

ARTICLES OF INCORPORATION & BYLAWS



A Touchstone Energy® Cooperative 

(As Amended Through August 20, 2020)

If you have any questions about the contents of this publication,
please contact:

Barron Electric Cooperative

Weekdays 7:45 a.m. to 4:30 p.m.

P. O. Box 40, Barron, WI 54812

Phone (715) 537-3171 or (800) 322-1008

barronelectric.com

To Report Outages (866) 258-8722

MISSION STATEMENT

Barron Electric Cooperative is a member-owned business that safely provides energy, products, and services to improve the quality of life in the area we serve.

VISION STATEMENT

Barron Electric Cooperative will continue to protect the interests of our members by utilizing sound business and engineering practices. By doing this, Barron Electric will remain financially strong and ensure a sustainable future for the next generation. Barron Electric will also promote a strong culture of safety, as well as, hire and retain member and community driven employees that strive to exceed member expectations.

ENVIRONMENTAL STATEMENT

Barron Electric Cooperative is committed to improving the quality of the environment and contributing to the overall economic and social health of its service territory. The cooperative is dedicated to continued stewardship, as well as investing in technology that protects the environment, adheres to sound management practices, and ensures the health and safety of its employees and members.



ARTICLES OF INCORPORATION

ARTICLE I

NAME AND LOCATION

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

ARTICLE II

PURPOSES

The principal purpose for which this cooperative association is formed is that of furnishing its members with electric power and energy and other services 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.

ARTICLE III

DURATION

The duration of this cooperative association shall be perpetual.

ARTICLE IV

NON-STOCK & 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 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 of and qualifications for directors shall be specified in the bylaws. The bylaws may provide that directors be from specified territorial districts and may further limit voting for any director to members from within the territorial district from which such director is to be elected.

BYLAWS

BARRON ELECTRIC COOPERATIVE

The aim of Barron Electric Cooperative (hereinafter called the "Cooperative") is to make electric energy and other services available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I

MEMBERSHIP

SECTION 1. REQUIREMENTS FOR MEMBERSHIP

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Barron Electric Cooperative upon receipt of electric service from the Cooperative, provided that he/she, or it has first:

- (a) Made an application for membership orally or in writing either with or without a signature.
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified.
- (c) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board of directors, and
- (d) Paid the membership fee hereinafter specified.
- (e) Membership shall commence when the connection for service is made.

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 applications, these bylaws and any rules of the board of directors applicable thereto. The provisions of Section 3(c) of this Article shall apply to a membership held by tenants in common, and to a joint membership where the holders thereof are not married.

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 of directors. Such certificate shall be signed by the president and by the secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for. 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

- (a) Any application for membership in the Cooperative received after April 12, 1986, from any person who is married shall be deemed and become an application for membership by spouses as joint tenant members with right of survivorship unless the person making such application otherwise designates in writing.
- (b) With respect to memberships issued prior to April 12, 1986, the membership of any person who on January 1, 1986, was married, or who thereafter while a member became married, shall be deemed to have become, and did become at such time, a membership as spouses as joint tenant members with right of survivorship without further action by such member, unless within 30 days after April 12, 1986, or 30 days after date of marriage, whichever date is later, the person to whom such membership was issued otherwise has designated in writing.
- (c) The term "member" as used in these bylaws shall be deemed to include spouses holding a joint membership and any provisions relating to the rights and liabilities of membership, including, without limitation the following:
 - (1) the presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
 - (2) the vote of either separately or both jointly shall constitute a joint vote;
 - (3) a waiver of notice signed by either or both shall constitute a joint waiver;
 - (4) notice to either shall constitute notice to both;

- (5) expulsion of either shall terminate the joint membership;
 - (6) withdrawal of either shall terminate the joint membership;
 - (7) Neither but not both may be elected or appointed as an office or board member, provided that he or she meet the qualifications for such office.
- (d) The records of the Cooperative shall properly show all joint memberships in the names of the joint members. By writing signed by both joint members and filed with the Cooperative, any joint membership may be terminated and changed to a membership in common or vested solely in one of the joint members.

