

NORRIS ELECTRIC

COOPERATIVE

Newton, Illinois

As Amended February 8, 2014



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The aim of NORRIS ELECTRIC COOPERATIVE (hereinafter called the "Cooperative") is to make electric energy available to its Members at the lowest cost consistent with sound economy and good management, and the Cooperative shall not be operated for pecuniary profit either to itself or to its Members.

BY-LAWS OF NORRIS ELECTRIC COOPERATIVE

ARTICLE I

MEMBERSHIP

SECTION 1.01. Eligibility. Any natural person, firm, legally existing entity, association, corporation, business trust, partnership, federal, state, local or political subdivision or agency thereof, or body politic, or foreign government (each hereinafter referred to as "person," "applicant," "him" or "his") shall be eligible to become a Member of, and, at one or more premises owned or directly occupied or used by him, to receive goods or services from Norris Electric Cooperative (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative. Wherever in this Section the words "person", "applicant", "him", or "his" are used, said words shall be construed to include both the masculine and the feminine gender.

SECTION 1.02. Application for Membership. Wherein the applicant shall agree to purchase electric power and energy or goods and services from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and By-Laws, and all procedures, rules, regulations and rate schedules established pursuant thereto (hereinafter called the "Governing Documents"), as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligation") shall be made in writing on such form as is provided by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided by the Cooperative. The membership application shall be accompanied by any applicable fee or contribution as set by the Board of Directors or Cooperative Management from time to time, which shall be refunded in the event the application is not approved. Any former Member of the Cooperative may, by paying any unpaid account, which accrued under a former membership, apply for a new membership. An application for service or other document as used by the Cooperative from time to time will act as a Membership Agreement. In absence of a signed agreement the Member shall be bound to the same membership requirements as though there was a signed agreement.

SECTION 1.03. Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. The service fees (service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the Member to one service connection for any service provided by the Cooperative. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction, if required by the Cooperative), shall be paid by the Member for each additional service connection requested by him.

SECTION 1.04 Single Membership. Each membership will be held in a single membership. The charges for any offered service will be the responsibility of the Member listed on that account. The Member may designate a "Person of Interest" on his or her application that allows that person access to the Member's account. Upon death, divorce, or discontinuing service that causes the membership to be cancelled or disconnected, another person may apply for service to have that service entered into his or her name. A person that was receiving service at a location that was held in membership by their spouse may not apply for service and membership without paying any outstanding bill for service for that or other accounts. Only the Member listed on file may cast a vote at the Cooperative's scheduled meetings. That Member may allow another Member in good standing, or spouse or civil union partner, to cast his or her vote by proxy. Only two proxy votes may be cast by a Member. Any membership formerly held under "Joint Membership" from previous By-Laws shall revert to single membership. The person listed on the account as the responsible person will retain the membership. When Capital Credits are retired, they will be paid to the Single Member. If there is a divorce decree or other agreement that would provide that the capital credits for this Member be assigned to the other spouse or another person, the single Member would be responsible for relinquishing a part or all that those capital credits as required.

SECTION 1.05. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall be accepted into membership in, and become eligible to receive electrical power and energy or goods and services from the Cooperative unless the Cooperative shall determine that such applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be rejected

for other good cause: PROVIDED, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved may, by filing written request with the Cooperative at least thirty (30) days prior to the next meeting of the Directors, have his application submitted to and approved or disapproved by the vote of the Directors at such meeting, at which the applicant shall be entitled to be present and be heard.

SECTION 1.06. Membership Agreement. A Member shall: (1) comply with the Governing Documents; (2) provide and maintain a current mailing address and telephone number with the Cooperative; and (3) pay the Cooperative for the Cooperative's damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member's failure to comply with the Governing Documents. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative service provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (2) bring and maintain a legal action to order the Member to comply with the Governing Documents. The Articles and these Bylaws are contracts between the Cooperative and a member. By becoming a member, the member acknowledges that: (1) every Member is a vital and integral part of the Cooperative; (2) the Cooperative's successful operation depends upon each Member complying with the Governing Documents; and (3) Members are united in a interdependent relationship.

SECTION 1.07. Purchase of Electric Power and Energy or other Services; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use reasonably diligent efforts to furnish its Members with adequate and dependable electrical power and energy or other service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each Member, as soon as electrical power and energy or other service shall be available to him, and for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative electrical power and energy or other service purchased for use on all premises to which electrical power and energy or other service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy or other service actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electrical power and energy or other service on such premises, regardless of the source, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each Member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. Nothing herein shall be interpreted to discourage Members from operating renewable energy generation facilities such as wind, solar, anaerobic digesters or other forms of renewable energy subject to the Cooperative's interconnection of distributed generation and net metering policies.

