

**THE  
BYLAWS  
OF  
POLK-BURNETT  
ELECTRIC  
COOPERATIVE**

*As Amended As Of January 25, 2021*

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# ARTICLE I

## Aims of the Cooperative

The aims of the Cooperative are threefold:

- (a) to make adequate and dependable electric service, and such other goods and services as may be authorized by the board of directors or the provisions of Chapter 185, Wisconsin Statutes, (hereinafter referred to as, "Services ) available to all members and to all unserved persons or entities within its service area desiring to become members or patrons.
  - (b) to render such Services without discrimination on a cooperative basis at the lowest cost consistent with sound economy and good management; and
  - (c) to fulfill its obligation as a responsible business citizen in furthering the general welfare of the citizens of the community in which it operates.
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# ARTICLE II

## Membership

### **SECTION 1. Requirements for Membership.**

- (a) Any person, which shall include but not be limited to any natural person, firm, partnership, incorporated or unincorporated association, corporation, business trust, financial institution, mortgagee, landlord, tenant, limited liability company or partnership, or body politic, or subdivision thereof shall become a member of Polk-Burnett Electric Cooperative (hereinafter called the "Cooperative") upon the execution and filing of a written application for membership in the Cooperative and the receipt, directly or indirectly, of electric service from the Cooperative.
- (b) No person as described above shall receive electric service from the cooperative without first having filed the application for membership.
- (c) The membership application and the direct or indirect receipt of electric energy from the Cooperative shall create a contract to purchase electric energy from the Cooperative as hereinafter specified; to comply with and be bound by the articles of incorporation and bylaws of the Cooperative, the policies, and the reasonable rules and regulations adopted by the board of directors.
- (d) Regardless of the number or relationship of persons, partners, associations, corporations or bodies politic or subdivisions thereof who, on the application for membership, are listed as responsible persons for the payment of electric service, and regardless of the number of such services held by any such person, no such person may hold more than one membership in the Cooperative and shall be entitled to no more than one vote at any meeting of members. Membership in the Cooperative shall not be transferable, except as provided in these bylaws.

### **SECTION 2. Purchase of Electric Energy.**

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in the application for membership, and shall pay therefore at rates which shall from time to time be fixed by the board. Production or use of electric energy on such premises regardless of the source thereof, by means of facilities which shall be inter-connected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of

service are furnished by membership capital through their patronage and each member shall be credited with the capital so furnished as provided by these bylaws. Each member shall pay 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 the member to the Cooperative as and when the same shall become due and payable.

### **SECTION 3. Non-Liability for Debts of the Cooperative.**

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

### **SECTION 4. Termination of Membership.**

The Board of Directors may establish such rules and regulations, which shall be available upon request to the members providing for the termination of electric service, and thereby membership in the Cooperative, as it shall see fit in the proper exercise of its power and discretion consistent with the aims and service principles of the Cooperative. (See Article III.)

### **SECTION 5. Property Interest of Members.**

Upon dissolution after:

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in the bylaws; the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the 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.

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## **ARTICLE III**

### **Service Principles**

#### **SECTION 1. Area Coverage Service.**

The Cooperative holds itself out to provide Services and shall make diligent efforts to extend and render adequate and dependable Services to all unserved persons or entities within the Cooperative service area, regardless of the size or nature of the service requirements, who (a) desire such Services and (b) meet all reasonable requirements established by the Cooperative as a condition of service.

#### **SECTION 2. Acquisition of Public Utility Services.**

The Cooperative may acquire the property, the facilities, and the services of any public utility, provided that doing so does not result in the Cooperative becoming regulated by the Public Service Commission of Wisconsin.

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## **ARTICLE IV**

### **Meetings of Members**

#### **SECTION 1. Member Meetings.**

- (a) Member meetings shall be conducted according to the rules contained in the most current edition of Roberts Rules of Order, Newly Revised. Such rules shall govern the Cooperative in all cases to which they are applicable, and in which they are not inconsistent with these bylaws or any special rules of order adopted by the Cooperative.
- (b) The Secretary shall, by a date not more than 60 days before any annual or special member meeting, fix the record date for membership in the Cooperative in order to determine the members entitled to notice, to demand a special meeting, to vote or to take other action at a member meeting. The qualifications for membership which shall entitle a member to notice, to demand a special meeting, to vote or to take other action at a member meeting shall be as set forth in these bylaws and the reasonable rules and regulations adopted by the board of directors.