SECTION 4. CONVERSION OF MEMBERSHIP

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder 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 who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. EXPULSION OF MEMBERS

The board of directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Cooperative or these bylaws or any rules or regulations adopted from time to time by the board of directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

SECTION 6. PURCHASE OF ELECTRIC ENERGY, RECEPTION, USE OR PURCHASE OF OTHER SERVICES

- (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 the member's 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 interconnected with cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.
- (b) The use, purchase or reception of non-energy or other services shall be discretionary by each member but the same shall be subject to appropriate policies 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 (2/3) of all the members of the board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten (10) 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/her has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the board.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or the member's estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership paid by him/her, 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.

- (d) Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue 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, provided that except for the membership fee, this provision shall not affect the ownership of funds held by the Cooperative in the names of the joint owners, and further provided, that neither joint owner shall be released from debts due the Cooperative arising from the joint ownership.

SECTION 8. MEMBERSHIP FEES

The Board of Directors may from time to time establish a reasonable membership fee, the payment of which shall be one of the conditions of membership to the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. PROPERTY INTEREST OF MEMBERS

Upon dissolution, after

- (a) All debts and liabilities of the Cooperative shall have been paid and
- (b) All capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE

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

ARTICLE III

MEETING OF MEMBERS

SECTION 1. ANNUAL MEETING

The annual meeting of the members shall be held not less than two months, nor more than ten months from the close of the calendar year. The meeting shall be held at such place within the service area of the Cooperative, as selected by the board of directors, and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the board of directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not create a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS

Special meetings of the members may be called by resolution of the board of directors, or upon a written request signed by any three board members, by the president, or by twenty percent (20%) or more of all the members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the State of Wisconsin as designated by the board and shall be specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBERS' MEETINGS

Written, electronic, or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than seven (7) days nor more than forty (40) days before the date of the meeting, either personally, electronically, by mail, by or at the direction of the secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member with postage thereon prepaid. If sent electronically, such notice shall be deemed to be delivered on the date sent to the member. In case of a joint membership, notice given to either party shall be deemed notice to both joint members of the account 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 members at 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, the presence at a meeting of either spouse or both, 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 adjourned meeting.

SECTION 5. VOTING

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members noting thereon in person except as otherwise provided by law, the articles of incorporation of the Cooperative, or these bylaws. If a person holds a joint membership, they 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, governmental body, church or voluntary association may, acting through its governing body, designate in writing its representative to act for it at membership meetings.

Such written designation shall be filed with the secretary before such representative votes at any such meeting, except that the chairman of any such corporation, association, board or body politic may cast its vote at such meeting if no such written designation for any other representative is so filed. Such representative may also vote as an individual if he or she is a member. A guardian or other legal representative may vote for a member.

SECTION 6. ORDER OF BUSINESS

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

- (a) Business Meeting Called to Order by President
- (b) Adoption of Rules of Order
- (c) 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.
- (d) Reading of unapproved minutes of previous meetings of the members and taking of necessary action thereon.
- (e) Presentation and consideration of, and acting upon, reports of officers, directors and committees.
- (f) Election of Directors
- (g) Unfinished Business
- (h) New Business
- (i) Adjournments

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

ARTICLE IV

BOARD OF 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. There shall be nine (9) directors.

Powers of the board of directors (without limitation because of designation) shall include the determination and fixing of classifications of business, rates to be charged by the Cooperative for services furnished, the promulgation and enforcement of rules and regulations governing service to patrons, and the selection or nomination of directors, delegates or other representatives of the Cooperative at meetings of organizations of which the Cooperative may be a member, including the power to remove such director, delegate or representative.

SECTION 2. TENURE

At each annual meeting of the members, three (3) directors shall be elected by ballot, as hereinafter provided, by and from the members to serve a fixed term of three (3) years or until their successors shall have been elected and shall have qualified subject to the provisions of these bylaws with respect to the removal of directors; provided, however that any director heretofore elected for a fixed term of office shall continue to serve until the expiration of such term.