SECTION 1.08. Excess Payments to be Credited as Member-Furnished Capital; Capital Credits. All amounts paid for electric service in excess of the cost thereof shall be deemed furnished by Members as capital, and each Member shall be credited with the capital so furnished as provided in Article IX of these By-Laws.

SECTION 1.09. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each Member shall cause all premises receiving electric or other service pursuant to his membership to become and to remain wired in accordance with the specifications of the Illinois State Fire Marshall's Association, the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. Each Member shall be responsible for, and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon. Each Member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electrical energy and power or other service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source, for meter reading and bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. The Member shall desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each Member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the Member, or by any other person when the Member's reasonable care and surveillance should have prevented such,

the Member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenue resulting from the failure or defective functioning of its metering or other equipment. In no event shall the responsibility of the Cooperative for furnishing electric or other service extend beyond the point of delivery.

SECTION 1.10. Member to Grant Easements to Cooperative. Each Member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the Member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electrical energy and power or other service to him or for the construction, operation, maintenance or relocation of the Cooperative's electrical energy and power facilities or other facilities. As a condition precedent to receiving service each Member shall, at his expense, obtain in the name of the Cooperative and on forms provided by the Cooperative, easements over and across the lands of others as designated by the Cooperative necessary to provide such service. Failure of a Member to provide a grant of easement or right of way over the Member's land for the Cooperative's purposes shall constitute a default of the Member's obligations for receiving electrical energy and power or other service and shall result in termination of the membership and of all services provided by the Cooperative to that Member.

SECTION 1.11. Non-Liability for Debts of the Cooperative. The private property of the Members shall be exempt from execution or other liability for the debts of the Cooperative and no Member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 1.12. Indemnification. As requested by the Board of Directors, each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative Director, Officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member's negligence or failure to comply with the Cooperative's Governing Documents.

ARTICLE II

MEMBERSHIP TERMINATION AND SUSPENSION

SECTION 2.01. Suspension, Reinstatement and Termination. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership may be suspended, and he shall not, after such suspension, be entitled to receive services from the Cooperative or to cast a vote at any meeting of the Members. Payment of all amounts due to the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with the Member's membership obligations within the final time provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the Member shall thereafter be entitled to receive services from the Cooperative and to vote at the meeting of its Members. After any effective termination of a membership, the Member whose membership has been terminated may not again become a Member except upon new application therefore duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations. In the event that a Member fails to honor his obligations to the Cooperative and the Cooperative suffers financial harm, then the Member forfeits his rights to any capital credits from the Cooperative calculated at Present Day Value to the extent necessary to satisfy any obligations to the Cooperative or otherwise compensate the Cooperative for losses incurred by the Member's default.

SECTION 2.02. (This section intentionally left blank.)

SECTION 2.03. Termination by Withdrawal or Resignation. A Member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished services pursuant to his membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of electrical power and energy or any goods or services on such premises.

SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or

New Partners. Except as provided in Section 2.06, the death of a Member automatically terminates the membership. The cessation of the legal existence of any other type of Member shall automatically terminate such membership. PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

SECTION 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund any fees or security deposits, less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the termination of a membership as provided for in Section 2.01, such termination shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase electrical power and energy from any other electrical supplier, electrical producer, cooperative, third-party entity, or person or entity selling or distributing electrical power and energy, for use at the premises to which such service has been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. (This section intentionally left blank.)

ARTICLE III

MEETINGS OF MEMBERS

SECTION 3.01. Annual Meeting. For the purposes of announcing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, an annual meeting of the Members shall be held each year at the time and place as shall be designated by the Board of Directors at their regular meeting in the month of December preceding such annual meeting in one of the counties in Illinois within which the Cooperative serves, and beginning at such hour, as the Board of Directors shall from year to year fix. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage Member attendance at the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative. Upon approval by the Board of Directors the annual meeting or portions of the annual meeting may be held by mail, email, video conferencing, web based conferencing means of providing all the membership the opportunity to participate in the annual meeting of the members.

SECTION 3.02. Special Meetings. A special meeting of the Members may be called by the Board of Directors, or by petition signed by not less than twenty-five percent (25%) of the Members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held at such place in one of the Counties in Illinois within which the Cooperative serves, on such date not sooner than sixty (60) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall be designated by the Board of Directors. This meeting may be held as indicated above or held by way of mail, internet, mail, email, video conferencing, web based conferencing or other such technical process that meets with the approval of the Board of Directors and satisfies the needs of the "Special Meeting".