#### **SECTION 2. Annual Meeting.**

- (a) The annual meeting of members shall be held during the month of June at such time and place within the service area of the Cooperative as shall be designated by the Board of Directors.
- (b) In case of emergency, defined as a catastrophic event or circumstances that prevent a quorum of the members or directors from being safely or readily assembled, the board may declare an emergency and may adopt bylaws that are effective only as long as the emergency exists. Emergency bylaws are subject to amendment or repeal by the board or by the members. Emergency bylaws may provide special provisions or modify provisions as necessary for managing the cooperative during the emergency including any of the following:
  - 1. Procedures for calling a meeting of the board or of the members.
  - 2. Procedures for the conduct of a meeting of the board or of the members.
  - 3. Quorum requirements for a meeting of the board.

4. Deadlines for any action required to be taken by the cooperative, the board or the members.
  5. Designation of additional or substitute directors.
- (c) Provisions of the regular bylaws that are consistent with the emergency bylaws remain effective during the emergency. The emergency bylaws are not effective after the emergency ends.
- (d) Action taken in good faith in accordance with the emergency bylaws and for the benefit of the cooperative binds the cooperative and may not be used to impose liability on a director, officer, member, employee, or agent. Action taken in good faith in anticipation of or during an emergency to delay or reschedule any action required to be taken by the cooperative, the board, or the members under par. (b) 4. shall not constitute a violation of the bylaws in the event the delayed or rescheduled action occurs after the emergency ends.
- (e) The cooperative may hold the annual meeting under this section or a special meeting under Article VI, Section 3. by means of remote participation as follows:
1. If members participate in a member meeting by means of remote communication, the participating members are deemed to be present in person and to vote at the member meeting held by means of remote communication if all of the following apply:
    - a. The cooperative implements reasonable measures to verify that each person deemed present and permitted to vote at the member meeting by means of remote communication is a member.
    - b. The cooperative implements reasonable measures to provide members a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting concurrently with the proceedings.
  2. Members may cast votes by electronic means at a member meeting held by means of remote communication if all the following apply:
    - a. The bylaws provide for electronic voting.
    - b. The cooperative is able to authenticate that it is a member who is casting a vote.

### **SECTION 3. Special Meetings.**

Special meetings of the members may be called by the President, the Board of Directors or by twenty percent (20%) of all of the members entitled to demand a special meeting, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given to members entitled to notice 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.

### **SECTION 4. Notice of Members' Meetings.**

Written notice stating the place, if any, and the day and hour of the meeting and, in the case of a special meeting, the purposes for which the meeting is called, shall be delivered not less than seven (7) nor more than thirty (30) days before the date of the meeting, at the direction of the person calling the meeting, either personally or by mail, to each member entitled to notice as determined under Section 1 of this Article. If mailed, such notice or a newsletter or other publication of the Cooperative or of an affiliated organization, which includes the notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at the address as it appears on the records of the Cooperative, with postage thereon prepaid. Notice given to any person designated as a responsible party for payment of electric service on the application for membership shall constitute notice to the member regardless of the number of responsible parties or interested persons associated with such member.

### **SECTION 5. Quorum.**

The number of members to constitute a quorum at a meeting of members shall be fifty (50). If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without any further notice.

**SECTION 6. Voting.**

- (a) Each member entitled to vote as determined under Section 1 of this Article, shall be entitled to one (1) vote and no more upon each matter submitted to a vote.
- (b) At all meetings at which a quorum is present, all questions properly submitted to a vote shall be decided by a majority of the members entitled to vote thereon at such meeting in person except as otherwise provided by law, the articles of incorporation, these bylaws and the parliamentary authority referred to in Section 1 of this Article.
- (c) Any member which is a cooperative, partnership, association, corporation, body politic or subdivision thereof, church, or which has more than one responsible party for the payment of electric service listed on the application for membership shall, as individuals, or acting through its governing body, designate in writing its representative to act for it at member meetings. Such written designation shall be filed with the Secretary before such representative votes at any such meeting. A guardian or legal representative may vote for a member who is a minor or under legal disability.
- (d) Voting by proxy is prohibited.