SECTION 3. QUALIFICATIONS

No person shall be eligible to become or remain a board member of the Cooperative who:

- (a) is not a member and bona fide resident of the district and on premises served by the Cooperative at his or her primary residence, and that residence is within the director district which he or she has been nominated or elected to represent;
- (b) is in any way employed by or financially interested in a competing enterprise or business selling electric energy, or supplies to the Cooperative or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative;
- (c) has been employed by the Cooperative within the last five (5) years;
- (d) while a director or during the five years preceding the most recent election, or appointment as a director, was convicted of a felony or misdemeanor involving a breach of trust.
- (e) while a director or during the five years preceding election or appointment as a director has pursued any litigation against the Cooperative or any of its employees or directors, or who is in default on any obligation owed to the Cooperative at the time of election or appointment.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the board shall remove such board member from office. Nothing contained in this section shall affect any manner whatsoever the validity of any action taken at any meeting of the board.

SECTION 4. NOMINATIONS AND ELECTORS

Beginning with the annual meeting in 1941, the territory served by the Cooperative shall be divided into a number of divisions equal in number to the number of directors provided for in the Articles of Incorporation. Each division shall, if practical, consist of one or more contiguous government towns and shall contain a number of members as near equal as may be practical to the number of members in each other such division. The boundaries of such divisions shall be originally determined, and from time to time may be changed, by the members.

Directors shall be elected so as to provide for one director from each such division on the board of directors.

Subject to the foregoing the members within each such division from which a director is to be elected in personal attendance at the election meeting, or by petition signed by any ten (10) members therefrom, shall nominate one or more candidates for director from each such division.

Election of directors from nominations so made shall be by ballot from the whole membership in attendance at the meeting and those candidates receiving the majority of all the votes so cast by the whole membership in attendance at the meeting for all nominees from each division shall be declared elected, unless there is but one nominee for director, in which case the election for that director may be by voice vote.

SECTION 5. REMOVAL OF DIRECTORS

Any member may bring charges against an officer or director by filing them in writing with the secretary together with a petition signed by ten per centum (10%) of the members or 300, whichever is the lesser, requesting the removal of the officer or directors in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against the board member shall have the same opportunity. The question of 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 shall 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 been elected and shall have qualified.

SECTION 7. COMPENSATION

Directors shall not receive any salary for their services as such, except that the directors may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the board. If authorized by the board of directors, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board of directors in lieu of detailed accounting for some of these expenses.

No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or the board member's close relative shall have been certified by the board member as an emergency measure.

ARTICLE V

MEETINGS OF BOARD OF DIRECTORS

SECTION 1. REGULAR MEETINGS

A regular meeting of the board of directors shall be held without notice other than this bylaw, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the board of directors shall also be held monthly at such time and place within one of the counties served by the Cooperative, as the board of directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS

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

SECTION 3. MEETINGS CONDUCTED BY TELEPHONE OR INTERNET

The board of directors may permit in advance any regular or special meeting, or any committee meeting, including any executive committee meeting of the board through the use of any electronic means, including telephone and internet.

SECTION 4. NOTICE

Notice of the time, place and purpose of any special meeting of the board of directors shall be given at least three (3) days previous thereto, by written notice, delivered electronically, personally or mailed, to each director at their last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting except in case a director shall attend a meeting for the express purpose of objecting to the transacting of any business because the meeting shall not have been lawfully called or convened.

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 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 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 of directors.

ARTICLE VI

OFFICERS

SECTION 1. NUMBER

The officers of the Cooperative shall be a president, vice president, secretary, treasurer and such other officers as may be determined by the board from time to time. The officers of secretary and treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE

The officers shall be nominated and elected by ballot, annually by and from the board of directors at the meeting of the board of directors held after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members or until the successor shall have been elected and shall have qualified.

SECTION 3. REMOVAL

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 interests of the Cooperative will be served thereby.

SECTION 4. 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 5. 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, the issue of which shall have been authorized by the board or the members, and sign 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
- (c) in general perform all duties incident to the office of president, and such other duties as may be prescribed by the board of directors from time to time.

SECTION 6. VICE PRESIDENT

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

SECTION 7. SECRETARY

The secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board of directors in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members.
- (e) signing with the president, certificates of membership, the issue of which shall have been authorized by the board of directors or the members;
- (f) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the

Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and

- (g) in general performing all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the board.