SECTION 3.03. Notice of Member Meetings. Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each Member receiving service as of the date of the notice and each Member receiving service as of the end of the calendar year preceding the annual or special meeting not less than five (5) days nor more that sixty (60) days prior to the date of the meeting, whether personally, by e-mail or by U.S. mail including by insert with Member service billings, an integral part of the Cooperative newsletter or monthly insert in the Illinois Country Living Magazine, by or at the direction of the President or the Secretary (and in the case of a special meeting, at the direction of those calling the meeting) No matter the carrying of which, as provided by law, requires the affirmative votes of a simple majority of the Members present in person or by proxy shall be acted upon at any meeting of the Members unless notice of such matter shall have been contained in the notice of the meeting. 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 and postmarked at least five (5) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any Member to receive a notice deposited in the mail addressed to the Member at his address as shown on the Cooperative's books shall not invalidate any action which may be taken by the Members at any such meeting, and the attendance in person or by proxy of a Member at any meeting of the Members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the

meeting shall not have been lawfully called or convened. Any Member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. Quorum. Business may not be transacted at any meeting of the Members unless there are present in person or by proxy at least ten percent (10%) or 150 of the Cooperative's Members, whichever is less, except that, if less than a quorum is present at any meeting, a majority of those present in person or by proxy may without further notice adjourn the meeting to another time and date not less than sixty (60) days later and to any place in one of the counties in Illinois within which the Cooperative serves: PROVIDED, that the Secretary shall notify any absent Members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the Members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those Members who were registered as present in person or by proxy.

SECTION 3.05. Voting. Each Member who is not in a state of suspension as provided for in these By-Laws shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the Members. Voting by Members other than Members who are persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each Member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the Members, all questions shall be decided by the affirmative votes of a majority of the Members present in person or by proxy, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these By-Laws. Matters to be voted upon shall be published in the official notice of the meeting. No other matters that are not in the notice may be voted upon unless there is at least one-third (1/3) of the Members present. If voting is conducted by mail, email, or other electronic means the matter being voted upon will be decided by the affirmative vote by a simple majority of the votes submitted.

SECTION 3.05A. Proxies. At any meeting of the Members or any adjournment thereof, any Member may vote by proxy, but only if such proxy (a) is registered with the Secretary or his duly designated registrar before or at the time of the meeting or any adjournment thereof, or, if such proxy is to be voted on any matter the carrying of which requires the affirmative votes of not less than two-thirds (2/3rds) of the Cooperative's Members present in person or by proxy, is registered with the Cooperative at its principal office during office hours on or before the third business day next preceding the date of the meeting or any adjournment thereof, as the case may be, (b) is executed by the Member in writing and designates the holder thereof (and, if the Member so desires, an alternative holder thereof and conferring upon the holder(s) full power of substitution), which holder(s) shall be the Member's spouse, an adult close relative (18 or older) residing in the same household as the Member, or another Member, and (c) specifies the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than eleven (11) months prior to the date of such meeting or any adjournment thereof: PROVIDED, that any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the Member at such adjournment. A proxy may be unlimited as to the matters on which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited. In the event a Member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke all others; if such proxies carry the same date and are held by different persons, none of them will be valid or recognized. The presence in person of a Member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by him for such meeting or for such adjournment thereof, as the case may be, and he shall be entitled to vote in the same manner and with the same effect as if he had not executed a proxy. No person shall vote as proxy for more than two (2) Members on any matter. Notwithstanding the foregoing provisions of this Section, whenever a Member is absent from a meeting of the Members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote, the proxy of such Member to the same extent that such Member could vote if present in person, unless such Member has given a written proxy to some other person eligible to vote such proxy.

SECTION 3.06. Credentials and Election Committee. The Board of Directors shall, at least sixty-five (65) days before any meeting of the Members, appoint a Credentials and Election Committee (hereinafter the "Committee"). The Committee shall consist of an uneven number of Members not less than three (3) nor more than nine (9) who are not existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives (hereinafter defined) or Members of the same household of existing Cooperative employees, agents, officers, directors or known candidates for director. In appointing the Committee the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary. Subject to the provisions of Section 4.03, it shall be the responsibility of the Committee to establish or approve the manner of conducting Member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of Members in person or by proxy, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked

or cast, to rule upon all other questions that may arise relating to Member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any petition or election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning the petition process as outlined in Section 4.03, such protest or objection must be filed no later than three (3) days after the petitioner has received notification by the Cooperative of the Committee's acceptance or denial of a petition. In the event a protest or objection is filed concerning any election or election process, other than the petition process, such protest or objection must be filed during, or within three (3) business days following the adjournment of, the meeting in which the results are announced. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protester(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the petition or election, to change the outcome thereof, or to set it aside. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. The Committee may not affirmatively act on any matter unless a majority of the Committee is present.