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## **ARTICLE V**

### **Directors**

**SECTION 1. General Powers.**

The business and affairs of the Cooperative shall be managed under the direction of a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by Law or by the articles of incorporation or by these bylaws conferred upon or reserved to the members.

**SECTION 2**

**(a) Term of Office and Classification.**

One director shall be elected from each territorial district to serve for a term of three years, which term shall commence at the first regular meeting of the board following the annual meeting of the members in the year of election and continue until the final adjournment of the annual meeting of the members in the year a successor is elected.

The directors are classified in respect to year of election and term of office as follows:

Directors from Districts Nos. 1, 2, and 3 shall be elected in 1972;

Directors from Districts Nos. 7, 8, and 9 shall be elected in 1973;

Directors from Districts Nos. 4, 5, and 6 shall be elected in 1974;

Thereafter three directors shall be elected each year to succeed directors whose terms expire that year.

**(b) Qualifications.**

The following qualifications shall be required for a member to be nominated, elected, and to begin to serve as a director of the Cooperative:

(1) (a) Personal membership in the Cooperative, or

(b) Acting in the capacity of a duly authorized representative of a member of the Cooperative who is other than a natural person.

- (2) Actual residence in the district to be served as a director.
- (3) Certification by the nominee at the time of nomination that no conflict of interest exists or is reasonably foreseeable that would or would tend to cause the nominee, if elected, to breach the fiduciary duties of a director to the Cooperative.
- (4) Must not have been an employee of the cooperative or any entity owned or controlled by the cooperative at any time during the three (3) years preceding the election or appointment.
- (5) Must not have pursued any claim or litigation against the cooperative or any entity owned or controlled by the cooperative or against any of its directors or employees in the three (3) years preceding the election or appointment.
- (6) Must not have been convicted of a felony.
- (7) At the time of election or appointment, must not be related to any regular part-time or full-time employee of the cooperative or any entity owned or controlled by the cooperative.

**(c) Removal.**

- (1) A director shall be disqualified for continued service if, unless excused by a majority of the remaining members of the board, a director fails to attend any two regular monthly meetings of the board of directors during any twelve month period of the director's term. Such disqualification shall constitute removal from the board of directors.
- (2) Such disqualification and removal shall entitle the director to notice and a hearing at the next regular monthly meeting of the board of directors on whether the director is able to show cause why the disqualification and removal should not occur.
- (3) Upon notice and hearing, the board of directors may remove, by a 2/3 majority of the remaining directors, any member of the board of directors for cause.
- (4) Upon the removal, whether by disqualification or for cause, of a director from the board, the remaining directors then in office may appoint, by majority vote, a director to fill the remaining term of the removed director.

**SECTION 3. Nomination and Election of Directors.**

- (a) *Director Districts:* The territory served or to be served by the Cooperative shall be divided into nine (9) districts, each of which shall contain as nearly as possible the same number of members.

Not less than one hundred fifteen (115) days before the annual meeting the board of directors shall review the composition of the several districts, and, if it should be found that inequalities in representation have developed which can be corrected by redrawing the delineation of districts, the board of directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

- (b) *Election Process:* Not less than 90 days prior to the annual meeting, members interested in running for election to the board shall submit nomination papers for each district in which a director is to be elected that year for the term set forth in Article V, Section 2.(a). Incumbents shall be deemed eligible for placement on the ballot. All candidates shall meet the qualifications as set forth in Article V, Section 2. (b). The order of placement of nominees' names on the ballot shall be decided by lot.

Voting shall be by electronic or signed ballot. Each member in the district where an election is to be conducted shall be provided with a ballot. Ballots shall be cast electronically, or signed and returned by mail at least ten (10) days prior to the annual meeting to the Cooperative's auditor, system counsel, ballot system consultant or such other disinterested third party as the board may designate. Such designee shall accurately and faithfully tally the ballots received, and report the results of the election



to the members in writing at the annual meeting. Each member entitled to vote may vote for one candidate. The ballot shall contain a space for the member to vote by inserting the name of one write-in candidate of the member's choice. The candidate receiving the most votes shall be the director of the district. In the case of a tie the winner shall be decided by lot.