SECTION 8. TREASURER

The treasurer shall have duties, authority and responsibilities as may be prescribed by the board of directors from time to time.

SECTION 9. 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 and shall exercise such authority as the board may from time to time vest in him or her.

SECTION 10. BONDS OF OFFICERS

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

SECTION 11. COMPENSATION

The powers, duties and compensation of officers, agents and employees shall be fixed by the board subject to the provisions of these bylaws with respect to compensation for a board member and close relative of a board member.

SECTION 12. REPORTS

The officers of the Cooperative shall submit at each annual meeting of the members' reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

NON-PROFIT ORGANIZATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED

The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. 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 AND OTHER SERVICES

- (a) Allocation of Patronage Capital. In the furnishing of electric energy and other services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative.

In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy and other services in excess of operating costs and expenses properly chargeable against the furnishing of electric energy and other services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the member's account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

- (b) Allocation of Margins of Operations. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (1) used to offset any losses incurred during the current or

any prior fiscal year and (2) 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 part of the capital credited to the accounts of patrons, as herein provided.

- (c) **Payment Upon Dissolution.** In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital furnished prior to April 9, 1988 shall be made in order of priority according to the year in which the capital was furnished and credited. The capital first received by the Cooperative being first retired. After April 9, 1988 the Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.
- (d) **Assignment of Patronage Capital.** Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.
- (e) **Payment to Estates.** Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of the member's 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, 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; provided further however, that the aggregate amounts so retired in any one year shall be left to the board's discretion; provided further, however, that if acting under policies of general application the amount mentioned above is not sufficient to retire the capital credited to any such patron or patrons, such patron or patrons shall have the capital credited to them retired in the next succeeding year before any other retirements are made in such succeeding year; and provided further that the total jointly owned patronage credits of any married patron dying after January 1, 1986, may be paid to the surviving spouse upon proper application.
- (f) **Lien and Set-Off.** The Cooperative shall have a continuing lien against the patronage capital allocated and credited to any patron for an indebtedness due and owing from such patron to the Cooperative and such indebtedness to the extent of such capital so allocated and credited upon which the Cooperative has a lien shall not be extinguished by the bankruptcy of said patron or lapse of time, but shall be set off against any capital allocated and credited to said patron in any retirement thereof made hereunder to said patron or to the member's estate or heirs or surviving joint member.
- (g) **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 VII 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 2 (f) of this article.
- (h) **Forfeiture of Unclaimed Funds.** 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 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.

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.

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.

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

ARTICLE VIII

DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized by resolution adopted by an affirmative vote of at least 75% of all the active members of the Cooperative in two consecutive meetings of the membership held at least eleven (11) months apart and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meetings; provided, however, that notwithstanding anything contained herein 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, licenses, franchises and permits of the Cooperative, whether acquired 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 the 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 another cooperative or foreign corporation doing business in this state pursuant to the act under which the Cooperative is incorporated.

ARTICLE IX

SEAL

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

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. CONTRACTS

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

SECTION 2. CHECKS, DRAFTS, ETC.

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the board.

SECTION 3. DEPOSITS AND INVESTMENTS

All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board may select. Nothing herein shall be deemed to prohibit the board from extending loans to members for proper purposes in the interest of the Cooperative.

SECTION 4. FISCAL YEAR

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

ARTICLE 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 board of directors, purchase stock in or become a member of any corporation or organization organized 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 ground that the meeting has not been lawfully called or convened.

SECTION 3. POLICIES, RULES AND REGULATIONS

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

SECTION 4. ACCOUNTING SYSTEM AND REPORTS

The board of directors shall cause to be established and maintained a complete accounting system which, among other things, is subject to applicable laws and rules and regulations of any regulatory body.