SECTION 3.07. Order of Business. The order of business at the annual meeting of the Members and, insofar as practicable or possible and at all other meetings of the Members, shall be established as set forth in each meeting agenda and conducted in a manner consistent with these By-Laws and rules of parliamentary procedure as selected by the Board of Directors. A proposed agenda will accompany each meeting notice. If there is any other matter to be included on the agenda by a Member then that Member must request that matter be on the agenda a minimum of sixty (60) days prior to the meeting.

ARTICLE IV

DIRECTORS

SECTION 4.01. Number and General Powers. The business and affairs of the Cooperative shall be managed by a Board of eleven (11) Directors. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or By-Laws conferred upon or reserved to the Members.

SECTION 4.02. Qualifications and Tenure. The persons who are Directors at the time of the adoption of these Revised By-Laws shall continue as such Directors until the respective terms for which they shall have been elected have expired, or until their successors shall have been elected and shall have qualified. Directors will be elected for three (3) year terms with no more than four directors elected in any one year except when filling vacancies due to death or resignation of a current director. The offices for the eleven (11) Directors shall be filled as follows: Two (2) Directors who are residing in Jasper and/or Clay County, two (2) Directors who are residing in Crawford County, two (2) Directors who are residing in Lawrence County, one (1) Director who is residing in Clark County, one (1) Director who is residing in either Shelby or Cumberland County, one (1) Director who is residing in Wabash County, one (1) Director who is residing in Effingham County, and one (1) Director who is residing in Richland County. No Member shall be eligible to become or remain a Director in the Cooperative who is not a living person, a resident in the area served by the Cooperative, in good standing, and personally receiving electrical energy or electrical service from the Cooperative, or who is any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Members of the Cooperative, or an employee of the Cooperative, or a former employee who has not been employed by the Cooperative for less than three years, or have a close relative that is an employee of the Cooperative, or any other related business that could cause a conflict of interest as determined by the Board, and no person shall take or hold office as a Director who has been convicted of a felony or plead guilty to a felony, or who does not have the capacity to enter into legally binding contracts. Members with their own generation are not considered competing enterprises for the purposes of this section. Nothing in this section contained, shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors. The tenure of Directors shall be subject to the provisions of these By-Laws with respect to the removal of Directors as provided in Section 4.04 of these By-Laws.

SECTION 4.03. Nominations and Elections. Nominations for candidates for election to the Board of Directors shall be made only by petition. A Member, being a living person, in good standing, and receiving electrical energy or electrical service may indicate his or her candidacy by obtaining a petition from the Cooperative Headquarters and then

submitting it to the Cooperative with no less than twenty-five (25) signatures of other Cooperative Members in good standing. A Member only has one vote, so the signature can only include the Member listed on the billing account. The petition must be delivered to the Cooperative Headquarters sixty (60) days prior to the annual meeting. Candidates that submit the required petition shall be placed on the ballot. The Credentials and Election Committee in conjunction with General Counsel for the Cooperative shall determine or cause to be determined the accuracy and authenticity of the petitions. Ballots shall be mailed to all Members in good standing no earlier than forty-five (45) days prior or no later than thirty (30) days prior to the annual meeting of Members. Ballots will be required to be returned within fifteen (15) days prior to the annual meeting for tallying. The winners of the election shall be announced at the annual meeting of Members. In the event there are no ballots or no acceptable ballots for any or all of the vacant director positions, the vacant director positions will be filled as provided in Section 4.05.

SECTION 4.04. Removal of Directors by Members. Any Member may bring one or more charges for cause against any one or more Directors and may request the removal of such Director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten (10%) percent of the total membership of the Cooperative, which petition shall call for a special Member meeting the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more Directors are recalled, to elect their successor(s) and which specifies the place, time and date thereof not less than sixty (60) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual Member meeting if such meeting will be held no sooner than sixty (60) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the Member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the Director(s) against whom such charge(s) is(are) being made. The petition shall be signed by each Member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the Director(s) against whom the charge(s) have been made, of the Member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the Members not less than five (5) days prior to the Member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth only twenty (20) of the names (in alphabetical order) of the Members filing one or more charges if twenty (20) or more Members file the same charge(s) against the same Director(s). Such Director(s) shall be informed in writing of the charges after they have been validly filed and at least twenty (20) days prior to the meeting of the Members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such Director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the Members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: PROVIDED, that the question of the removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. The attorney representing the Cooperative shall determine whether the evidence against the Director has been supported and a vote of removal is warranted. A newly elected Director shall serve the unexpired portion of the removed Director's term.

SECTION 4.04A. Removal of Director by Board. If a Board Member should have three (3) unexcused consecutive absences in a twelve (12) month period, or four (4) unexcused absences (non-consecutive) in a twelve (12) month period from regularly scheduled Board Meetings, the remaining Board Members have the authority to remove that Director and appoint a new Director to complete the unexpired term per Section 4.05. The Board of Directors has sole authority to determine if an absence is unexcused.

SECTION 4.05. Vacancies. When a vacancy occurs in the Board of Directors, such vacancy shall be filled in the following manner: At the next regular meeting of the Board of Directors following the occurrence of a vacancy, the Board of Directors shall appoint a committee consisting of three (3) Members of the Cooperative, in good standing, receiving electrical energy or electrical service from the Cooperative, and residing in the county or counties in which the vacancy exists, whose duty it shall be to appoint a qualified Member of the Cooperative to serve as Director for the unexpired term of the Director whose termination of office has created the vacancy. They may not be a close relative of a director or nominee, employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Members of the Cooperative, or an employee of the Cooperative, or a former employee who has not been employed by the Cooperative for less than three years, or have a close relative that is an employee of the Cooperative, or any other related business that could cause a conflict of interest as determined by the Board. Members with their own generation are not considered competing enterprises for the purposes of this section. The members of said committee shall then be promptly notified of their appointment, and said committee shall, within twenty (20) days

after such appointment, meet and appoint, by majority vote, a qualified Member pursuant to the qualifications in Section 4.02, to fill such vacancy from the county in which the vacancy shall exist. Said committee shall thereupon notify the Board of Directors of such appointment in writing, and upon such notification being made, the appointee of the committee shall then be and become a Director and a Member of the Board of Directors and shall continue as such for the duration of the term of office of the Director whose office as Director became vacant.

SECTION 4.06. Compensation, Expenses. Directors shall, as determined by a resolution of the Board of Directors, receive compensation for attending meetings of the Board of Directors and for the performance of other Cooperative business. Directors shall also receive reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the Members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure: PROVIDED, that a Director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

SECTION 4.07. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors (or if designated by the Board of Directors to do so, the General Manager/CEO) shall have power to make, adopt, amend, abolish and promulgate such procedures, rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or of the Cooperative's Articles of Incorporation or By-Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.08. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.09. (This section intentionally left blank.)

SECTION 4.10. Close Relative Defined. As used in these By-Laws, "close relative" means a person who is step or adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal or anyone else with whom the principal has a close, personal relationship including, but not limited to, a co-inhabitant or life partner.

ARTICLE V

MEETINGS OF DIRECTORS

SECTION 5.01. Regular Meetings. A regular meeting of the Board of Directors shall be held, without notice, after the adjournment of the annual meeting of the Members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the annual Member meeting to reorganize and elect officers. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in one of the counties in Illinois within which the Cooperative serves, as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, that, the President may change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days notice thereof to all Directors, and the Board of Directors may change the date, time or place of a regular monthly meeting by resolution adopted at any regular meeting in advance thereof.

SECTION 5.02. Special Meetings. Special meetings of the Board of Directors may be called by Board resolution, or by any three (3) Directors or by the President, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The Board, the President, or the Directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Illinois within which the Cooperative serves, unless all Directors consent to its being held in some other place in Illinois or elsewhere.

SECTION 5.03. Notice of Directors Meetings. Written notice of the date, time, place and purpose or purposes of

any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each Director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any Director in the case of a meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a Director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04. Quorum. The presence in person of a majority of the Directors in office shall be required for the transaction of business and the affirmative votes of a majority of the Directors present shall be required for any action to be taken: PROVIDED, that a Director who by law or these By-Laws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of Directors in office or present: AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the Directors present may adjourn the meeting from time to time, but shall cause the absent Directors to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE VI

OFFICERS: MISCELLANEOUS

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

SECTION 6.02. Election and Term of Office. The four officers named in Section 6.01 shall be elected by secret written ballot annually and without prior nomination, by and from the Board of Directors at the first meeting of the Board held after the annual meeting of the Members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the Members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the By-Laws with respect to the removal of Directors and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

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

SECTION 6.04. Vacancies. A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05. President. The President shall

- (a.) preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the Members;
- (b.) sign, with the Secretary, any document properly authorized by the Board, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws 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 of Directors from time to time.

SECTION 6.06. Vice-President. In the absence of the President, or in the advent 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; and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.07. Secretary. The Secretary shall

- (a.) Keep, or cause to be kept, the minutes of meetings of the Members and of the Board of Directors in one or more books provided for that purpose;
- (b.) See that all notices are duly given in accordance with these By-Laws or as required by law;
- (c.) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these By-Laws or is required by law;
- (d.) Keep, or cause to be kept, a register of the name and post office address of each Member, which address shall be furnished to the Cooperative by such Member;
- (e.) Keep on file at all times a complete copy of the Cooperative's Articles of Incorporation and By-Laws, together with all amendments thereto, which copies shall always be open to the inspection of any Member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any Member;
- (f.) In general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors; and
- (g.) All books, records, documents and other things of which the Secretary is custodian shall be kept and maintained at the headquarters of the Cooperative.

SECTION 6.08. Treasurer. The Treasurer shall perform all duties, shall have the responsibility, and may exercise all authority prescribed by the Board. This includes but is not limited to financial report, financial audit and accounting procedures followed by the Cooperative.

SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board of Directors by resolution or the adoption of policies may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's duties to one or more agents, other officers or employees of the Cooperative who are not Directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10. General Manager; Chief Executive Officer, Executive Vice-President. The Board of Directors may appoint a General Manager, who may be, but who shall not be required to be, a Member of the Cooperative, and who also may be designated President, Chief Executive Officer, Executive Vice-President or combination of any or all. Such officer shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 6.11. Bonds. At the Cooperative's expense, the Cooperative may purchase a bond or bonds covering any Cooperative Director, Employee, Agent, or Representative. These bonds will cover liability related to any incident or occasion that the Board may determine that the Cooperative is at risk of liability.

SECTION 6.12. Compensation; Indemnification. The compensation, if any, of any officer, agent or employee who is also a Director or close relative of a Director shall be determined as provided in Section 4.06 of these By-Laws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan approved by the Board of Directors. The Cooperative shall indemnify Directors, Officers, including General Manager (and/or, if so titled, the President, Chief Executive Officer, Executive Vice-President or combination of any or all), Office Manager, agents and employees. The Cooperative may purchase insurance to cover such indemnification.

SECTION 6.13. Reports. The President, Treasurer and General Manager of the Cooperative shall submit at each annual meeting of the Members, reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

SECTION 6.14. Indemnification. As allowed by Law and the Articles, and as determined by the Board:

- A. Indemnification Director or Officer. The Cooperative shall indemnify:
1. An individual who is, or was, a Director or Officer; or an individual who, while a Director or Officer, is, or was, serving at the Cooperative's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise; or the estate or personal representative of such an individual (collectively, "Indemnification Director or Officer")
 2. Who was wholly successful, on the merits or otherwise, in defending any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal ("Indemnification Proceeding")
 3. To which the Indemnification Director or Officer was, is, or is threatened to be named defendant or respondent ("Indemnification Party")
 4. Because the Indemnification Director or Officer is, or was, a Director or Officer
 5. Against reasonable expenses, including counsel fees, ("Indemnification Expenses") actually incurred by the Indemnification Director or Officer in connection with the Indemnification Director or Officer in connection with the Indemnification Proceeding.
- B. Indemnification Individual. The Cooperative may indemnify:
1. An individual who is, or was, a Cooperative Director, Officer, employee, or agent ("Indemnification Individual")
 2. Made an Indemnification Party to any Indemnification Proceeding other than an Indemnification Proceeding:
 - a. By, or in the right of, the Cooperative in which the Indemnification Individual was adjudged liable to the Cooperative; or
 - b. Charging, and in which the Indemnification Individual was adjudged liable for receiving, improper personal benefit to the Indemnification Individual, whether or not involving action in the Indemnification Individual's official capacity because the Indemnification Individual is, or was a Cooperative Director, Officer, employee, or agent
 3. Against reasonable Indemnification Expenses incurred in connection with an Indemnification Proceeding by, or in the right of, the Cooperative; or against the obligation to pay a judgment, settlement, penalty, fine, or reasonable expense, including counsel fees, actually incurred in connection with any other Indemnification Proceeding
 4. Incurred in the Indemnification Proceeding, if the Indemnification Individual:
 - a. Acted in good faith;
 - b. Reasonably believed:
 - i. For the conduct as a Cooperative Director, Officer, employee, or agent, that the Indemnification Individual's conduct was in the Cooperative's best interest; and
 - ii. For all other conduct, that the Indemnification Individual's conduct was not opposed to the Cooperative's best interests; and
 - c. In the case of any criminal Indemnification Proceeding, had no reasonable cause to believe the Indemnification Individual's conduct was unlawful
 5. After a majority vote of the Director Quorum, excluding Directors currently Indemnification Parties to the Indemnification Proceeding, determines:
 - a. That the Indemnification Individual met the Indemnification Standard of Conduct; and
 - b. Reasonable Indemnification Expenses.
- C. Advance for Expenses. Prior to the final disposition of an Indemnification Proceeding, the Cooperative may pay for, or reimburse, the reasonable Indemnification Expenses incurred by an Indemnification Director, Officer or Individual who is an Indemnification party to the Indemnification Proceeding if:
1. The Indemnification Director, Officer, or Individual furnishes the Cooperative a written:
 - a. Affirmation of their good faith belief that they have met the Indemnification Standard of Conduct; and
 - b. Unlimited general obligation which
 - i. Need not be secured;
 - ii. May be accepted without reference to financial ability to repay;
 - iii. May be executed personally or on their behalf; and
 - iv. Obligates them to repay the Advance for Expenses if a majority of the Indemnification Director Quorum ultimately determines that they did not meet the Indemnification Standard of Conduct.