The minutes of the annual meeting shall set forth, among other matters, the name of each person nominated, the number of votes received by each nominee, and the name of the person and the district to which the person has been elected for the ensuing term.

**SECTION 4. Vacancies.**

Subject to the provisions of these Bylaws with respect to the removal of directors, any vacancy shall be filled by a majority vote of the remaining directors, and a director thus elected shall serve for the unexpired term of that vacancy and until a successor has been elected and qualified.

**SECTION 5. Compensation.**

Directors, as such, shall not receive any salary for their services, but may be allowed a per diem and expenses of attending committee meetings and meetings of the Board, and when requested by the Board, president or CEO, in assisting the CEO or in lieu of the CEO to transact business for the Cooperative or to attend meetings of other organizations on business related to the cooperative. The Board of Directors shall from time to time establish by resolution the rate of the meeting per diem and other compensation per diem. No director and no close relative of a director may receive compensation for serving the Cooperative as a regular employee. The term "close relative" as used in this section applies to the following: son, daughter, mother, father, sister, brother, spouse, stepfather, stepmother, stepson, stepdaughter, half sister and half brother, significant other or domestic partner.

**SECTION 6. Rules and Regulations.**

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

**SECTION 7. Accounting System and Reports.**

The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Cooperative's primary lender. 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.

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# **ARTICLE VI**

## **Meetings of Directors**

### **SECTION 1. Regular Meetings.**

Regular meetings of the Board shall be held monthly at such time and place as the board may provide by resolution.

### **SECTION 2. Special Meetings.**

Special meetings of the board may be called by the president or any three (3) of the directors. The person or persons authorized to call such special meetings may fix the time and place for holding such special meeting.

### **SECTION 3. Notice.**

Notice of the time, place and purpose of any special meeting of the board shall be given at least five (5) days previous thereto, by written notice, delivered personally, or mailed, to each director at the director's last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objection to the transaction of any business because the meeting shall not have been lawfully called or convened.

### **SECTION 4. Attendance by Telephonic or Other Technical Means.**

The board may permit any or all directors to participate in a regular or special meeting or in a committee meeting, including an executive committee meeting, of the board by, or to conduct the meeting through the use of, any means of communication by which any of the following occurs:

1. All participating directors may simultaneously hear each other during the meeting.
2. All communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.

If a meeting will be conducted through the use of any means described in paragraph 1 and 2, above, all participating directors shall be informed that a meeting is taking place at which official business may be transacted.

A director participating in a meeting by any means described in paragraphs 1 and 2, above, is deemed to be present in person at the meeting. If requested by a director, minutes of the meeting shall be prepared and distributed to each director.

### **SECTION 5. Quorum.**

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

### **SECTION 6. Manner of Acting.**

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

# **ARTICLE VII**

## **Officers**

### **SECTION 1. Principal Officers.**

The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer. The offices of secretary and treasurer may be held by the same person.

### **SECTION 2. Alternate Designation.**

The President and Vice-President shall also be designated the Chair of the Board of Directors and the Vice-Chair of the Board of Directors, respectively. Any document required in the usual course of business or by law to be signed by the president or vice-president may be signed by such officer as may be stated in such document to correspond to the officer so required or permitted to sign.

### **SECTION 3. Authority and Duties.**

All officers shall have such authority and perform such duties as provided by these bylaws, or as may be determined from time to time by the board of directors.

### **SECTION 4. Election and Term of Office.**

The officers shall be elected by ballot annually by the Board of Directors at the first meeting of the board held after the annual meeting of members. Each principal officer must be a director of the cooperative. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until a successor shall have been duly elected and qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

### **SECTION 5. Removal.**

Any officer or agent 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 be served thereby.

### **SECTION 6. Vacancies.**

Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

### **SECTION 7. President/Chair.**

The President/Chair shall:

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

### **SECTION 8. Vice-President/Vice-Chair.**

In the absence of the President, or in the event of that officer's inability or refusal to act, the Vice-President/Vice-Chair shall perform the duties of the President/Chair and when so acting, shall have a the

powers and be subject to all the restrictions upon the President/Chair and shall perform such other duties as from time to time may be assigned by the Board of Directors.

