws.

Section 3. Voting Electronically

For any vote that is conducted by mail pursuant to the terms of Section 2, of this Article III, the Board of Directors may allow any member that has an email account on file with the Cooperative to receive the ballot electronically and vote electronically, under such terms as determined necessary by the Board to protect the integrity of the election and the rights of all members to participate. The Election Date and date for the return of ballots for electronic voting will be consistent with the dates set for voting by mail.

Section 4. Election Date

The term Election Date as used in these bylaws shall mean the date of the meeting of members at which the election is to be held if the election is to be held at a meeting of members or the date of the deadline for the return of ballots if the election is to be conducted by ballot by mail.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meeting

The annual meeting of the active members shall be held at such time in each year and at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of passing upon reports for the previous fiscal year and, subject to the provisions of Section 7 of this Article IV, the transaction of such other business as may properly come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Date of Annual Meeting

The date of the annual meeting shall be determined by the Board of Directors not later than 180 days prior to the date of the annual meeting and written or printed notice of the date of the annual meeting shall be delivered not less than 120 days before the date of the annual meeting to each active member.

Section 3. Special Meeting

Special meetings of the active members may be called by resolution of the Board, or upon

a written request signed by any 3 Board Members or by 10% or more of all the active members. Special meetings of the active members may be held at any place within 1 of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

Section 4. Notice of Members' Meeting

Written or printed notice stating the place, day and hour of the member meeting and the business to be transacted at said meeting, shall be delivered not more than 180 days before the date of the meeting nor less than 120 days before the date of the meeting, either personally, electronically, or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each active member. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the active member at the address of such member as it appears on the records of the Cooperative, with postage thereon prepaid.

If electronically delivered, such notice shall be deemed to be delivered at the close of business day on the date it is sent. The failure of an active member to receive notice of an annual or special meeting of the active members shall not invalidate any action which may be taken

by the active members at any such meeting.

Section 5. Quorum

Three percent of the active members present or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the active members. With the approval of the Board of Directors and upon such terms as determined necessary by the Board to protect the integrity of the meeting and protect the rights of all members, attendance may be permitted by use of Cooperative approved software for member viewing and participation and members attending the meeting through the use of such software shall be considered present for purposes of determining a quorum. In case of a shared active membership, the presence at a meeting or by approved electronic attendance of any one holder of such shared membership shall be regarded as the presence of one active member. If less than a quorum is present at any meeting, in person or by Board approved electronic means, a majority of those present or represented by proxy may adjourn the meeting from time to time without further notice.

Section 6. Proxies

Unless otherwise specifically provided for under these Bylaws, any provision of the Bylaws that allows a vote by proxy shall be

governed by the provisions of this Article IV, Section 6.

At all meetings of active members an active member may vote by proxy by executing such proxy in writing and giving such proxy only to another active member.

Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the active members unless it shall designate the name of the active member to whom the proxy is given; designate the particular meeting at which it is to be voted; and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No active members shall vote as proxy for more than two (2) active members at any meeting of the active members and no proxy shall be valid after 60 days from the date of its execution. The presence of an active member at a meeting of the active members shall revoke a proxy theretofore executed by such member and such active member shall be entitled to vote at such meeting in the same manner and with the same effect as if such member had not executed a proxy.

In case of a shared active membership, a proxy may be executed by one holder thereof. The presence of any one holder of a shared membership at a meeting of the active members shall revoke a proxy theretofore executed by any holder of such a shared membership, and any

such holder of such a shared membership, and any such holder of an active shared membership shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed.

Section 7. Agenda, Attendance, and Action at Member Meetings

Except as otherwise provided in these bylaws, before or at an annual or special members' meeting, the Board shall determine the agenda, program, and order of business for the members' meeting.

Except as otherwise provided by the Board before or at a meeting of the active members, the Chairman or an individual designated by the Chairman: (1) shall preside at the members' meeting; (2) may remove a person from the members' meeting for unruly, disruptive, or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the members' meeting.

Except as otherwise provided by the Board before or at a members' meeting, active members attending the meeting may consider, vote, or act only upon a matter described in the notice of the members' meeting.

Active members may raise or discuss a matter at a members' meeting if: (1) at least 30 active members sign one or more written requests to raise

or discuss the matter; (2) the Cooperative receives the written requests at least 90 days before the members' meeting; and, (3) the Board of Directors approves each such matter submitted to the Cooperative for addressment by the active members at the members' meeting.