2. A majority of the Indemnification Director Quorum determines that the facts be known to them would not preclude indemnification for them under this By-Law.

ARTICLE VII

CONTRACTS, CHECKS, AND DEPOSITS

SECTION 7.01. Contracts. Except as otherwise provided by law or these By-Laws, the Board of Directors may authorize any Cooperative officer, agent or employee 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 7.02. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 7.03. Deposits; Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

ARTICLE VIII (This section intentionally left blank.)

ARTICLE IX

NON-PROFIT OPERATION

SECTION 9.01. 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 9.02. Patronage Capital in Connection with Furnishing Cooperative Services. In the furnishing of Cooperative services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of services in excess of operating costs and expenses properly chargeable against the furnishing of services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. Based on the Cooperative's reasonable needs, the Cooperative may accumulate and retain operating margins ("Reasonable Reserves"). As provided by these By-Laws, however, the Cooperative shall allocate and credit Reasonable Reserves as Capital Credits. 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. The Board of Directors shall make a decision annually on the retirement of non-operating margins. 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: PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who are patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Directors before any payments are made on account of property rights of Members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such

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 or of any capital credited to patrons for any prior fiscal year. Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise. Notwithstanding any other provisions of these By-Laws, the Board of Directors shall at its discretion have the power at any time upon the death of any patron, (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron,) if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the By-Laws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon; PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby. In the event that the Board of Directors decide to retire and pay Capital Credits they shall only be paid to a Member who is in good standing. The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative. The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws 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.

SECTION 9.03. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy to the Cooperative Members, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine. If such other services are made available to the general public as well as Cooperative Members, then those amounts received and receivable therefrom which are receivables may be used as non-allocated capital.

SECTION 9.04. Electronic Documents. If a Member or Director owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, regardless of contrary By-Law, as determined by the Board, and as allowed by Law:

- A. The Member or Director consents and agrees to:
 - a. Use, accept, send, and receive an electronic signature, contract, record, notice, vote, communication, and other document regarding a transaction, business, or activity with, for, or involving the Cooperative (Electronic Document);
 - b. Electronically conduct an action, transaction, business, or activity with, for, or involving the Cooperative; and
 - c. Electronically give or confirm this consent and agreement; and
- B. And Electronic Document sent to or received from the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, or other document be in writing;
- C. Electronically sending an Electronic Document to, or receiving an Electronic Document from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, or other document be sent or received personally or by mail; and
- D. The Member or Director electronically taking an action provided in these By-Laws satisfies a requirement imposed by the Governing Documents regarding the form or manner of taking action.

An Electronic Document electronically sent to a Member or Director or former Member at the Member's or Director's or former Member's last known electronic address is considered sent and received on the date sent by the Cooperative. An Electronic Document electronically received from a Member or Director or former Member is considered sent and received on the date received by the Cooperative.

ARTICLE X

WAIVER OF NOTICE

Any Member or Director may waive, in writing, any notice of meetings required to be given by these By-Laws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE XI

DISPOSITION AND PLEDGING OF PROPERTY;

DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 11.01. Disposition and Pledging of Property; Non-Merger.