**SECTION 9. Secretary.**

The Secretary shall:

- (a) cause the minutes of meetings of members and of the Board of Directors to be recorded in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative is duly authorized in accordance with the provisions of these Bylaws, when such seal is authorized or required by law;
- (d) have general charge of the books of the Cooperative in which a record of the members is kept;
- (e) keep on file at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto; and,
- (f) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the Board of Directors.

**SECTION 10. Treasurer.**

The Treasurer shall:

- (a) be responsible for all funds and securities of the Cooperative;
- (b) in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Board of Directors.

**SECTION 11. Chief Executive Officer (CEO).**

The Board of Directors may appoint CEO who may be, but who shall not be required to be a member of the Cooperative. The CEO shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board may from time to time assign.

**SECTION 12. Bonds of Officers.**

The Board of Directors shall require the Treasurer, or any other officer of the cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

**SECTION 13. Compensation.**

The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined by the members, as provided elsewhere in these Bylaws, and the powers, duties and compensation of any other officers, agents or employees shall be fixed by the Board of Directors.

# **ARTICLE VIII**

## **Contracts, Checks and Deposits**

### **SECTION 1. Contracts.**

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

### **SECTION 2. Notes of Indebtedness.**

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer, agent, or employee of the Cooperative in such manner as shall from time to time be determined by resolution of the Board of Directors.

### **SECTION 3. Deposits.**

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

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# **ARTICLE IX**

## **Patronage Capital**

The principal purpose of the cooperative is the furnishing of electric power to its members on a cooperative non-profit basis. The cooperative may engage in any other activity for which cooperative associations may be organized in the State of Wisconsin, and all such activity shall be deemed within its purposes subject only to express limitations in these bylaws.

### **SECTION 1. 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 non-profit basis, the Cooperative is obliged to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited. All such amounts credited to the capital account of any patron shall have the same status as though they have 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. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

All other amounts received by the Cooperative from its electric energy operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage

basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

## **SECTION 2. Patronage Capital 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 therefrom which were in excess of costs and expenses properly chargeable against the furnishing of such goods and services may insofar as permitted by law; be either prorated on a patronage basis and returned or allocated to those patrons, members or non-members alike, from whom such amounts were obtained; or used to offset any losses or to stabilize electric energy rates, or retain as non-operating margins, all within the sole discretion of the board of directors.

## **SECTION 3. Classification of Business in Allocation of Capital Credits.**

In determining and allocating the operating costs and expenses properly chargeable against the furnishing of electric energy to form the basis of determining in turn the respective amounts of capital furnished by patrons through their patronage, the board may classify the business done by the Cooperative with all its patrons into appropriate classes or departments of business or patronage. Such classifications shall be based on factors relating to the cost of rendering service in accordance with reasonable accounting, engineering and utility standards and practice. The Board may apply to such classes of business for the purpose of allocating capital credits between and among them formulas designed to equitably ascertain the amounts paid by all patrons in each class in excess of the costs of service.

## **SECTION 4. Retirement of Patronage Capital on Dissolution or Liquidation or Prior Thereto.**

In the event of the dissolution of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of members. If 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 part. Any such retirements, and procedure utilized for such retirements of capital shall be made at the discretion of the Board of Directors.

## **SECTION 5. Assignment of Patronage Capital.**

Except as provided in Section 8 and 9 hereof, capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

## **SECTION 6. Prior Retirement to Estates of Deceased Patrons.**

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its sole discretion, shall have the power at any time upon the death of a patron who is a natural person, if the legal representative of the deceased person's estate shall request in writing that the capital accredited to such deceased natural person patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to such deceased natural person patron upon such terms and conditions as the Board of Directors, and the legal representatives of such deceased natural person patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative shall not be impaired thereby.

## **SECTION 7. Lien and Set-Off.**

The Cooperative shall have a continuing lien against the patronage capital allocated and credited to any patron for any indebtedness due and owing from such patron to the Cooperative, any such indebtedness, to the extent of such capital so allocated and credited, upon which the Cooperative has a lien shall not be

extinguished by the bankruptcy of said patron or lapse of time, but shall be set off against any capital allocated and credited to said patron in any retirement thereof made hereunder to said patron, patron's estate or heirs.

**SECTION 8. Assignment to Federated Youth Foundation, Inc.**

Any patron may assign all or any portion of the patronage capital now or hereafter expected pursuant to this Article IX 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 7 of this article.

**SECTION 9. Forfeiture of Unclaimed Funds.**

- (a) The Cooperative shall effect the forfeiture of all unclaimed funds, including all forms of distributions or capital credits, 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 which states that the funds shall be forfeited if not claimed by the specified date, which date shall be a business date at least sixty (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 after the date specified in paragraph (2) to educational purposes, limited to providing scholarships or Loans to students, or to charitable purposes, as the Board of Directors determines, within one year after the date the funds are declared forfeited under paragraph (1). Educational purposes shall not include political purposes as defined in section 11.01(16) Wisconsin Statutes.
- (b) At any time subsequent to a forfeiture under this bylaw the owner of forfeited funds may submit a claim to the Board of Directors and if the Board determines that the person owned the funds at the time of the forfeiture, it shall refund the funds to the person.
- (c) The Board of Directors may establish a reasonable reserve for payment of claims, which shall be credited to patrons in accordance with the ratio which their patronage bears to total patronage. This reserve shall be reimbursed for claims charged thereto, out of funds subsequently declared forfeited.

**SECTION 10. Contractual Obligations.**

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws 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.

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## **ARTICLE X**

### **Disposition of Property**

The Cooperative may not sell, mortgage, lease or otherwise dispose of all or any substantial portion of its property unless such sale, mortgage, or lease or other disposition or encumbrance is properly noticed for a meeting of the members and approved at such meeting by the affirmative vote of not less than two thirds

(2/3) of all of the members of the Cooperative. Notwithstanding the preceding requirement, the Board of Directors of the Cooperative without prior authorization by the members thereof, shall have full power to authorize the Cooperative to borrow money from the United States of America or any agency or instrumentality thereof, from the National Rural Utilities Cooperative Finance Corporation ("C.F.C."), from CoBank or any other reputable, reliable and respected financing institution or bank, and in connection with such borrowing to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property assets, rights, privileges, Licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative; provided that, the Board of Directors may upon the authorization of a majority of those members of the Cooperatives present at a meeting of the members thereof, sell, lease, or otherwise dispose of its property to, or merge or consolidate with another cooperative doing business in this state pursuant to the Act under which this Cooperative is incorporated.

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## **ARTICLE XI**

### **Miscellaneous**

#### **SECTION 1. Waiver of Notice.**

Any member or director may waive, in writing, any notice of meeting required to be given by these Bylaws.

#### **SECTION 2. Fiscal Year.**

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the last day of December of the same year.

#### **SECTION 3. Seal.**

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

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## **ARTICLE XII**

### **Amendments**

These Bylaws may be altered, amended or repealed:

- (a) By the board of directors as to any bylaw except Article X; provided that any such amendment of these bylaws by the board of directors shall be reported for approval at the next annual meeting or regular member meeting, and further provided that any such bylaw shall be at any time subject to amendment or repeal by the members as follows:
- (b) By a 2/3 majority of the members present and entitled to vote thereon at any annual or special meeting in person, as to any bylaw except Article X.
- (c) By the members at any annual or special meeting as to Article X by not less than two-thirds (2/3) of all the members of the Cooperative entitled to vote.
- (d) Regardless of whether proposed by the Board of Directors or by members, these Bylaws shall not be altered, amended or repealed at any annual or special meeting of the members unless notice of the



purpose of such alterations, amendments or repeal shall have been contained in the notice of such meeting; and further provided that any such alterations, amendments or repeal proposed by members shall have first been submitted to the board for its approval of placement on the agenda and inclusion in the notice of any annual or special meeting according to its reasonable rules and regulations not less than 120 days prior to such meeting.

- (e) A motion offered from the floor at any annual or special meeting which is germane to and within the scope of any alteration, amendment or repeal specified 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.
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