ARTICLE V

BOARD OF DIRECTORS

Section 1. General Powers

The business and affairs of the Cooperative shall be conducted by a Board of Directors consisting of 7 active members which shall establish policies and practices which will insure the sound financial operation of the Cooperative, for which it shall be the duty and responsibility of the active members to furnish capital, and exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the active members.

Section 2. Election and Tenure in Office

- (a) Members of the Board of Directors shall be elected by a vote of the active members. The vote may be at a meeting of members or may be by ballot by mail or electronic voting.
- (b) The number of directors to be elected each year shall be

determined by the number of terms expiring or vacancies occurring. Each director shall serve for a term of 3 years or until a successor has been appointed or elected. If an election for Directors in a given year is postponed for any period of time, for any reason, the term of the Director ultimately elected shall expire on the date three years after the date originally set for the election.

- (c) Directors elected at a meeting of the members shall take office immediately upon the adjournment of the meeting at which they were elected. If the election is held by electronic means or vote by mail, the newly elected directors shall take office following the certification of the election by the Board's designated inspector or inspectors and at the next meeting of the Board.
- (d) If the results of the election are determined prior to the date originally set for the annual meeting of members, the directors so elected shall take office immediately upon the adjournment of such annual meeting and if the annual meeting is not held on the date originally set for such meeting the directors so elected shall take office on the day following the date on which the annual meeting was originally scheduled to

be held. In all other cases directors elected shall take office immediately upon the results of the election being determined.

- (e) The provisions of Article III of these bylaws regarding voting and election shall govern the election of directors to the extent such provisions are not inconsistent with this Section.
- (f) If any candidate withdraws, becomes deceased, ineligible or otherwise becomes unable to serve as a Director prior to the deadline for return of ballots by mail or electronic means, if election of directors is to be by ballot by mail or electronic means, or prior to the time for the meeting of members at which directors are to be elected if election of directors is to be at a meeting of members, the Board of Directors may postpone the election. At the time of making such postponement of the election of the Board of Directors shall commence the process of election of directors again by determining whether the election of directors will be held at a meeting of members or will be conducted by ballot by mail or electronic means and give notice to the members of the method of voting to be used for the election of directors.

Section 3. Qualifications

- (a) A person shall be eligible to become or remain a Board Member of the Cooperative who:
- (1) Is an active member purchasing electric service from the lines of the Cooperative and who is living on premises or property where the electric service is used and purchased.
 - (2) Is a bona fide resident of the district such member represents.
 - (3) Is not in any way employed by or financially interested in:
 - (i) any business or enterprise engaged in the sale of any form of energy to the Cooperative or to any of the Cooperative's subsidiaries, members or consumers: or
 - (ii) any business or enterprise engaged in the delivery of any form of energy to the members or consumers of the Cooperative; or
 - (iii) any other business or enterprise which is also engaged in by the Cooperative or its subsidiaries, either now or in the future.

- (iv) any business selling electric fixtures or supplies to the Cooperative, or its subsidiaries.
- (b) Notwithstanding the requirements for eligibility provided for under Subsection (a) of this Section 3, no person shall be permitted to become a candidate for the Board or remain on the Board, who:
- (1) is seeking to become a Board Member for the first time, on or after January 1, 2017 and is a person currently employed by the Cooperative or who has been employed by the Cooperative within the five year period preceding the date of the election or who is a family member of such an employee or former employee. For purposes of this section, a family member shall be defined as a spouse or partner, mother, father or child.
 - (2) Has a conviction for criminal conduct constituting a felony, under the laws of the State of Illinois or the state where the crime occurred, within the ten year period preceding the candidate's request for nominating petitions.
- (c) No Board Member shall become ineligible to serve solely because that member is elected, appointed or serves upon the Board of Directors of an affiliated organization, or a business that supplies wholesale energy or transmission access to the Cooperative, when such affiliated board service is by the election or appointment of the Coles-Moultrie Electric Cooperative Board of Directors, and such service is subject to termination by recall by the Coles-Moultrie Electric Cooperative Board of Directors.
- (d) Directors shall not serve more than four consecutive three-year terms on the Board of Directors. For all Directors who are serving on the Board of Directors at the time of the 2018 annual meeting and are elected to serve another term at the 2018 annual meeting, no matter the duration of their prior service, their prior service on the Board of Directors shall be deemed to constitute service of one three-year term for purposes of calculating the term limit hereinabove. When a Director is appointed to fill a vacancy on the Board for a partial term, service of that partial term shall be excluded for the purposes of calculating the term limit contemplate in this Subsection.