(a) The Members may authorize the sale, lease, lease-sale, exchange, transfer, mortgage or other disposition of all of, or substantially all of, the Cooperative's property and assets by the affirmative votes of at least two-thirds (2/3rds) of the Members present in person or by proxy. However, the Board of Directors, without authorization by the Members, shall have full power and authority to sell, lease, lease-sale, exchange, transfer, or otherwise dispose of merchandise and any property no longer necessary or useful for the operation of the Cooperative.

(b) Supplementary to the foregoing subsection (a) and any other applicable provisions of law or of these By-Laws, no sale, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of the Cooperative's property and assets shall be authorized except in conformity with the following:

- (1) To be considered by the Board of Directors or Members, any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition must propose to, at a minimum, retire all currently allocated Capital Credits at a non-discounted rate. Any proposal which does not propose such a retirement of all currently allocated Capital Credits at a non-discount rate shall be rejected and not further reviewed by the Board of Directors or Members.
- (2) If the Board of Directors, after receiving a reviewable proposal, looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. The cost of such appraisals shall be paid by the party proposing such sale, lease, lease-sale, exchange, transfer or other disposition. The three (3) such appraisers shall be designated by the Board of Directors.
- (3) If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the Members, it shall first give every other electric cooperative corporately sited and operating in Illinois (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperatives, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (4) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the Members not less than sixty (60) days before noticing a special meeting of the Members thereon or, if such be the case, the next annual Member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the Members for consideration thereof, which meeting shall be held not less than forty (40) days after the giving of such notice to the Members: PROVIDED, that consideration thereof by the Members may be given at the next annual Member meeting if the Board so determines and if such annual meeting is held not less than forty (40) days after the giving of such notice.
- (5) Any fifty (50) or more Members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all Members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

(c) The provisions of subsection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric Cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric Cooperatives.

SECTION 11.02. Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors not inconsistently with the provisions of the third paragraph of Section 9.02 of these By-Laws, be distributed without priority but on a patronage basis among all persons who have been Members of the Cooperative for any period(s) during its existence: PROVIDED, HOWEVER, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

Section 11.03. Employee Compensation Upon Dissolution. Any proposal to dissolve the Cooperative by sale, lease, lease-sale, exchange, transfer or other disposition shall include compensation for employees. All employees except supervisory employees of the Cooperative shall be offered continued employment for at least three (3) years upon terms at least equal to those enjoyed by the Cooperative's employees at the time the Qualifying Offer was submitted to the Board. Supervisory employees shall be offered continued employment for at least three (3) years upon terms at least equal to those enjoyed by the Cooperative's employees at the time the Qualifying Offer was submitted to the Board or one (1) year's base salary and benefits for one year to leave the new entity. The General Manager shall be entitled to the same dissolution benefits as the other supervisory personnel except he must be offered as an alternative, two (2) year's base salary and benefits to leave the new entity. The terms to be considered shall include wages, salaries, severance benefits, insurance and pension benefits, fringe benefits, rank and job title, union membership, place of employment and residence.

Section 11.04. Successors and Assigns. To the extent allowed by Law, the duties, obligations, and liabilities imposed upon the Cooperative or any Member by these By-Laws are binding upon the successors and assigns of the Cooperative or Member; and the rights granted to the Cooperative by these By-Laws inure to the benefit of the Cooperative's successors and assigns. The binding nature of the duties, obligations, and liabilities imposed by these By-Laws upon the successors and assigns of the Cooperative or Member of the duties, obligations, and liabilities imposed by these By-Laws upon the Cooperative or Member.

ARTICLE XII

FISCAL YEAR

The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December following.

ARTICLE XIII

RULES OF ORDER

Parliamentary procedure at all meetings of the Members, of the Board of Directors, of any committee provided for in these By-Laws and of any other committee of the Members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or By-Laws.

ARTICLE XIV

SEAL

The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Illinois."

ARTICLE XV

AMENDMENTS

These By-Laws may be altered, amended or repealed by the Members of the Cooperative at any regular or special meeting. The notice of the meeting shall provide the Member a summary of the changes with the exact proposed changes available at the Cooperative offices upon request and available at the annual meeting.

ARTICLE XVI

CONTINUITY OF RULES AND REGULATIONS

All of the Cooperative's procedures, rules, regulations and rate schedules in effect as of the date of the adoption of these Revised By-Laws shall be and remain in full force and effect, subject to repeal, revocation, modification or amendment by the Board of Directors from time to time.

NOTES

STATEMENT OF NONDISCRIMINATION

Norris Electric Cooperative is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and rules and regulations which provide that no person in the United States on the basis of race, color, national origin, sex, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is the General Manager. Any individual, or specific class of individuals, who feels that Norris Electric Cooperative has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complain with this organization. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.