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

SECTION 5. EXTENSION RULES

The board of directors shall from time to time adopt rules of general application for the extension of service to unserved members. In adopting such rules the board of directors shall give consideration to such factors as the type or classification of service desired, the distance or investment required to extend such service, and such other relevant cost factors of general application as may affect the rendition of such service. Such rules may provide that with respect to the extension of service involving an investment per member in excess of the average investment per member then existing, such extension shall be made only upon condition that the member or members served from such extension agree to, or guarantee a monthly minimum bill proportionately greater than the minimum bill otherwise applicable, or that in lieu thereof such member or members pay for the excess cost of making such extension. If additional members are subsequently served with the facilities financed by such increased extension investment such increased monthly minimum payments or member donations by all members served by such facilities shall be reduced or refunded proportionately. The obligation of the Cooperative to render service to any member shall be conditioned upon the provisions of this section and the standard rules of extension adopted by the directors and in force at the time of the acceptance of such member.

SECTION 6. CLASSIFICATION OF BUSINESS

In determining and allocating the operating costs and expenses properly chargeable against the furnishing of electric energy and other services to form the basis of determining in turn the respective amounts of capital furnished by patrons through their patronage, the board of directors may classify the business done by the Cooperative with all its patrons into appropriate classes or departments of business or patronage. Such classification shall be based upon factors relating to the cost of rendering such service, or doing such business, and the rate schedule applied thereto in accordance with accepted accounting and engineering practice. The board shall consider such factors as the value of business, volume discounts in the rate structures, discount or rate reduction granted by virtue of any restriction made upon the time of day or period of year for the rendition of such service and the cost factors involved in the rendition of electrical services to the various classes of customers and service. In allocating and charging costs to each class of business, the board shall consider and give weight to such factors of demand, energy consumption, number of patrons, gross revenue and costs allocable within each class as may be appropriate to equitably and properly allocate costs attributable to each class 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 on a dollar patronage basis. If, however, the costs and expenses chargeable or allocable against any one or more classes of business exceed the receipts from all the patrons within such class or classes of business, then such deficit shall be charged against the patronage business otherwise assignable to any remaining class or classes of business, on a dollar volume patronage basis, 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.

SECTION 7. ARBITRATION

Any member shall have the right to object to any classification or rules of cost allocation by filing written notice with the Cooperative specifying their objections. If the Cooperative and member cannot agree upon a proper adjustment within sixty (60) days of filing the objection, either party may request that the controversy shall be submitted to arbitration and settlement under the provisions of Chapter 298, Wisconsin Statutes. If the arbitrator determines that the classification or cost allocations are inequitable or unjustly discriminatory, he or she shall have the power to direct appropriate revisions thereof.

SECTION 8. SUBSCRIPTION TO WISCONSIN ELECTRIC COOPERATIVE ASSOCIATION'S NEWS PUBLICATION

The Cooperative, through action of its board of directors may in the name and behalf of each member of the Cooperative, subscribe for the Wisconsin Electric Cooperative Association's news publication. The expenses of such subscriptions for all members shall be determined by the board from time to time and the same shall be charged to the aggregate of capital deposited by members under Section 2 of Article VII of these Articles for electric service in the same manner as are charged other appropriate expenses of the Cooperative.

SECTION 9. MEMBER COMMUNICATIONS

The Cooperative, through its Board of Directors, shall communicate to each member by newsletter or otherwise as it deems appropriate, but not less than quarterly. The expense of which communications shall be charged to the aggregate of capital deposited by members.

ARTICLE XII

INDEMNIFICATION OF OFFICERS, DIRECTORS EMPLOYEES AND AGENTS

SECTION 1. CIRCUMSTANCES REQUIRING INDEMNIFICATION

If an individual incurs expenses including attorney fees, costs, fines, forfeitures, money judgments or settlement payments as a result of being made a party or being threatened to be made a party to any civil, criminal, administrative, investigative or other legal or equitable action, including a threatened, pending or completed action,

because of the individual's service at any time as an officer, director, employee or agent of this Cooperative or, at the request of this Cooperative, for another entity, the Cooperative shall indemnify the individual after the final resolution of the action, or all parts of the action which concern the individual, for actual and reasonable expenses incurred if any of the following applies:

- (a) The individual has not been made liable for any fine, forfeiture, money judgment or settlement payment, has not been made subject to an injunctive remedy or a criminal conviction, and has not entered a plea of guilty or no contest.
- (b) A court or other official tribunal so orders.
- (c) A determination is made as provided in Section 2 that the individual's conduct that was the subject of the action was undertaken in good faith with the reasonable belief that the conduct was in the best interests of the Cooperative or not opposed to the Cooperative's best interest and with no reasonable cause to believe that the conduct was unlawful.