- (e) Except as otherwise provided in Section 6 of Article VI, any Board member who fails to attend in person 3 regular meetings of the Board during a 12 month period shall not be eligible to remain a member of the Board of Directors of the Cooperative.
- (f) Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

Section 4. Districts

The territory served by the Cooperative shall be divided into 7 geographic districts described as follows each of which shall be represented by 1 Board Member:

DISTRICT NO. 1:

The area of the Cooperative lying within the Moultrie County, Illinois townships of Dora, Marrowbone, Sullivan, and East Nelson; and the Shelby County, Illinois townships of Todds Point and Windsor.

DISTRICT NO. 2:

The area of the Cooperative lying within the Piatt County, Illinois township of Cerro Gordo; the Moultrie County, Illinois townships of Lovington, Lowe, and Jonathan Creek; the Coles County, Illinois township of North Okaw; and the Douglas County, Illinois townships of Bourbon and Arcola.

DISTRICT NO. 3:

The area of the Cooperative lying

within the Moultrie County, Illinois township of Whitley; the Shelby County, Illinois township of Ash Grove; the Cumberland County, Illinois townships of Neoga, Springpoint and Sumpter.

DISTRICT NO. 4:

The area of the Cooperative within the Coles County, Illinois township of Mattoon and Paradise; and the portion of the Coles County, Illinois township of Pleasant Grove lying West of Division line between R8E and R9E of 3rd PM; and the portion of the Cumberland County, Illinois township of Cottonwood lying West of Division line between R8E and R9E of 3rd PM.

DISTRICT NO. 5:

The area of the Cooperative within the Douglas County, Illinois townships of Sargent; the Coles County, Illinois townships of Morgan, East Oakland, Ashmore, and the portion of the township of Hutton North and East of Illinois Route 130; the Clark County, Illinois townships of Casey, Parker and Westfield; and the Edgar County, Illinois township of Kansas.

DISTRICT NO. 6:

The area of the Cooperative in the Douglas County, Illinois township of Bowdre; and the Coles County, Illinois townships of Humboldt, Seven Hickory, and Lafayette; and the portion of Coles County, Illinois township of Charleston West of Illinois Route 130 and North of Illinois Route 16.

DISTRICT NO. 7:

The area of the Cooperative within the Coles County, Illinois townships of Charleston South of Illinois Route 16 and West of Illinois Route 130; and that portion of the township of Pleasant Grove East of the Division line between R8E and R9E of 3rd P.M.; and the portion of the township of Hutton lying West of Illinois Route 130; the portion of the Cumberland County, Illinois township of Cottonwood lying East of the Division line between R8E and R9E of 3rd P.M.; the townships of Union, Greenup, and Crooked Creek.

Section 5. Nominations

Any person who wishes to be a candidate in an election for a seat on the Cooperative's Board of Directors shall complete a Request for Nominating Petitions and a Statement of Qualifications demonstrating that he/she is qualified to serve as a director under the terms and provisions of Article V, Section 3, of these bylaws. A copy of the candidate's Statement of Qualifications and Request for Nominating Petitions shall be made available to any active member of the Cooperative at the Cooperative's office. Upon receipt of a completed Statement of Qualifications and Request for Nominating Petitions, the Chief Executive Officer of the Cooperative shall review the Statement of Qualifications to ensure that the member seeking office as a director is qualified

under Article V, Section 3, of these bylaws. Any member that the Chief Executive Officer determines to be qualified shall receive nominating petitions without further Board action. For any member that the Chief Executive Officer determines to be unqualified to serve as a director, that member's Statement of Qualifications and Request for Nominating Petitions shall be referred to the Board of Directors for review at the next regularly scheduled Board meeting following the date upon which the member's Statement and Request was filed. At that Board meeting, the Board of Directors shall vote to either deny the member's request for nominating petitions or to grant the member's request over the recommendation of the Chief Executive Officer.

Any member who receives nominating petitions may be nominated as a candidate for the Board by obtaining the valid signatures of 20 or more active members of the Cooperative on his/her petitions and filing his or her petitions in the office of the Cooperative at least 90 days before the election date.

Any nomination by petition which meets the requirements of the bylaws, shall be posted at the office the Cooperative at least 60 days prior to the Election Date and any such nominations shall appear on the official ballot.

The Board of Directors shall provide notice to the members

of the Cooperative of Director elections to be held in any year, and said notice shall inform the members of the date upon which nominating petitions shall be available to the member and the deadline for the submission of nominating petitions for consideration by the Board for inclusion on the ballot.

Section 6. Removal of a Board Member

Any active member may bring charges alleging a proper basis for removal of a Director against a Board Member and, by filing with the Secretary such charges in writing together with a petition signed by at least 10% of the active members or 300 whichever is the lesser, may request the removal of such Board Member by reason thereof. Such Board Member shall be informed in writing of the charges at least 10 days prior to the meeting of the active members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against such member shall have the same opportunity. The question of the removal of such Board Member shall be considered and voted upon at the meeting of the active members and any vacancy created by such removal may be filled by vote of the active members at such meeting without compliance

with the provisions of this Article V, Section 5, with respect to nominations, except the newly elected Board Member shall meet the qualifications listed in Article V, Section 3, of these bylaws and shall serve the remaining term of the director replaced.

Section 7. Vacancies

Except where a vacancy is created by the removal of a director by a vote of the active members and is filled by a vote of the active members as provided for under the provisions of Section 6 of this Article, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board Members. Board Members seated upon the Board by virtue of an action of the Board of Directors to fill a vacancy shall serve until a vote by the active members of the Cooperative at a special election to select a director to fill said vacancy, said special election to occur prior to the adjournment of the next regularly scheduled annual meeting of the members. The special election may be held by mail or at the next annual meeting of the members of the Cooperative. Any director elected by virtue of a special election as provided for in this section, shall serve the unexpired term of the director replaced.

This Section shall supersede any contrary provision in these bylaws providing for a three (3) year term for directors elected by the active members of the Cooperative.

Section 8. Compensation

Board Members shall not receive any salary for their services as such, except that members of the Board may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board Members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Except as provided in these bylaws, no Board Member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board Member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the active members, or the service by the Board Member or a close relative of such Board Member shall have been certified by the Board as an emergency measure.

ARTICLE VI

MEETINGS OF BOARD

Section 1. Regular Meetings

Except as otherwise provided in these bylaws, a regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the active members. A regular meeting of the Board shall also be held monthly at such time and place within 1 of the counties served by the Cooperative as designated by the Board. 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 may be called by the Chairman or by any 3 Board Members. The Chairman or Board Members calling the meeting shall fix the time and place for the holding of the meeting.

Section 3. Notice of Special Board Meeting

Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board Member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or 1 of the Board Members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the

Board Member at the address of such Board Member as it appears on the records of the Cooperative, with postage thereon prepaid, at least 5 days before the date set for the meeting.

Section 4. Informal Action

Any action required to be taken or any action which may be taken at a meeting of Directors or of a committee thereof, if any, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof, or all of the members of such committee, as the case may be. The use of electronic facsimiles or other media containing the subject matter and the member's signature shall constitute written consent. Any meeting conducted by written consent or any electronic media shall not constitute qualification for any member fees or compensation other than actual expenses incurred.

Section 5. Quorum

A majority of the Board shall constitute a quorum, provided that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the secretary shall notify any absent Board Members of the time and place of such adjourned meeting. The act of a

majority of the Board Members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these bylaws.

Section 6. Attendance in Person

Board Members shall attend meetings of the Board either in person or through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

ARTICLE VII

OFFICERS

Section 1. Number

The officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary, Treasurer, President & CEO, and such other officers as may be determined by the Board from time to time.

Section 2. Election and Term of Office

The officers, except for the President & CEO, shall be elected annually by and from the Board, at the meeting of the Board held immediately upon any newly elected directors taking office.

If the election of officers shall not be held at that time such

election shall be held as soon thereafter as convenient. Each officer shall hold office until the annual election of officers is held the next succeeding year or until the successor to such officer 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.

Section 4. Chairman

The Chairman shall:

- (a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the Board, shall preside at all meetings of the active members and the Board.
- (b) Sign any deed, 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.

- (c) In general perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board from time to time.

Section 5. Vice Chairman

In the absence of the Chairman, or in the event of the inability or refusal of the Chairman 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. The Vice Chairman shall also perform such other duties as from time to time may be assigned to the Vice Chairman by the Board.

Section 6. Secretary

The Secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the active 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 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 active members.
- (e) Keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative, 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 to any member upon request.
- (f) In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary 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 monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws.
- (c) The general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board.

Section 8. President & CEO

The Board shall appoint a President & CEO who may be, but who shall not be required to be, a member of the Cooperative. The President & CEO shall perform such duties and shall exercise such authority as the Board may from time to time vest in the President & CEO. Any acting or temporary President & CEO shall be considered to be an officer of the Cooperative.

Section 9. Bonds and Insurance

- (a) **Bonds.** At the Cooperative's expense, the Cooperative may purchase a bond covering a Cooperative officer or agent.
- (b) **Insurance.** Regardless of indemnification authority or the existence of a bond, the Cooperative shall purchase and maintain insurance insuring against a liability, including a judgment, settlement, or otherwise, or reasonable expenses, including reasonable attorneys' fees, asserted against or incurred by the Cooperative or an officer or agent of the Cooperative arising from the conduct of officers or agents of the Cooperative.

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 Board Member and close relatives of a Board Member.

Section 11. Reports

The officers of the Cooperative shall submit at each annual meeting of the active 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 VIII

INDEMNIFICATION OF OFFICERS DIRECTORS, EMPLOYEES AND AGENTS

Section 1.

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by, or in the right of, the Cooperative) by reason of the fact that such person is or was a director, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines

and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

Section 2.

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending or completed action or suit by, or in the right of, the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a director, officer, employee or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a director, officer, employee or agent of another Cooperative,

association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to the best interests of the Cooperative, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

Section 3.

To the extent that a director, officer, employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section (1) and (2), in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such

person in connection therewith.

Section 4.

Any indemnification under Sections (1) and (2) (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections (1) or (2).

Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the members.

Section 5.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Cooperative as authorized in this Article.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

ARTICLE IX

NON-PROFIT ORGANIZATION

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. All members and non-members receiving electric service from the Cooperative shall be patrons of the Cooperative.

No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

(Nothing herein shall prohibit the Cooperative from paying interest on security deposits if payment of such interest is required by law.)

Section 2. Patronage Capital in Connection with Furnishing Electric Service

In the furnishing of electric service the Cooperatives' operations shall be so conducted that all patrons, members and nonmembers alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric service

in excess of operating costs and expenses properly chargeable against the furnishing of electric service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts, in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron.

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 of capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses may, 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 may be allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members.

Section 3. Retirement of Capital Credits

If, at any time prior to dissolution or liquidation of the Cooperative, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Except as provided for under Section 4 of this article, any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired, provided, however, that beginning with the year 1983, cash made available for retirement in any year may be used, in whole or part to retire capital furnished by all patrons

during the most recent fiscal year subject to the requirement that at least 50% of such cash shall be applied to the retirement of the oldest outstanding capital credits as herein above provided.

In no event, however, may any such capital be retired if, in the opinion of the Board of Directors, the financial condition of the Cooperative after the proposed retirement will be impaired thereby. Notwithstanding any of the foregoing provisions, the Board of Directors shall have the power to adopt rules providing for the separate retirement 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 may

- (a) establish a method for determining the portion of capital credited to each member for each fiscal year on account of capital credited to the account of the Cooperative by an organization in which the Cooperative is a member,
- (b) provide for the separate identification on the Cooperative's books of the capital credited to the Cooperative's members as a result of capital credited to the Cooperative by an organization in which the Cooperative is a member,

- (c) provide for appropriate notifications to members with respect to the capital credited to the member's account as a result of capital credited to the account of the Cooperative by organizations in which the Cooperative is a member, *and*
- (d) preclude a general retirement of capital credited to the account of members for any fiscal year prior to the general retirement of that capital to the Cooperative by the organization in which the Cooperative is a member.

In a manner allowed by law, to secure the payment of any amounts owed by a member or non-member to the Cooperative, the Cooperative shall have a security interest in the capital credits of all members and non-members and the right under these Bylaws to take such action as may be necessary to perfect the Cooperative's security interest in said capital credits.

Before retiring and refunding any capital credits, the Cooperative may deduct from the capital credits any amounts owed to the Cooperative by the member or non-member, including such reasonable compound interest and late fees as shall be established by the Board under policies generally applicable to all members.

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

Section 4. Special Retirements

(a) Notwithstanding any other provision of these bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of the estate of such patron shall request in writing that the capital credited to any such patron be retired prior to such time the 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, shall determine to be in the best interest of the Cooperative, provide, however, that the financial condition of the Cooperative will not be impaired thereby.

(b) Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, acting under policies of general application and upon such terms and conditions as the Board of Directors shall determine to be in the best interest of the Cooperative, shall have the power at any time to retire the capital credits allocated to those patrons that have an outstanding debt or other financial obligation to the Cooperative, provided that such special retirement not otherwise impair the financial condition of the Cooperative.

Section 5. Acknowledgement of Contract

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE X

DISPOSITION OF PROPERTY

Section 1. Disposition of Property

Except as provided for under Article XV and Article XVI of these Bylaws, the Cooperative may not sell, lease or otherwise dispose of any of its property except:

- (a) property which, in the judgment of the Board of Directors, is or will be neither necessary nor useful in operating and maintaining the Cooperative's systems, provided, however, that sales of such property shall not in any one year exceed 5% percent of the value of all the property of the Cooperative,
- (b) services of all kinds, including electric energy, *and*
- (c) personal property acquired for resale.

Section 2. Mortgages

The Board of Directors may, from time to time, borrow money to be used solely for the purpose of the Cooperative and may pledge and mortgage the property of the Cooperative as security for such borrowing.

ARTICLE XI

SEAL

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

ARTICLE XII

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 executive and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances; provided, however, contracts having a duration of ten years or more or involving a cost of ten per cent of the value of the property of the Cooperative or more requires approval of the membership. The foregoing restriction applicable to contracts having a duration of ten years or more or involving a cost of ten per cent of the value of the property of the Cooperative or more shall not apply to contracts with Rural Utility Service (RUS), or contracts with National Rural Utilities Cooperative Finance Corporation, or contracts with a financial institution or which involve financing for the

Cooperative, or contracts which are in the nature of franchises, leases, or provide for the sale of electric energy to a member of the Cooperative.

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. 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 XIII

MISCELLANEOUS

Section 1. Membership in Other Organizations

The Cooperative may, upon authorization of the Board become a member of, or purchase stock in, any other organization

when, in the judgment of the Board, such membership will foster and further the aims and objectives of the Cooperative in furnishing low cost electric service to its active members.

Section 2. Notice

Any notice required to be given or delivered to the active members of the Cooperative may be given either personally or by mail.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to such active member at the address of such active member as it appears on the records of the Cooperative with postage thereon prepaid.

Each member shall promptly notify the Cooperative of any change in mailing address and any address correction required.

Section 3. Waiver of Notice

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

Section 4. 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 5. 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 Utility Service (RUS) 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 each fiscal year.

A report of such audit shall be submitted to the active members at the next following annual meeting.

Section 6. Insurance

The Board shall have the power to purchase and maintain insurance on behalf of any person who is a present or retired officer, employee, director or agent of the Cooperative. The Board of

Directors shall have the power to maintain any liability insurance necessary for the protection of the Cooperative or any person who is serving at the request of the Cooperative as a director, officer, employee, or agent of another Corporation against any liability asserted against such person and incurred by such person in any such capacity or arising out of such status.

Section 7. Area Coverage

The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who:

- (a) desire such service *and*
- (b) meet all the reasonable requirements established by the Cooperative as a condition of such service.

**ARTICLE XIV
AMENDMENTS**

Section 1. Articles of Incorporation

The articles of incorporation of the Cooperative may be amended from time to time as permitted by the laws of the State of Illinois and these bylaws. The articles of incorporation of the Cooperative may be amended at a meeting of the active members by the following procedure:

- (a) The Board shall adopt a resolution setting forth the proposed amendment and

directing that it be submitted to a vote at a meeting of the active members, which may be either a regular annual meeting or a special meeting.

- (b) Written or printed notice setting forth the proposed amendment shall be given to each active member within the time and in the manner provided in these bylaws for the giving of notice of meetings of active members. If such meeting be a regular annual meeting, the proposed amendment may be included in the notice of such regular annual meeting.
- (c) At such meeting, at which there is a quorum of members, a vote of the members entitled to vote on the proposed amendment shall be taken. The proposed amendment shall be adopted by receiving a majority of the votes which members entitled to vote on such amendment shall vote, either in person or by proxy.

Any number of amendments may be submitted to the active members, and voted upon by them, at one time.

After the adoption of the proposed amendment or amendments, the Board shall authorize the proper officers to take such further steps as may be required by law to effectuate the proposed amendment or amendments to the articles of incorporation.

Section 2. Bylaws

These bylaws may be altered or amended by a vote of a majority of the votes which members entitled to vote on such amendment shall vote, either in person or by proxy at any regular, annual, or special meeting at which there is a quorum. The notice of such meeting shall contain a copy of all the proposed alterations or amendments to be considered at such meetings.

These bylaws may also, when permitted by law, be amended by a vote of the active members by mail by the following procedure:

- (a) The Board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote of the active members by ballot by mail.
- (b) Written or printed notice setting forth the proposed amendment shall be given to each active member at the time the ballots are mailed.
- (c) The proposed amendment shall be adopted upon receiving a majority of the votes which members entitled to vote on such amendment shall vote, either in person or by proxy.
- (d) The provisions of Article III, Section 2, of these bylaws for voting by mail shall be complied with.

ARTICLE XV**VOTING ON MERGERS
OR ACQUISITIONS OF
THE COOPERATIVE****Section 1. Board Review**

- (a) No offer to purchase, lease, exchange, merge or otherwise dispose of the Cooperative or all or substantially all of the assets of the Cooperative shall be presented to the members of the Cooperative unless the offer has been submitted to the Board of Directors for review in the manner prescribed by Board Policy.
- (b) The Board of Directors shall consider: (1) the value of the Cooperative institution as a way of doing business; (2) the value of the Cooperative as an institution in our community; (3) the importance of the Cooperative as a participatory democracy governed by the consumers it serves, as opposed to a for-profit utility company that is managed for the investor owners rather than the consumers it serves, in its review of any proposal to purchase, lease, exchange or merge the Cooperative or substantially all of the assets of the Cooperative.

Section 2. Special Meeting

- (a) If five (5) of the seven (7) Directors then serving on the Board of Directors recommends the sale, lease,

exchange, merger or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative, the Board shall fix a date, time and place for a special meeting of the members, which meeting shall be held for the sole and express purpose of considering the Board's recommendation.

- (b) A special meeting called for the purpose of voting upon the sale, lease, exchange, merger or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative shall be called by vote of 5 of the 7 Directors then serving on the Board and, notwithstanding any other provision in these bylaws, a special meeting for this purpose shall not be called by the members of the Cooperative.
- (c) No member may participate by telephone conference or other communications equipment at a special meeting called by the Directors for the purpose of considering the sale, lease, exchange, merger or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative. Each member must appear in person or by proxy to cast a vote at the special meeting.
- (d) Members holding fifty-one percent of the votes entitled to be cast by active members

of the Cooperative on the matter presented shall constitute a quorum at the special meeting.

- (e) At the special meeting, any offer to purchase, lease, exchange, merge or otherwise dispose of the Cooperative or all or substantially all of the assets of the Cooperative must be approved by no less than three-fourths (3/4ths) of the then active members of the Cooperative present and voting at the special meeting.
- (f) The Board of Directors shall conduct the voting and count and announce the results of the votes cast therein, in accordance with such plans and procedures as it shall establish consistent with any applicable provisions at law or of the Cooperative's Articles of Incorporation or bylaws.

Section 3. Notice to Members

If the Board recommends the sale, lease, exchange, merger or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative, the Board Secretary shall direct written notice of a special meeting to consider the Board's recommendation to all active members of the Cooperative. The notice shall state the date, place and hour of the meeting and the purpose of the special meeting. The notice shall describe the proposal to be considered by the members

and shall inform members that a complete copy of the proposal is available at the Cooperative office. Said notice shall be delivered to the members not less than 20 days and not more than 60 days before the date of the meeting.

Section 4. Final Board Action

If the members of the Cooperative, voting at a special meeting called pursuant to this Article XV, shall vote in accordance with Section 2 of this Article to authorize the purchase, lease, exchange, merger or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative, the Board of Directors, at its next regularly scheduled Board meeting, shall vote to either proceed with the offer or to abandon such sale, lease, exchange or other disposition of assets, without further action or approval by the members entitled to vote.

ARTICLE XVI

VOTING ON MERGERS OR ACQUISITIONS OF THE COOPERATIVE WITH OR BY ANOTHER COOPERATIVE

Section 1. Significance of Merger with Another Electric Cooperative

- (a) An offer to merge, purchase, lease or exchange all or

substantially all of the assets of the Cooperative with another electric Cooperative engaged in the same or similar business will allow Coles-Moultrie Electric Cooperative to continue to benefit from (1) the value of the Cooperative institution as a way of doing business; (2) the value of the Cooperative as an institution in our community; and (3) the importance of the Cooperative as a participatory democracy governed by the consumers it serves, as opposed to a for-profit utility company that is managed for the investor/ owners rather than the consumers it serves. Therefore, notwithstanding any other provision of these bylaws, and in consideration of the value of such a merger for the Cooperative, the following procedure shall apply to the merger, purchase, lease, exchange or other disposition of all or substantially all of the Coles-Moultrie Electric Cooperative assets by or of another electric cooperative.

- (b) Definition of Electric Cooperative. For purposes of this Article XVI, electric Cooperatives shall mean
- (a) any Illinois not-for-profit corporation that owns, controls, operates or manages, directly or indirectly, within this state, any plant, equipment or

property for the production, transmission, sale, delivery or furnishing of electricity; (b) that either is or has been financed in whole or in part under the federal "Rural Electrification Act of 1936" and Acts amendatory thereof and supplementary thereto, or is directly or indirectly caused to be formed by any one or more such not-for-profit corporations or other persons that is or has been so financed, as provided by the Illinois Electric Supplier Act, Section 30/3.4; and (c) has its principal place of business located within the State of Illinois.

Section 2. Board Review

No offer to merge, purchase, lease, exchange or otherwise dispose of the Cooperative or all or substantially all of the assets of the Cooperative shall be presented to the members of the Cooperative unless the offer has been submitted to the Board of Directors for review in the manner prescribed by Board policy.

Section 3. Special Meeting

- (a) If a majority of Directors then serving on the Board of Directors recommends the merger, sale, lease, exchange or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative with another electric cooperative, the Board shall fix a date,

time and place for a special meeting of the members, which meeting shall be held for the sole and express purpose of considering the Board's recommendation.

- (b) A special meeting called for the purpose of voting upon the merger, sale, lease, exchange, or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative with another electric cooperative shall be called by vote of a majority of the Directors then serving on the Board and, notwithstanding any other provision in these bylaws, a special meeting for this purpose shall not be called by the members of the Cooperative.
- (c) No member may participate by telephone conference or other communications equipment at a special meeting called by the Directors for the purpose of considering the merger, sale, lease, exchange or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative with another electric cooperative. Each member must appear in person or by proxy to cast a vote at the special meeting.
- (d) Members holding six percent of the votes entitled to be cast by the active members present

or represented by proxy shall constitute a quorum at the special meeting. In the case of a shared membership, the presence at the special meeting of any one holder of such shared membership shall be regarded as the presence of an active member.

- (e) At the special meeting, any offer to merge, purchase, lease, exchange or otherwise dispose of the Cooperative or all or substantially all of the assets of the Cooperative with another electric cooperative must be approved by a majority of the active members of the Cooperative present and voting at the special meeting.
- (f) The Board of Directors shall conduct the voting and count and announce the results of the votes cast therein, in accordance with such plans and procedures as it shall establish consistent with any applicable provisions at law or of the Cooperative's Articles of Incorporation or Bylaws.

Section 4. Notice to Members

If the Board recommends the merger, sale, lease, exchange, or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative with another electric cooperative, the Board Secretary shall direct written notice of a special

meeting to consider the Board’s recommendation to all active members of the Cooperative.

The notice shall state the date, place, and hour of the meeting and the purpose of the special meeting. The notice shall describe the proposal to be considered by the members and shall inform members that a complete copy of the proposal is available at the Cooperative office. Said notice shall be delivered to the members not less than 20 days and not more than 60 days 35 before the date of the meeting.

Section 5. Final Board Action

If the members of the Cooperative, voting at a special meeting called pursuant to this Article XVI, shall vote in accordance with Section 2 of this Article to authorize the merger, purchase, lease, exchange or other disposition of the Cooperative or all or substantially all of the assets of the Cooperative with another electric cooperative, the Board of Directors, at its next regularly scheduled Board meeting, shall vote to either proceed with the offer or to abandon such sale, lease, exchange or other disposition of assets, without further action or approval by the members entitled to vote.

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104 Dewitt Avenue East • P.O. Box 709 • Mattoon, IL 61938

Telephone: 217-235-0341 • Toll-Free: 1-888-661-CMEC (2632)