



Clark Electric Cooperative

Your Touchstone Energy® Partner



Articles of Incorporation and By-Laws

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SECTION II

RESTATED

ARTICLES OF INCORPORATION ADOPTED JUNE 6, 1972

ARTICLE I

Name and Location

The name of this cooperative association shall be Clark Electric Cooperative, and its location and principal office shall be in the City of Greenwood, in Clark County, Wisconsin, Post Office Address: Greenwood, Wisconsin 54437.

ARTICLE II

Purposes

The principal purpose for which this cooperative association is formed is that of furnishing its members with electric power and energy on a cooperative non-profit basis. The cooperative may engage in any activity within the purposes for which cooperative associations may be organized under Wisconsin law and all such activities shall be deemed within its purposes subject to such express limitations as may be imposed pursuant to its bylaws.

ARTICLES III

Duration

The duration of this cooperative association shall be perpetual.

ARTICLE IV

Non Stock and Member Classes

This cooperative association is organized without capital stock and there shall be only one class of members with respect to voting rights.

ARTICLE V

Property Rights and Basis of Distribution in the Event of Dissolution.

Upon dissolution, after

- (a) All debts and liabilities of the cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in the bylaws.

The remaining property and assets of the cooperative shall be distributed among the members and former members, in the proportion which the aggregate patronage of each bears to the total percentage of all members during the ten calendar years next preceding the date of the filing of the certificate of dissolution, subject to and in accordance with such classifications of business formula as may have been employed in allocating patronage capital to such members during said ten-year period.

ARTICLE VI

Directors

The business and affairs of the cooperative shall be managed by a board of directors. The number, qualifications, and manner of voting for directors shall be specified in the bylaws.

ARTICLE VII

Disposition of Property

The cooperative may not sell, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members by the affirmative vote of not less than three-fourths (3/4) of all of the members of the cooperative, and unless notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that merger or consolidation with, or sale, lease or other disposition of all or any substantial portion of its property to, another electric cooperative may be authorized by the affirmative vote of a majority of the members voting on the proposition at a meeting duly called and held; provided, further, that the board of directors, without authorization by the members, shall have full power to authorize the execution and delivery of mortgages or other encumbrances on any or all of the property of the cooperative to secure its indebtedness. Amendment of either of the voting requirements in this article shall require the affirmative vote of not less than the majority proposed to be amended.

RESTATED BYLAWS
OF
CLARK ELECTRIC COOPERATIVE
(Last Revised April 12, 2006)

Restated By-Laws Of CLARKELECTRIC 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 Clark Electric Cooperative (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that be/she or it has first:

- (a) Made an application for membership in such form as the Cooperative may designate;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the board and;

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

Two or more persons may hold a membership as tenants in common or as joint tenants with right of survivorship in accordance with the terms of their application and any rules of the board of directors applicable thereto. The provisions of Section 3 (a), (b), (c), (d), (e), (f) and (g) of this Article shall apply to a membership held by tenants in common, and to a joint membership where the holders thereof are not husband and wife.

SECTION 2. Membership Certificates.

Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as; shall be determined by the board. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the board may prescribe.

SECTION 3. Joint Membership and Membership as Tenants in Common.

A husband and wife or others, may apply for a joint membership or for membership as tenants in common, and subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term “member” as used in these bylaws shall be deemed to include a husband and wife, or others holding a joint membership, or a membership as tenants in common and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership or membership as tenants in common. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership or a membership as tenants in common shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either, but not both, may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership.

- (a) By a written request signed by all persons having an interest therein, a membership in the name of one person, a joint membership, or a membership as tenants in common, may be converted to a membership of another of the three types. Such written request shall contain the agreement by all persons having an interest in a membership involved, to comply with the articles of incorporation, bylaws and rules and regulations adopted by the board. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse or other person who is a party to the joint membership, such membership shall be held solely by the survivor, however the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Membership Fees.

The payment of a membership fee shall not be required, but this shall not affect any meter or guarantee deposit or connection fee which may be required by rules and regulations of general application applicable to the class of service requested.

SECTION 6. Purchase or Resale of Electric Energy.

- (a) Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his or her application for membership, and shall pay therefore at rates which shall from time to time be fixed by the board.
- (b) It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws.
- (c) Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.
- (d) All purchased electric service on the premises of the member shall be supplied exclusively by the Cooperative, and the member shall not directly or indirectly sell, sublet, assign or otherwise dispose of, the electric service or any part thereof, without the consent of the Cooperative.
- (e) Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

SECTION 7. Termination of Membership.

- (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 two-thirds of all the members of the board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be canceled by resolution of the board.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be cancelled. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

- (c) Upon the legal separation or divorce of the holders of a joint membership, or membership as tenants in common, such membership shall be deemed to be held solely by the one who continues to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint or held as tenants in common, and a new membership certificate shall be issued provided that except for the membership fee, if any, this provision shall not affect the ownership of funds held by the Cooperative in the names of the joint owners or tenants in common and further provided, that neither joint owners or tenants in common shall be released from debts due the Cooperative arising from the joint membership.

SECTION 8. Property Rights and Basis of Distribution in the Event of Dissolution.

Upon dissolution, after

- (a) All debts and liabilities shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in the bylaws, the remaining property and assets of the cooperative shall be distributed among the members and former members, in the proportion which the aggregate patronage of each bears to the total percentage of all members during the ten calendar years next preceding the date of the filing of the certificate of dissolution, subject to and in accordance with such classifications of business formula as may have been employed in allocating patronage capital to such members during said ten-year period.

SECTION 9. 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 10. Refund of Membership.

In case of withdrawal or termination of membership in any manner, or in the event that it is determined that membership fees shall be otherwise refunded. The Cooperative may repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

SECTION 11. Membership List.

The names of members shall not be divulged singly or on lists to any person to be used for political purpose. The membership list may be used only for a

purpose related directly to cooperative education, public issues affecting cooperatives, the promotion of the cooperative's business, or otherwise directly related to the business and affairs of the Cooperative, all subject to such conditions as the board of directors may establish. The membership list shall not be released without board approval or compliance with conditions established by the board.

ARTICLE II

Service Principles

SECTION 1. Area Coverage Service.

The Cooperative holds itself out to serve and shall make diligent efforts to extend and render adequate and dependable service to all unserved persons within the Cooperative service area, regardless of the size or nature of their service requirements who meet all reasonable requirements established by the Cooperative as a condition of service.

SECTION 2. Service Area Maps.

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

SECTION 3. Extension and Service Rules.

Extension and service rules of the Cooperative from time to time promulgated by the board shall be of general and uniform application and shall provide for service without discrimination to all patrons as members within the same classification of service.

SECTION 4. Service to Non-Member Patrons.

In the event the Cooperative shall acquire all or any portion of the property of any public utility, former consumers of such public utility served through the property acquired shall be invited to become members of the Cooperative. Should any such consumer refuse to become a member of the Cooperative then the Cooperative may continue to render electric service to such consumer as a patron of the Cooperative; provided, however, that the Cooperative may not render service to non-members in excess of ten percent of the total patrons served by the Cooperative.

SECTION 5. Assumption of Public Utility Obligations.

Within the corporate limits of any city or village in which the Cooperative may acquire the property of any public utility the board of directors by rule, or

agreement with the governing board of such municipality, may cause the Cooperative to become subject therein to all or part of the regulatory rules and jurisdiction of the Public Service Commission of Wisconsin, or other regulatory agency provided by law, provided that this shall not affect the status of the Cooperative in the balance of its service area nor require approval of its securities issued to the United States of America or to any financing institution organized by rural electric cooperative or approved by the administrator of the Rural Electrification Administration.

ARTICLE III

Meeting Of Members

SECTION 1. Annual Meeting.

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

SECTION 2. Special Meetings.

Special meetings of the members may be called by the president or by a two-thirds (2/3) vote of the board of directors or upon a written request signed by at least five hundred (500) of the members and it shall thereupon be the duty of the president to cause notice of such meeting to be given as hereinafter provided. Special meetings may be held at any place within the area served by the Cooperative as designated by the board and shall be specified in the notice of the special meeting. Any special meeting called for the purpose of considering a proposed sale, lease or other disposition, or encumbrance of all or any substantial portion of the Cooperative's property or for the purpose of altering, amending or repealing any provision of these bylaws relating to the sale, lease, or other disposition or encumbrance of all or any substantial portion of the Cooperative's property, shall be held not less than sixty (60) nor more than ninety (90) days after the date of the meeting is called.

SECTION 3. Notice of Members' Meetings.

Written or printed notice stating the place, day and hour, and in the case of a special member meeting the purposes for which the meeting is called, shall be delivered not less than seven (7) days nor more than (30) days before the date of

the meeting, either personally or by mail, by or at the direction of the secretary, or upon default in duty by the secretary, by the persons calling the meeting, to each member. If mailed, the notice is given when it is deposited or a newsletter or other publication of the Cooperative or of an affiliated organization which includes the notice, is deposited, in the United States mail, with postage prepaid thereon, addressed to such person at his or her address as it appears on the records of the Cooperative. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum.

The number of members to constitute a quorum at a meeting of members shall be fifty (50). In case of a joint membership, or a membership held by tenants in common the presence at a meeting of either joint member or both, or by one of the tenants in common, shall be regarded as the presence of one member. If less than a quorum is present at any meeting a majority of those present may adjourn the meeting provided a new notice is mailed to each member specifying the time and place of such meeting.

SECTION 5. Voting.

Each member who is a current user of electricity from the Cooperative shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions and elections shall be decided by a vote of a majority of the members voting thereon at such meeting except as otherwise provided by law, the articles of incorporation of the Cooperative or these bylaws. Two or more persons holding a joint or tenancy in common membership shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Any member which is a cooperative, corporation, government body, church or voluntary association may, acting through its governing body, designate in writing, its representative to act for it at membership meetings. Such written designation shall be filed with the secretary before such representative votes at any such meeting, except that the chairman, or in his or her absence, any other principal officer of any such corporation, association, board or body politic may cast its vote at such meeting if no such written designation for any other representative is so filed, provided, however, that such person shall first establish that he or she is such principal officer. Such representative may also vote as an individual if he is a member. A guardian or legal representative of any member may vote on behalf of such member.

SECTION 6. Delegate and Committee Person Compensation.

Persons selected by the members or by the board to serve on a committee of the Cooperative or as a delegate or alternate delegate to a meeting of another organization shall receive a per diem along with reasonable expenses actually and necessarily incurred. The per diem shall be established by the board. The per diem shall be the same for all delegates or committee members.

SECTION 7. Order of Business.

The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereof.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

The foregoing order of business may be changed by a two-thirds (2/3) vote of the members in attendance and voting at any such meeting. Unless the members by a two-thirds (2/3) vote of those in attendance and voting determine otherwise, Roberts Rules of Order shall govern all other procedural questions.

ARTICLE IV

Directors

SECTION 1. General Powers.

All powers of the Cooperative shall be exercised by or under authority of, and the business and affairs of the Cooperative shall be managed under the direction of, the board of directors, except as otherwise provided by law, the Articles of Incorporation or these bylaws.

Powers of the board of directors (without limitation because designation) shall include the determination and fixing of classifications of service, rates to be charged by the Cooperative for services furnished, the promulgation and

enforcement of rules and regulations governing service to patrons, the selection or nomination of directors to serve on the board of directors of organizations of which the Cooperative may be a member, and the determination of the number and the selection of delegates, alternate delegates, and other person to represent the Cooperative at meetings of organizations of which the Cooperative is a member, including the power to remove such director, delegate, alternate delegate or other representative. There shall be seven directors.

SECTION 2. Tenure and Qualifications.

- (a) Directors shall be elected by the members at the annual meeting for 3 year terms on a staggered basis so that no more than three of such terms shall expire at each annual meeting. A member who has served as a director for five consecutive terms of three years each shall not be eligible for re-election at the election immediately following the expiration of the member's fifth term and shall not be eligible for appointment to fill a vacancy until a period of one year has elapsed since such expiration. Such member shall be eligible for election at the annual meeting following the annual meeting at which the member's third consecutive term as director expired. Nothing in this section contained shall, or shall be construed to, effect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

- (b) Qualifications: No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative, who
 - 1. Is not a bona ride resident on premises served directly by the Cooperative, or
 - 2. Is in any way employed by or financially interested in:
 - (a) a competing enterprise, or
 - (b) a business selling electric energy or supplies to the Cooperative, or
 - (c) a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Cooperative or to members of the Cooperative.
 - (d) nothing in this section contained shall, or shall be construed to preclude any member from serving as a director or from holding any position of trust in the Cooperative because such member is also a member or director of any other Cooperative from which this Cooperative purchases or may purchase electric energy, supplies, or services or which is engaged in selling electrical or plumbing appliances, fixtures, or supplies to the member of the Cooperative.
 - 3. Is a close relative of a full time employee as defined in Section 8 of this Article, or has been a full time employee of the Cooperative at anytime in the five years preceding his or her election or appointment.

4. Is an incumbent of or a candidate for elective public office elected upon a party ticket.
5. Has pursued any claim or litigation against the Cooperative or any of its employees or directors at anytime in the five years preceding his or her election or appointment, or who is in default on any obligation owed the Cooperative at the time of election or appointment.
6. When a membership is held jointly or by tenants in common, one of the joint tenants or one of the tenants in common, but not more than one, may be elected a director, provided, however, that such person shall not be eligible to become or remain a director or hold a position of trust in the Cooperative unless both joint tenants or all tenants in common shall meet the qualifications hereinabove set forth. When a membership is held by a partnership, one, but not more than, of the partners designated in writing by the partnership may be elected a director; provided, however, that none of the partners shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (b) above, and unless all partners shall meet the qualifications set forth in (b) 2. (a), (b), (c), (d), (b) 3 and (b) 4, above. When a membership is held by a corporation, one, but not more than one, of the officers thereof designated in writing by the corporation may be elected a director, provided, however, that none of the officers shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (b) above, and unless all of the officers shall meet the qualifications set forth in (b) above, and unless all of the officers shall meet the qualifications set forth in (b) 2. (a), (b), (c), (d), (b) 3 and (b) 4 hereof.

SECTION 3. Nominations and Election.

Director candidates shall be nominated from the floor at the annual meeting of members. If there is more than one nominee, election shall be by ballot and majority vote. In the event no candidate receives a majority of the votes- cast on the first ballot, then all but the two persons receiving the greatest number of votes cast shall be dropped from the ballot on the second and succeeding ballots.

SECTION 4. Disqualification.

(1) At a meeting of the membership, upon establishment of the fact that a nominee for director lacks eligibility under this section shall be the duty of the chairperson presiding at the meeting which such nominee would otherwise be voted upon to disqualify such nominee.

(2) Except as provided in subsection (1), above, up on the establishment of the fact that any person holding a position of director, may lack eligibility to remain a director, it shall be the duty of the directors, upon reasonable notice

to the person whose eligibility is in question, to hold a hearing on such matter. The directors shall find and determine whether such person is eligible to remain a director under the qualifications provided in these bylaws. In making such determination, the person whose eligibility is being considered may not vote. If the remaining directors determine by a majority vote that the person is ineligible to remain a director, then his or her office as a director shall forthwith become vacant. The remaining directors shall appoint a successor until the next membership meeting.

SECTION 5. Removal of Director by Members.

Any member may bring charges against a board member and, by filing with the secretary such charges in writing together with a petition signed by at least one hundred (100) of the members, may request the removal of such board member by reason thereof. Upon receipt of such petition it shall be the duty of the President or the board of directors to call a special meeting of the membership to hear the same. Such board member shall be informed in writing of the charges at least ten days prior to the meeting of the 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 to the charges; and the person or persons bringing the charges against him 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 members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Vacancies.

Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the board of directors may be filled by a majority vote of the remaining directors and directors thus elected shall serve until the next annual meeting of the members or until their successors shall have qualified and shall have been elected.

SECTION 7. Director Compensation.

Board members shall not receive any salary for their services as such, but may be allowed a per diem along with reasonable expenses actually and necessarily incurred, for each day or portion thereof spent on Cooperative business, such as attendance at meetings of the board of directors, committee meetings, performance of committee assignments, training programs, attendance at meetings of other organizations, or other services, when authorized by the board. The per diem allowed for these services shall be known as a "meeting per diem". A director, requested by the board, or president, to assist the manager, or in lieu of the manager to transact business for the Cooperative, may be allowed a per diem known as a "compensation per diem", along with reasonable expenses actually and necessarily incurred. The rate of the meeting per diem and the

compensation per diem shall be set by the board from time to time, but shall not deviate by more than ten percent (10%) from the average of the rates in effect for the other rural electric distribution cooperatives in the state as of the date the rate is reviewed. No board member shall receive compensation for serving the Cooperative in any capacity other than stated herein, unless the payment and amount of compensation shall be specifically authorized by a vote of the members, or the service by the board member shall have been certified by the board as an emergency measure.

SECTION 8 Hiring a Relative of Director or Manager.

No person who is a close relative of a director or manager shall be employed by the Cooperative. A close relative as used in this section and 2 (b) 3 of this Article means and includes the following:

<i>Spouse</i>	<i>Daughter-in-law</i>
<i>Father</i>	<i>Brother</i>
<i>Step Father</i>	<i>Half Brother</i>
<i>Father-in-law</i>	<i>Brother-in-law</i>
<i>Mother</i>	<i>Sister</i>
<i>Step Mother</i>	<i>Half Sister</i>
<i>Mother-in-law</i>	<i>Sister-in-law</i>
<i>Son</i>	<i>Aunt</i>
<i>Step Son</i>	<i>Uncle</i>
<i>Son-in-law</i>	<i>Niece</i>
<i>Daughter</i>	<i>Nephew</i>
<i>Step Daughter</i>	<i>First Cousin</i>

SECTION 9. Prohibition Against Receipt of Compensation from Other Than the Cooperative.

No director, officer, manager or other employee, may receive any compensation, gift, bonus or other thing of substantial value from anyone other than the Cooperative by reason of such director, officer or employee's position or employment with the Cooperative. Bonuses and prizes awarded by any supplier of goods or services to the Cooperative and arising out of business done with the Cooperative, shall be deemed the property of the Cooperative. Nothing herein contained shall prevent any director or officer from receiving a per diem and expenses from any organization of which the Cooperative is a member for attending board or other meetings of such organization nor shall this section preclude any employee of the Cooperative from receiving a bonus or gift from the Cooperative for meritorious service.

SECTION 10. 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. Such policies, rules and regulations shall be binding upon all members provided that they receive notice of the substance of the policies, rules and regulations. For purposes of this section, notice shall be deemed sufficient if it is mailed to the member at the member's address as it appears on the records of the Cooperative, postage duly prepaid, or if it is published in a newsletter sent by the Cooperative to its members, is published in the Wisconsin Energy Cooperative News (or such other title as the statewide association's publication may carry in the future) or in another newspaper circulated in the service area of the Cooperative.

SECTION 11. Account System and Reports.

The board of directors shall cause to be established and maintained a complete accounting system, which shall conform to the applicable laws and rules and regulations of any regulatory body with jurisdiction over the Cooperative.

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

SECTION 12. Change in Rates.

Written notice shall be given prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective to the extent such notice is required by the Cooperative's lenders or by the applicable rules and regulations of any regulatory body with jurisdiction over the Cooperative. This requirement shall not apply to any automatic fuel clause or purchased power cost adjustment

ARTICLE V

Meeting Of The Board

SECTION 1. Regular Meetings.

A meeting of the board of directors shall be held without notice, immediately after, and at the same place as, the annual meeting of the members for the purpose of electing officers. Directors shall not receive a per diem or expense for attending this meeting. A regular meeting of the board of directors shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the board of directors. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings.

Special meeting of the board of directors may be called by the president or by any three board members, and it shall thereupon be the duty of the president to cause notice of such meeting to be given as hereinafter provided. The president or board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Special Board Meetings.

Notice of the time, place and purpose of any special meeting shall be given at least four (4) days previous thereto by written notice delivered or mailed to the several directors at their last known address, or such notice may be by telephone call to any person at the director's residence at least two (2) days before such, meeting. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in the event that a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. Quorum.

A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 5. Removal for Failure to Attend Meetings.

If a director misses three or more regular meetings of the board of directors during the period between annual membership meetings, it shall be the duty of the directors, upon reasonable notice to the person who has missed such meetings, to hold a hearing for the purpose of determining whether or not such absences were justified. If in the judgment of the board three absences from director meetings during the period were not justified, then the person shall be disqualified to remain a director and a vacancy shall exist. The person whose disqualification is being considered may not vote in the proceeding.

SECTION 6. Manner of Acting.

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

ARTICLE VI

Officers

SECTION 1. Number.

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

SECTION 2. Election and Term of Office.

The officers shall be elected, by ballot, annually by and from the board of directors at the reorganization meeting of the board of directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the reorganization meeting of the board of directors following the next succeeding annual meeting of the member or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

SECTION 3. Removal of Officers and Agents by the Board.

Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interest of the Cooperative will be served thereby.

SECTION 4. President.

The president shall:

- (a) be the principal executive officer of the Cooperative and unless otherwise determined by the members or the board, shall preside at all meetings of the members and the board;
- (b) sign with the secretary, certificates of membership, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board or by these bylaws to some other office or agent of the Cooperative, or shall be required bylaw 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 assigned by the board from time to time.

SECTION 5. Vice-President.

In the absence of the president, or in the event of his inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting shall have all the powers of and subject to all the restrictions upon the president. The vice-president shall also perform such other duties as from time to time may be assigned to him by the board.

SECTION 6. Secretary.

The secretary shall be responsible for the following, but the actual execution of the duties and functions may be delegated to employees of the Cooperative under the direction of the manager:

- (a) keeping the minutes of the meetings of the members and of the board in books provided for that purpose. The secretary shall sign the minutes if present at that meeting and if not present, the minutes shall be signed by the acting secretary.
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the president, certificates of membership.

SECTION 7. Treasurer.

The treasurer shall be responsible for the following, but the actual execution of the duties and functions may be delegated to employees of the Cooperative under the direction of the manager,

- (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; and
- (c) the general performance of all duties incident to the office of treasurer and such other duties as from time to time may be prescribed by the board.

SECTION 8. Manager.

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

SECTION 9. Bonds of Officers and Agents.

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

ARTICLE VII

Financial Transactions

SECTION 1. Contracts.

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

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 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 of directors.

SECTION 3. Deposits and Investments.

All funds of the Cooperative except petty cash shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or such financial securities or institutions as the board may select. Nothing herein shall be deemed to prohibit the board from extending loans for proper purposes in the interest of the Cooperative, such as energy and resource conservation programs, and other programs sponsored by the Cooperative for benefit of its membership.

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 (31) day of December of the same year.

ARTICLE VIII

Non-Profit Operation

SECTION 1. Interest or Dividends on Capital Prohibited.

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

SECTION 2. Patronage Capital in Connection With Furnishing Electric Energy.

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons within a particular business classification for all amounts received and receivable from the furnishing of electric energy to patrons within such classification in excess of operating costs and expenses properly chargeable against the furnishing of electric energy to patrons within such classification. Subject to the provisions hereof relating to adjustments between and among classes of business, all such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by patrons as capital. Subject to the provisions hereof relating to adjustments between and among classes of business, the Cooperative is obligated to pay as 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 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 class of business and 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 of capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be apportioned among the various classes of business on a total patronage basis and shall be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons within such business classifications on a patronage basis and any amount so allocated shall be included as a part of the capital credits to the accounts of patrons, as herein provided.

SECTION 3. Patronage Refunds in Connection With Furnishing Other Service.

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

SECTION 4. Un-allocated Reserves.

Notwithstanding anything to the contrary in this article, the board of directors, in its discretion, may in any given year credit to un-allocated surplus or reserves of the Cooperative a portion of the net proceeds not exceeding the amount of margins from any subsidiaries of the cooperative and other non-operating margins of the Cooperative, but not including patronage capital from the Cooperative's wholesale power supplier or cooperative lenders.

SECTION 5. Classification of Business.

With respect to the furnishing of electric energy, and the allocation of capital credits in connection therewith, the board may classify the business done by the Cooperative with all of its patrons into classes of business and patronage. Such classifications shall be based on factors relating to the cost of rendering service and the rates lawfully chargeable in connection therewith in accordance with reasonable accounting, engineering and utility standards and practice. The board may apply to such classes of business formulas designed to equitable determine for each class so established any amounts paid by patrons within such class in excess of the costs of service for such class. In developing such formulas and in determining the respective amount of capital so furnished by all patrons within such classes the board shall give regard to the level of capital contributed by each such class of business during the current or any prior fiscal year so as to equitably adjust the aggregate capital accounts between and among classes of business. If the receipts from every class of business in any year exceed the costs and expenses allocable and chargeable thereto, then the excess of receipts over expenses for each class of business shall be allocable to each such class as capital credits and to patrons within each such class as capital credits and to patrons within each such class on a dollar patronage basis. If, however, the costs and expenses chargeable or allocable against anyone or more classes of business exceed the receipts from all patrons within such class or classes of business, then such deficit shall be charged against the patronage margins otherwise assignable to any remaining class or classes of business, on a dollar volume patronage business, so that in no year shall there be credited to patrons as patronage capital an amount greater than the excess of receipts from all patrons over the costs and expenses of doing business with all patrons. All

patronage margins contributed by patrons within a given class of business shall be assigned to such patrons on a dollar volume basis of patronage, but no patronage capital shall be deemed to have been contributed by, or shall be allocated to, any patron within any class of business, if the receipts from all patrons within any class of business, do not exceed the costs and expenses chargeable or allocable to such class. In the event patronage from any patron falls into two or more classes of business, capital credits assigned to such patrons shall be the net amount of the capital credits determined after debiting and crediting from all such classes of business.

SECTION 6. Retirement of Patronage Capital.

If at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the Cooperative shall not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. After April 12, 2006, the board of directors shall determine under rules of general application the method, basis, priority and order of retirement for all amounts theretofore or thereafter furnished as capital.

SECTION 7. Assignment of Patronage Capital.

Except as provided in Section 9 hereof, capital credited to the account of each patron shall be assigned only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest of successors in occupancy in all or part of such patrons premises served by the Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.

SECTION 8. Prior Retirement to Estates of Deceased Patrons, Surviving Joint Tenants and to Aged Members.

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 natural patron if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. The board is authorized to provide for prior retirements to surviving joint tenancy patrons and to heirs of deceased patrons on the same basis as retirements hereunder may be made to estates of deceased patrons. The board is further authorized to provide for prior retirement of capital credits to aged members and former members provided that the financial condition of the Cooperative be not

thereby impaired.

SECTION 9 Security Interest in Patronage Capital.

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

SECTION 10. Assignment to Federated Youth Foundation, Inc.

Any patron may assign all or any portion of the patronage capital now or hereafter expected to be credited to him pursuant to this Article VIII to Federated Youth Foundation, Inc., a charitable tax exempt trust, effective as of the date of assignment subject to the Cooperative's prior lien for unpaid charges under Section 8 of this article.

SECTION 11. Forfeiture of Unclaimed Funds.

- (a) The Cooperative shall effect the forfeiture of all unclaimed funds, including all forms of distributions or capital credits, membership fees, deposits, and dividends, and shall do the following in connection therewith;
 - (1) No earlier than three years and no later than five years after the funds are first made available to the owners, the board of directors shall declare the funds forfeited to the Cooperative unless claimed by a specified date.
 - (2) After the declaration of forfeiture, the Cooperative shall give notice that states that the funds shall be forfeited if not claimed by the specified date, which date shall be a business day at least 60 days after the mailing of the notice.
 - (3) The notice under paragraph (2) shall be mailed to the last known address of each owner and shall be published on or before the date of mailing in a newspaper published in the municipality containing the service area of the Cooperative.
 - (4) The Cooperative shall dedicate any funds remaining unclaimed after the date specified in paragraph (2) to educational purposes, limited to providing scholarships or loans to students, or to charitable purposes, as the board of director determined, within one year after the date the funds are declared forfeited under paragraph (1). Educational purposes shall not include political purposes as defined in Section 11.01 (16), Wisconsin Statutes.

- (b) At any time subsequent to a forfeiture under this bylaw, the owner of forfeited funds may submit a claim to the board of directors and if the board determines that the person owned the funds at the time of the forfeiture, it shall refund the funds to the person.
- (c) The board of directors may establish a reasonable reserve for payment of claims, which reserve shall be credited to patrons in accordance with the ratio which their patronage bears to total patronage. This reserve shall be reimbursed for claims charged thereto, out of funds subsequently declared forfeited.

SECTION 12. Contractual Obligations.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the term 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 office.

SECTION 13. Subscriptions to Wisconsin Energy Cooperative News.

The Cooperative, through action of its board of directors, is authorized in the name and on behalf of each member of the Cooperative to subscribe for the Wisconsin Energy Cooperative News (or such other title as the statewide association's publication may carry in the future). The expense of such subscriptions for all members shall be such amount per month as shall be from time to time determined by the board, and shall be charged to the aggregate of capital deposited by members under Section 2 of this Article for electric service in the same manner as are charged other appropriate expenses of the Cooperative.

ARTICLE IX

**Disposition Of Property And Procedure
For Sale Of All Or Substantially All
Of The Cooperative Property**

SECTION 1. Disposition of Property.

The Cooperative may not sell, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than three-fourths (3/4) of all of the members of the Cooperative,

and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licences, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board shall determine, to secure any indebtedness of the Cooperative; provided further that the board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease or otherwise dispose of all or a substantial portion of its property to or merge or consolidate with another cooperative or foreign cooperative doing business in this State pursuant to Chapter 185, Wisconsin Statutes, and further provided such other cooperative is primarily engaged in producing or furnishing electric power or energy to its members.

SECTION 2. Procedure for the Sale of All or Substantially all of the Cooperative Property.

If at any time the Cooperative shall receive an offer to buy, lease, transfer to or take by assignment, all or substantially all of its property from a person or organization which is other than an electric cooperative organized under Chapter 185 of the Wisconsin Statutes which has been engaged in producing or furnishing electric power to its members at cost and without profit for at least two years prior thereto, or other than an entity resulting from the merger or consolidation of electric cooperatives meeting the foregoing qualifications, it shall be the duty of the board of directors and it is authorized to determine, in its sole discretion, whether or not such offer shall be submitted to the Cooperative membership for vote. The board of directors shall base its decision on what it considers to be in the best interest of the Cooperative and its members. Among other factors, it shall consider what it believes would be the affect of a sale, lease, transfer or assignment on the dependability and adequacy of service necessary to meet the present and future needs of its members and the rates to be charged therefore. If the board of directors shall determine that such offer shall be submitted to the membership it shall first adopt a resolution to that affect

ARTICLE X

Seal

The Corporate Seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Wisconsin".

ARTICLE XI

Miscellaneous

SECTION 1. Membership in Other Organizations.

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the Cooperative may upon the authorization of the directors purchase stock in or become a member of any corporation or organization, on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or of any other corporation for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice.

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

ARTICLE XII

Indemnification Of Officers, Directors, and Employees

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

ARTICLE XIII

Amendments

These bylaws may be altered, amended or repealed by a majority of the members of the Cooperative voting at any annual or special meeting; provided, however, that these bylaws shall not be altered, amended or repealed at any meeting of the members unless notice of the purpose of such alterations, amendments, or repeal shall have been contained in the notice of such meeting. Any amendment offered from the floor at any such meeting which is germane to any amendment or resolution specified or referred to in the notice of the meeting may be acted upon with the same force and effect as though set forth in the notice of the meeting, and, in the event such germane amendment is adopted, it shall have the same effect as though adopted by all members voting in person excepting only that the provisions relating to the disposition of property, other than mortgage or merger with another electric cooperative as set forth in Article IX of these bylaws shall not be amended or repealed except by a vote of at least three-fourths (3/4) of all the members.

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Wisconsin Energy Cooperative News

for current information and any changes in policy
which may affect you.

DO NOT DESTROY — Keep for Future Information