SECTION 2. DETERMINATION OF INDEMNIFICATION

A determination that an individual's conduct complied with the standard set forth in Section 1 (c) shall be made as follows:

- (a) The board, by a majority vote of a quorum of the board, shall make the determination or shall direct that the determination be made as provided in subparagraph (b) or shall direct that it be made as provided in subparagraph (c). For purposes of this subdivision, a director who was or is a party or threatened to be made a party to the action may not be counted in calculating a quorum and may not vote if a quorum is obtained. If a quorum cannot be obtained, the determination shall be made as provided in subparagraph (c).
- (b) If the majority vote of a quorum under subparagraph (a) directs, the members, by a majority vote of a quorum of the members, shall make the determination. For purposes of this subparagraph, a member who was or is a party or threatened to be made a party to the action may not be counted in calculating a quorum and may not vote if a quorum is obtained. If a quorum cannot be obtained, the determination shall be made as provided in subparagraph (c).
- (c) If the majority vote of a quorum under subparagraph (a) directs, or if a quorum cannot be obtained under subparagraph (a) or if a quorum cannot be obtained under subparagraph (b), the determination shall be made by written opinion of independent legal counsel.

SECTION 3. ADVANCE PAYMENT OF EXPENSES

The Cooperative may pay the expenses incurred by an individual under Section 1 in advance of the final resolution of the action or all parts of the action concerning the individual if the board, by a majority vote of a quorum of the board, elects to do so and if the board receives an undertaking by or on behalf of the individual to repay the Cooperative unless the individual is indemnified under this section. For purposes of this subsection, a director who was or is a party or threatened to be made a party to the same action may not be counted in calculating a quorum and may not vote if a quorum is obtained. Likewise, the Cooperative may pay the expenses in advance, or assume the responsibility therefor if a determination is first made that the individual's conduct complied with the standard set forth in Section 1(c) hereof.

SECTION 4. INSURANCE

The Cooperative may purchase insurance that covers expenses incurred by an individual under Section 1 regardless of whether the individual could be indemnified for the expenses under this section.

ARTICLE XIII AMENDMENTS

These articles may be altered, amended or repealed by a majority of the members present 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 the purpose of such alterations, amendments or repeals shall have been contained in the notice of such meeting.

- 15 -

ARTICLE VI Officers

Section 1.	Number	8
Section 2.	Election and Term of Office.....	8
Section 3.	Removal	8
Section 4.	Vacancies	8
Section 5.	President	8
Section 6.	Vice President	8
Section 7.	Secretary	8
Section 8.	Treasurer	9
Section 9.	Manager	9
Section 10.	Bonds of Officers	9
Section 11.	Compensation	9
Section 12.	Reports	9

ARTICLE VII Non-Profit Organization

Section 1.	Interest or Dividends on Capital Prohibited	9
Section 2.	Patronage Capital in Connection with Furnishing Electric Energy and Other Services	9

ARTICLE VIII Disposition of Property 11

ARTICLE IX Seal 11

ARTICLE X Financial Transactions

Section 1.	Contracts	11
Section 2.	Checks, Drafts, Etc.	11
Section 3.	Deposits and Investments	12
Section 4.	Fiscal Year	12

ARTICLE XI Miscellaneous

Section 1.	Membership in Other Organizations	12
Section 2.	Waiver of Notice	12
Section 3.	Policies, Rules and Regulations.....	12
Section 4.	Accounting System and Reports.....	12
Section 5.	Extension Rules	12
Section 6.	Classification of Business	13
Section 7.	Arbitration	13
Section 8.	Subscription to Wisconsin Electric Cooperative Association's News Publication	13
Section 9.	Member Communications	13

ARTICLE XII Indemnification of Officers, Directors, Employees and Agents

Section 1.	Circumstances Requiring Indemnification	13
Section 2.	Determination of Indemnification.....	14
Section 3.	Advance Payment of Expenses.....	14
Section 4.	Insurance.....	14

ARTICLE XIII Amendments..... 14

Notes:

