
BYLAWS OF

Jo-Carroll Energy



April 2011

Restated

Bylaws of

Jo-Carroll
Energy, Inc.

793 U.S. 20 West
P.O. Box 390
Elizabeth, Illinois 61028-0390

As approved April 9, 2011

JO-CARROLL ENERGY, INC.
BYLAW CONTENTS

ARTICLE I – DEFINITIONS

Section 1	General Provisions	6
Section 2	Specific Definitions (Reserved).....	6

ARTICLE II – MEMBERSHIP

Section 1	Membership Eligibility	6
Section 2	Membership Procedure	6
Section 3	Automatic Membership	7
Section 4	Joint Membership.....	7
Section 5	Conversion of Membership.....	8
Section 6	Member Classes	8
Section 7	Membership Agreement.....	9
Section 8	Termination of Membership	9
Section 9	Non-Liability for Debts of the Cooperative.....	10
Section 10	Provision of Cooperative Services.....	10
Section 11	Purchase of Cooperative Services.....	10
Section 12	Member Grant of Property Rights	11

ARTICLE III – MEETINGS OF MEMBERS

Section 1	Annual and Regular Member Meetings.....	11
Section 2	Special Meetings.....	12
Section 3	Permitted Member Action at Member Meetings	12
Section 4	Notice of Members’ Meetings	12
Section 5	Quorum	12
Section 6	Voting	13
Section 7	Participation in Member Meetings Through Conference Telephone or Other Communications Equipment.....	13
Section 8	Proxies.....	13
Section 9	Informal Action Not Permitted	13
Section 10	Order of Business.....	13

ARTICLE IV – DIRECTORS

Section 1	General Powers	13
Section 2	Director Districts.....	14
Section 3	Board.....	14
Section 4	Tenure, and	14
Section 5	Nomination and Election of Directors	16
Section 6	Vacancies	16
Section 7	Removal of Director by District Members	17
Section 8	Compensation	17
Section 9	Committees	17

ARTICLE V – MEETINGS OF DIRECTORS

Section 1 Regular Meetings18
Section 2 Special Meetings18
Section 3 Notice18
Section 4 Quorum18
Section 5 Manner of Acting18
Section 6 Informal Action by Directors18
Section 7 Robert’s Rules of Order19
Section 8 Director Participation in Board Meetings by Telephone19

ARTICLE VI – OFFICERS

Section 1 Number19
Section 2 Election and Term of Office19
Section 3 Removal 19
Section 4 Vacancies19
Section 5 Chairman of the Board.....19
Section 6 Vice Chairman 19
Section 7 Secretary 20
Section 8 Treasurer20
Section 9 General Manager/President/Chief Executive Officer
Section 10 Bond of Officers20
Section 11 Reports21

ARTICLE VII – FINANCIAL TRANSACTIONS

Section 1 Contracts21
Section 2 Checks, Drafts, Etc.21
Section 3 Deposits..... 21
Section 4 Fiscal Year21
Section 5 Accounting Systems and Reports21

ARTICLE VIII – NON-PROFIT OPERATION

Section 1 Interest or Dividends on Capital Prohibited.....21
Section 2 Patronage Capital in Connection With Furnishing Electric Energy21
Section 3 Property Interest of Members22
Section 4 Retirement of Patronage Capital on a Revolving Basis.....23
Section 5 Patronage Refunds in Connection with the Furnishing of Other Services23
Section 6 Security Interest in Patronage Capital..... 23
Section 7 Classification of Business 24

ARTICLE IX – DISPOSITION AND MORTGAGING OF PROPERTY, MERGER AND OFFER TO SELL

Section 1 Disposition and Mortgaging of Property in General.....24
Section 2 Merger.....25
Section 3 Procedure for the Sale of all or Substantially all of the Cooperative Property ...25

ARTICLE X – VOLUNTARY DISSOLUTION

Section 1 Voluntary Dissolution 25

ARTICLE XI – MISCELLANEOUS

Section 1 Membership in Other Organizations.....26
Section 2 Waiver of Notice.....26

ARTICLE XII – BUSINESS OFFICE

Section 1 Business Office 26

**ARTICLE XIII – INDEMNIFICATION OF OFFICERS, DIRECTORS,
EMPLOYEES AND AGENTS**

Section 1 Indemnification26

ARTICLE XIV – AMENDMENTS

Section 1 Amendments to Articles of Incorporation27
Section 2 Amendments to Bylaws27

ARTICLE XV – ARBITRATION

Section 1 Arbitration..... 27

Bylaws of

Jo-Carroll Energy, Inc.

ARTICLE I DEFINITIONS

Section 1. General Provisions. Within these Bylaws of Jo-Carroll Energy, Inc. (NFP) as currently existing or as later amended (“Bylaws”):

- (a) Unless otherwise provided, words and phrases used in these Bylaws have their customary and ordinary meaning;
- (b) The singular use of any word includes the plural use, and the plural use of any word includes the singular words;
- (c) The masculine use of any word includes the feminine and neutral uses, the feminine use of any word includes the masculine and neutral uses, and the neutral use of any word includes the masculine and feminine uses;
- (d) The present tense of any word includes the past and future tenses, and the future tense of any word includes the present tense; and
- (e) The words “shall” or “must” indicate a mandatory action or requirement, and the word “may” indicates a permissive action or requirement.

Section 2. Specific Definitions. (Reserved)

ARTICLE II MEMBERSHIP

Section 1. Membership Eligibility. Any (1) natural person, (2) firm, (3) association, (4) corporation, (5) business trust, (6) partnership, limited liability company, (7) state, state agency, or state political subdivision, (8) foreign government, (9) United States of America, or any federal agency or political subdivision, or (10) other body politic, (collectively, “person”):

- (a) As required or allowed by Law, using, receiving, or purchasing any service, product, commodity, equipment, or facility from or through Jo-Carroll Energy, Inc. (NFP) reasonably related to Jo-Carroll Energy, Inc. (NFP) furnishing, or the person receiving, electric power, natural gas and/or telecommunications/broadband services; or
- (b) As required or allowed by Law, using, receiving, or purchasing any other service, product, commodity, equipment, or facility from or through Jo-Carroll Energy, Inc. (NFP), (collectively, “Cooperative Services”) is eligible to become a Member. No person may hold more than one (1) membership. Unless required by Law or otherwise provided in these Bylaws, and unless allowed in writing by the Board of Directors of Jo-Carroll Energy, Inc. (NFP) (“Board”), no membership, and no right or privilege associated with membership, may be sold, purchased, assigned or otherwise transferred.

Section 2. Membership Procedure. Any person seeking to become a Member (“Applicant”) must complete the following procedures (“Membership Procedures”):

- (a) (1) Within a reasonable time of using, receiving, or purchasing any Cooperative Service, complete a written membership application provided by the Cooperative; and

- (2) Agree to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any policies, rules, and regulations adopted by the Board of Directors; and
- (3) Pay the membership fee; and
- (4) At prices, rates, or amounts determined by the Board, and in a manner specified by the Cooperative, pay the Cooperative for all:
 - (i) Cooperative Services used, received, or purchased:
 - (1) By the Member; or
 - (2) At, or for, any dwelling or structure owned, controlled, or directly occupied by the Member; and
 - (ii) Reasonable dues, assessments, fees, deposits, contributions, or other amounts required by these Bylaws or the Board; and
 - (iii) Dues, assessments, fees, deposits, contributions, or other amounts required by Law;
- (b) Complete any additional or supplemental document or contract required by the Board for the Cooperative Service which the Applicant is seeking to use, receive or purchase;
- (c) Pay the Cooperative any reasonable dues, assessments, fees, deposits, contributions, or other amount required by these ByLaws or the Board;
- (d) Pay the Cooperative any dues, assessments, fees, deposits, contributions or other amounts required by law; and
- (e) Unless waived in writing by the Board, or waive pursuant to Board policy generally applicable to Applicant's, pay the Cooperative any outstanding amounts owed the Cooperative by the Applicant.

Section 3. Automatic Membership. Unless the Board determines otherwise as provided in these ByLaws, upon:

- (a) Completing the Membership Procedure to the Cooperative's satisfaction; and
- (b) Using, receiving, or purchasing any Cooperative Service, an Applicant automatically becomes a member of the Cooperative effective the date the Applicant began using, receiving, or purchasing a Cooperative Service ("Member").

The Cooperative may issue membership certificates to each Member in a manner, method and form determined by the Board.

If the Board determines that any Applicant is unable to comply with the Governing Documents, then the Board may refuse the Applicant membership in the Cooperative. For other good cause determined by the Board, the Board may refuse an Applicant membership in the Cooperative.

If the Board refuses membership to any Applicant, then the Cooperative shall return to the Applicant any amounts paid to the Cooperative by the Applicant as part of the Membership Procedure other than:

- (a) Amounts paid for using, receiving, or purchasing any Cooperative Service; and
- (b) Outstanding amounts previously owed the Cooperative, and any associated interest or late payment charges.

Section 4. Joint Membership.

- (a) Any application for membership in the Cooperative received after March 31, 1988, from any person who is married shall be deemed and become an application for membership

- by husband and wife 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 March 31, 1988, the membership of any person who on March 31, 1988, was married, or who thereafter while a member became married, shall be deemed to have become, and did become at such time, a membership in husband and wife as joint tenant members with right of survivorship without further action by such member, unless within 30 days after March 31, 1988, or 30 days after the date of marriage, whichever date is later, the person to whom such membership issued otherwise designated in writing.
 - (c) The term “member” as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint 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; and
 - (7) Either but not both may be elected or appointed as an officer or board member, provided that both 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.
 - (e) Upon the death of either spouse, or other person, who is the party to a joint membership such membership shall be held solely by the survivor and the records of the Cooperative shall be changed to show membership solely in the survivor, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 5. Conversion of Membership. By a written request signed by all persons having an interest therein, a membership in the name of one person, a joint membership, or a membership as tenants in common, may be converted to a membership of another of the three types. Such written request shall contain the agreement by all persons having an interest in the membership involved, to comply with the articles of incorporation, bylaws and rules and regulations adopted by the Board of Directors. The changed membership status shall be indicated on the records of the Cooperative.

Section 6. Member Classes. Based upon a Member’s use, receipt, or purchase of one (1) or more Cooperative Services, the Cooperative may group Members in the following classes (“Member Classes”):

Class A Member: Any Member using, receiving, or purchasing –

- (a) Solely from and through the Cooperative all electric power, natural gas and/or telecommunications/broadband services used, received, or purchased for; and
- (b) All Cooperative Services associated with, or regarding, the provision of electric power, natural gas and/or telecommunications/broadband services to a residential, or

commercial, dwelling or structure, owned, controlled, or directly occupied by the Member.

Class B Member: Any Member using, receiving or purchasing any Cooperative Service regarding the provision of electric power, natural gas and/or telecommunications/broadband services to any dwelling or structure owned, controlled, or directly occupied by the Member.

Section 7. Membership Agreement. Every Member shall follow, abide by, and be legally bound to, the Governing Documents. As provided in these ByLaws, the Cooperative may terminate any Member of Cooperative Service for the Member's failure to follow, abide by, or be legally bound to, the Governing Documents.

By becoming a Member, each Member acknowledges that:

- (a) Every Member is a vital and integral part of the Cooperative;
- (b) The Cooperative's successful operation depends upon every Member complying with the Governing Documents; and
- (c) All Members are united in an interdependent relationship.

Section 8. Termination of Membership.

- (a) Any Member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. Subject to any regulations imposed by lawful authority, the Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of all Members of the Board of Directors, expel any Member who fails to comply with any of the provisions of the articles of incorporation, by-laws, policies, rules or regulations adopted by the Board of Directors, but only if such Member shall have been given written notice by the Cooperative that such failure makes him or 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 of Directors 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 has not purchased electric power, natural gas and/or telecommunications/broadband services from the Cooperative, or of a Member who has ceased to purchase electric power, natural gas, and/or telecommunications/broadband services from the Cooperative, may be cancelled by resolution of the Board of Directors.
- (b) Upon the withdrawal, death, or expulsion of a member, or cessation of existence of a member which is other than a natural person, the membership of such member shall thereupon terminate, and the membership certificate of such member, if any, shall automatically be cancelled. Termination of membership in any manner shall not release a member, his estate, or, if the member is other than a natural person, shall not release the entity, from any debts due the Cooperative.
- (c) 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. 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.
- (d) A member who has been expelled or who has terminated membership in the Cooperative does not affect the rights the Cooperative has in regards to any service area

agreement the Cooperative may have with any public utility or municipal utility, nor shall it affect any rights of the Co-operative pursuant to the Illinois Electric Supplier Act.

Section 9. 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 10. Provision of Cooperative Services. The Cooperative shall provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants continuous or flawless provision of Cooperative Services. The Cooperative's responsibility and liability for providing Cooperative Services terminates upon delivery of any Cooperative's Service to a Member or other Person acting for a Member.

After providing the Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate provision of any Cooperative Services to any Member.

Upon:

- (a) Determining that a Member has tampered or interfered with, damaged, or impaired any product, equipment, structure, or facility furnished or used by the Cooperative to provide, monitor, measure, or maintain any Cooperative Service ("Cooperative Equipment");
- (b) Discovering the unsafe condition of any Cooperative Equipment; or
- (c) Discovering any imminent hazard or danger posed by any Cooperative Equipment; then, without providing the Member notice or an opportunity to comment, the Cooperative may suspend the Member, and may suspend or terminate provision of Cooperative Services to Member.

Section 11. Purchase of Cooperative Services. As required or allowed by Law, and unless otherwise specified in writing by the Board, each Member shall use, receive, or purchase Cooperative Services from the Cooperative. Each Member shall comply with, and abide by, any policy, program, rule, procedure, or other determination promulgated by the Board regarding the provision of Cooperative Services to the Member.

- (a) Payments to Cooperative. At prices, rates, or amounts determined by the Board, and in a manner specified by the Cooperative, each Member shall pay the Cooperative for all:
 - (1) Cooperative Services used, received, or purchased:
 - (i.) by the Member; or
 - (ii.) at, or for, any dwelling or structure owned, controlled, or directly occupied by the Member; and
 - (2) Reasonable dues, assessments, fees, deposits, contributions, or other amounts required by Law, these ByLaws, or the Board.
 - (3) A subscription to ILLINOIS COUNTRY LIVING, or a successor publication, published by the Association of Illinois Electric Cooperatives, a newsletter published by this Cooperative, or other publication whose purpose and objective is to provide news and information concerning this Cooperative, the electric cooperatives in Illinois and the nation. The Board of Directors shall select the publication.

- (b) Interest and Late Payment Fees. As determined by the Board, Members shall pay interest, compounded periodically, and late payment fees for all amounts owed, but not timely paid, to the Cooperative. Notwithstanding the Cooperative's accounting procedures, the Cooperative may apply all amounts paid by any Member to all of the Member's accounts on a pro rata basis, or as otherwise determined by the Board.
- (c) Reduction in Cooperative Services. As required or allowed by Law, and as determined by the Board,
 - (i.) If a Member substantially reduces or ceases the Member's use, receipt, or purchase of Cooperative Services, either singly or in combination; then
 - (ii.) The Cooperative may charge the Member, and the Member shall pay the Cooperative, the reasonable costs and expenses incurred by the Cooperative in relying upon the Member's pre-reduction or preceasing use, receipt, or purchase of Cooperative's Services.

Section 12. Member Grant of Property Rights. As determined or required by the Cooperative, each Member shall:

- (a) Provide the Cooperative temporary, or permanent, safe and reliable access to, and use of, any portion of; and
- (b) Upon request from and without charge to the Cooperative, grant and convey, and execute any document reasonably requested by the Cooperative to grant and convey, to the Cooperative any written or oral easement, right-of-way, license, or other property interest in any real or personal property in which the Member possesses any legal right and which is reasonably necessary to:
- (c) Purchase, install, construct, inspect, monitor, operate, repair, maintain, remove, or relocate any Cooperative Equipment;
- (d) Provide, monitor, measure, or maintain any Cooperative Service;
- (e) Satisfy or facilitate any obligation incurred, or right granted, by the Cooperative regarding the use of Cooperative Equipment; or
- (f) Safely, reliably, and efficiently:
 - (i.) Operate the Cooperative; or
 - (ii.) Provide any Cooperative Service.

No Member shall tamper or interfere with, damage, or impair any Cooperative Equipment. Unless otherwise determined by the Board, the Cooperative owns all Cooperative Equipment. Each Member shall protect all Cooperative Equipment, and shall install, implement, and maintain any protective device or procedure reasonably required by the Cooperative.

Each Member shall comply with any procedure required by the Cooperative regarding the provision of any Cooperative Service to any Member of Person.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual and Regular Member Meetings. Within a county in which the Cooperative provides any Cooperative Services, the Cooperative:

- (a) Shall annually hold a meeting of Members ("Annual Member Meeting"); and
- (b) Shall regularly hold meetings of Members ("Regular Member Meeting").

The Board shall determine the date, time, and location of any Annual Member Meeting or Regular Member Meeting.

At the Annual Member Meeting, the President and Treasurer shall provide a written report, or oral presentation, regarding the Cooperative's activities and financial condition.

The Cooperative's failure to hold an Annual Member Meeting or Regular Member Meeting does not affect any action taken by the Cooperative.

Section 2. Special Meetings. Special meetings of all the members may be called by at least four (4) directors, by the Chairman of the Board, or by thirty percent (30%) or more of all of the membership, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings may be held at any place within the area served by the Cooperative as designated by the Board of Directors and shall be specified in the notice of the special meeting.

Section 3. Permitted Member Action at Member Meetings. At any Annual Member Meeting, Regular Member Meeting, or Special Member Meeting (collectively, "Member Meeting"), Members may consider, vote, or act only upon a matter for which:

- (a) Unless otherwise provided in these ByLaws, the Board and Members were notified properly;
- (b) The Members are authorized to consider, vote, or act; and
- (c) For a Special Member Meeting, the notice of the Special Member Meeting properly described.

Section 4. Notice of Members' Meetings. Written or printed notice stating the place, day and hour, and in the case of a special member meeting, the purposes for which the meeting is called, shall be delivered not less than five (5) calendar days nor more than sixty (60) calendar days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member; in the case of a removal of one or more directors, a merger, consolidation, dissolution or sale, lease or exchange of assets said notice must be given not less than 20 nor more than 60 days before the date of the meeting, by or at the direction of the Chairman of the Board, or the Secretary, or the officer or persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, the notice is given when it is deposited or when a newsletter or other publication of the Cooperative or of an affiliated organization which includes the notice is deposited, in the United States mail, with postage prepaid thereon, addressed to such person at his or her address as it appears on the records of the Cooperative. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 5. Quorum. The number of members to constitute a quorum at a meeting of members shall be fifty (50). In case of a joint membership, or a membership held by tenants in common, the presence at a meeting by either joint member or both, or by one of the tenants in common, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting, provided a new notice is mailed to each member specifying the time and place of the adjourned meeting.

Section 6. Voting.

- (a) 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 voting thereon in person, except as otherwise provided by law, the certificate of incorporation of the Cooperative, or these bylaws.

- (b) Members residing within a district from which a director is to be elected shall vote for director by ballot as hereinafter provided in these bylaws. Members who do not reside within, or member organizations not located within the Cooperative service area, shall vote for director to represent the district in which the member's premises receiving service are located. If the member receives service at locations in more than one district, the member shall be entitled to vote only in the district where the member's existing service was first received. If the member votes by mail ballot, the marked but unsigned ballot shall be enclosed in a sealed envelope which shall bear the signature of the member. In the counting of the votes, the envelope shall be separated from the ballot so that the member's vote shall remain secret

Section 7. Participation in Member Meetings Through Conference Telephone or Other Communications Equipment. Unless the Board of Directors shall determine otherwise, as to a specific meeting, members entitled to vote at a membership meeting shall not participate in and act at any membership meeting through the use of a conference telephone or other communications equipment.

Section 8. Proxies. Proxy voting is prohibited at all meetings of members of this Cooperative and references to proxy voting in any part of these ByLaws are therefor null and void and shall be deleted.

Section 9. Informal Action Not Permitted. The taking of informal action by the members by written consent and without a meeting, as provided by the Illinois General Not For Profit Act of 1986, Paragraph 107.10, is not permitted.

Section 10. Order of Business. The Board shall determine the agenda and order of business for Member Meetings. All meetings of the Members shall be governed by Robert's Rules of Order, as amended.

ARTICLE IV DIRECTORS

Section 1. General Powers. All powers of the Cooperative shall be exercised by or under authority of, and the business and affairs of the Cooperative shall be managed under the direction of, the Board of Directors, except as otherwise provided by law, the articles of incorporation, or these bylaws. 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 and rates to be charged by the Cooperative for services furnished, the promulgation and enforcement of policies, 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. Director Districts. The Cooperative may equitably divide the general area in which Members are located or reside ("Cooperative Service Area") into nine (9) districts ("Director Districts"). If necessary, the Board may revise the Director District to ensure that Members are equitably represented by the Director Districts.

Within thirty (30) days following any Director District revision, and at least thirty (30) days before the next Annual Member Meeting, the Cooperative shall notify, in writing, any Members

affected by the Director District revision. Director District revisions are effective on the date the Cooperative releases written notice of the Director District revision. No Director District revision may:

- (a) Increase an existing Directors' Director Term; or
- (b) Unless the affected Director consents in writing, shorten any existing Director's Director Term.

Section 3. Board. The Cooperative shall have a board consisting of one natural person for each director district elected by the Class A and Class B members located or residing in each respective director district.

Section 4. Tenure, and Qualifications.

- (a) **Tenure.** Directors shall be elected for three year terms on a staggered basis so that no more than three of such terms shall expire at each annual meeting. Each director elected shall serve until the annual meeting when the term expires, or until the successor is elected and qualified, subject to the provisions of these bylaws with respect to the removal of directors.
- (b) **Qualifications.** No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative, who:
 - (1) is not a member and who does not reside in the District for which he has been elected or appointed.
 - (2) is in any way employed by or financially interested in competing enterprise or a business selling energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliance fixtures or supplies to members of the Cooperative.
 - (3) does not have the legal capacity to enter into a binding contract.
 - (4) been convicted of a felony.
 - (5) as a director, misses more than three (3) Board meetings in any twelve (12) consecutive months.

When a membership is held jointly or by tenants in common, one of the joint tenants or one of the tenants in common, but not more than one, may be elected a director, provided, however, that such person shall not be eligible to become or remain a director, or hold a position of trust in the Cooperative unless both joint tenants or all tenants in common shall meet the qualifications hereinabove set forth. When a membership is held by a partnership, one, but not more than one, of the partners designated in writing by the partnership may be elected a director; provided, however, that none of the partners shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall be a bonafide resident of the area served by the Cooperative and unless all partners shall meet the qualifications set forth in (b)(2), above. When a membership is held by a corporation, one but not more than one, of the officers thereof designated in writing by the corporation may be elected a director, provided, however, that none of the officers shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall be a bonafide resident of the area served by the Cooperative and unless all of the officers shall meet the qualifications set forth in (b)(2), above.

Nothing in this section shall be construed to preclude any member from serving as a director or from holding any position of trust in the Cooperative because such member is also a member or a director of any other cooperative from which this Cooperative purchases or may purchase electric energy, supplies or services, or which is engaged in selling electrical or

plumbing appliances, fixtures, or supplies to the members of this Cooperative, nor shall anything in this section be deemed or construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

- (c) **Disqualification.** Upon the establishment of the fact that any person being considered for, or already holding a position of director, may lack eligibility to become or remain a director, it shall be the duty of the directors, upon reasonable notice to the person whose eligibility is in question, to hold a hearing on such matter. The directors shall find and determine whether such person is ineligible to become a director, or if already a director, is ineligible to remain a director under the qualifications provided in these bylaws. In making such determination, if the person whose eligibility is being considered is a director, that person may not vote. If the remaining directors determine by a majority vote that the person, if a candidate, is ineligible to become a director, then such person's name shall be withdrawn as a candidate for director. If the person is already a director, then that person shall be ineligible to remain a director, and his or her office as a director shall forthwith become vacant.
- (d) **Conflict of Interest Director Qualifications.** While a Director or as a Director candidate, one must not be, nor have been:
- (1) During the one (1) year immediately prior to becoming a Director, a Close Relative of any existing Director, other than an existing Director who will cease being a Director within one (1) year;
 - (2) During the three (3) years immediately prior to becoming a Director, an existing, or close relative of any existing, non-Director Cooperative Officer, employee, agent, or a representative;
 - (3) During the one (1) year immediately prior to becoming a Director, employed by, materially affiliated with, or share a material financial interest with, any other Director; or
 - (4) During the one (1) year immediately prior to becoming a Director, engaged in, nor employed by, materially affiliated with, or have a material financial interest in any individual or entity:
 - (i.) Directly and substantially competing with the Cooperative; or
 - (ii.) Selling goods or services in substantial quantity to the Cooperative; or
 - (iii.) Possessing a conflict of interest with the Cooperative.
- (e) **Continuing Director Qualifications.** Only natural persons complying with the Director Qualifications and Conflict of Interest Director Qualifications may serve, or continue to serve, as a Director.

After being elected or appointed a Director, if any Director fails to comply with Director Qualifications and Conflict of Interest Director Qualifications, then, unless otherwise determined by the Board for good cause, the Director is no longer a Director. If at least a majority of Directors authorized by these ByLaws comply with the Director Qualifications and Conflict of Interest Director Qualifications and approve a Board action, then the failure of any Director to comply with all Director Qualifications and Conflict of Interest Director Qualifications does not affect the Board action.

Section 5. Nomination and Election of Directors. The Cooperative wishes to encourage members to actively participate in the election of Directors. When the term of a director will expire at the next annual meeting, the following procedure will apply to the election of a director for the next term:

- (a) The Secretary shall publish once per week for two (2) consecutive weeks, the last publication of which shall be no less than one hundred sixty (160) days before the next annual meeting of the Cooperative, in a newspaper of general circulation in the District for which a sitting Director's term shall expire, a Notice stating that said Director's term is expiring and providing the information set forth below to assist and encourage members in petitioning for nomination for election as Director of said District. Said Notice shall also be published on the Cooperative's website during said two (2) week period.
- (b) Any member residing in the District of the Director whose term is expiring, including the incumbent Director, may petition for nomination as Director.
- (c) At least twenty-five (25) or more members residing in the District for which a Director is to be elected must sign a Petition for Nomination for such member in order for said member's name to be placed on the ballot. The form for said Petition for Nomination shall be provided by the Secretary at the principal office of the Cooperative in Elizabeth, IL.
- (d) Such Petition for Nomination shall be delivered to the Secretary not less than sixty (60) days nor more than one hundred fifty (150) days before the date of the annual meeting of the members at which said directors' term shall expire.
- (e) All members so nominated must, in order to qualify to have their names placed on the ballot, participate in an orientation process provided by the attorney for the Cooperative assuring that all nominees fully understand the expectations and responsibilities of Directors, including, but not limited to, time demands, educational expectations, and fiduciary responsibilities.
- (f) The Secretary shall prepare and post at the principal office of the Cooperative and on the Cooperative website, at least forty (40) days before said annual meeting of the members, a list of such qualified nominations for Directors of Districts up for election at the next annual meeting.
- (g) The Secretary shall mail with the notice of the annual meeting a statement of the number of directors to be elected and the names of the persons nominated for such an office.
- (h) In those districts where more than one candidate has been nominated, a ballot shall be mailed to each member residing in that district from which a Director is to be elected, containing the names of the persons nominated for Director in that District.
- (i) Ballots shall be mailed to members residing outside the district, if such member is entitled to vote as provide by Article III, Section 6, of these Bylaws.
- (j) Each member may vote for one (1) Director for the District in which the member resides, or in which the member is entitled to vote only when the director for that district is up for election.
- (k) If a member prefers, instead of using the mail ballot, he or she may cast his or her vote by ballot in person at the Cooperative office, by electronic ballot as facilitated by the Cooperative or by such other method as the Board of Directors may determine from time to time.
- (l) All balloting shall be concluded on or before four o'clock (4:00) p.m. of the day prior to the annual meeting.
- (m) The ballots shall be counted by the Credentials and Election Committee which shall report the results to the members at the annual meeting. Said Credentials and Election

Committee shall be appointed by the Board of Directors not less than sixty (60) days prior to the date the annual meeting shall be held.

- (n) The Credentials and Election Committee shall be composed of three (3) members from each District from which a Director is to be elected where more than one candidate has been nominated.
- (o) In the event of a tie between persons receiving the highest number of votes in a District, the winner shall be determined by lot immediately prior to the opening of the annual meeting.
- (p) The Chairman of the Credentials and Election Committee shall declare the nominees receiving the highest number of votes in each district, or the winner by lot, if that be the case, elected as Directors, and said action shall be deemed election by the members at the annual meeting.
- (q) In those districts where only one candidate has been nominated, no ballot shall be mailed to members of that district, no members of the Credentials and Election Committee shall be appointed and the nominated candidate shall be elected by a properly made and voted motion to elect the candidate by acclamation at the annual meeting.
- (r) Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

Section 6. Vacancies. Subject to the provisions of these bylaws with respect to the removal of directors, a vacancy in the office of director shall be filled by a majority vote of remaining directors and a director thus elected shall serve until the next annual meeting of the members or until a successor shall have been elected and shall have qualified.

All appointments made by the Board shall be from the respective districts in which said vacancies occur. Consistent with these ByLaws, the Board of Directors shall determine the existence of a vacancy.

Section 7. Removal of Director by District Members. Any district member may bring charges against a director of the Member's district by filing with the Secretary such charges in writing together with a petition signed by at least thirty percent (30%) of the members or 300, whichever is the lesser, requesting the removal of such director. Upon receipt of such petition it shall be the duty of the Secretary or the Board of Directors to call a special meeting of the members of such director's district to hear the same. Such director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the present evidence in respect of the charges; and the person or persons bringing the charges against the director shall have the same opportunity. The question of the removal of such director shall be considered and voted upon by members of the director's district. The director may be removed by the vote of two-thirds (2/3) of the members voting from director's district. Any vacancy created by such removal may be filled by vote of the members of the district at such meeting without compliance with the foregoing provisions with respect to nominations. The notice given to members of this meeting shall state that the purpose of the meeting is to vote upon the removal of one director named in the notice. Only the named director may be removed at such meeting.

Section 8. Compensation. Directors shall not receive any salary for their services as such, but by resolution of the Board a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs, or performance of committee assignments or other services when authorized by the Board, along with reasonable expenses actually and necessarily incurred, may be allowed. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of the 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 director or close relative shall be certified by the Board of Directors as an emergency measure.

As used in these ByLaws, the term “close relative” means an individual who:

- (a) Is, either by blood, law, or marriage, including, half, step, foster and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling; or
- (b) Principally resides in the same residence.

Section 9. Committees.

- (a) The Board of Directors may appoint one or more committees and appoint directors or such other persons as the Board designates to serve on the committee or committees. Each committee shall have two or more directors, and in any event a majority of its membership shall be directors. All committee members shall serve at the pleasure of the Board. A committee shall have such power and authority as given by the Board, subject to the restrictions and limitations of law.
- (b) The Board of Directors may create, or appoint persons to, an advisory body or other such body which may or may not have directors as members, which body may not act on behalf of the Cooperative or bind it to any action but may make recommendations to the Board of Directors or officers.

ARTICLE V MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors may 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, as the Board of Directors may determine.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board 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 for the holding of any special meeting of the Board of Directors called by them.

Section 3. Notice. Notice of the time, place, and purpose of any special meeting of the Board of Directors shall be given at least five (5) calendar days previous thereto, by written notice, delivered personally or mailed, to each director and General Manager/President/Chief Executive Officer, at the 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 pre-paid. 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 transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors are present at said meeting a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting. Except as authorized in Section 6, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Directors.

Section 6. Informal Action By Directors.

- (a) Any action required to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors and all of any nondirector committee members entitled to vote with respect to the subject matter thereof, or by all the members of such committee, as the case may be.
- (b) The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more directors or committee members. All the approvals evidencing the consent shall be delivered to the Secretary to be filed in the corporate records. The action taken shall be effective when all the directors or the committee members, as the case may be, have approved the consent unless the consent specifies a different effective date.
- (c) Any such consent signed by all the directors or all the committee members, as the case may be, shall have the same effect as a unanimous vote and may be stated as such in any document filed with the Secretary of State under this Act.

Section 7. Robert's Rules of Order. All meetings of the Board of Directors shall be governed by Robert's Rules of Order, as amended.

Section 8. Director Participation in Board Meetings by Telephone. Members of the Board of Directors may participate in and act at any regular or special Board meeting through the use of a conference telephone or other communications equipment. No Board member may participate in a Board meeting via such conference telephone or other communications equipment for more than three (3) Board meetings in any consecutive twelve (12) month period.

ARTICLE VI OFFICERS

Section 1. Number. The officers of the Cooperative shall consist of a Chairman of the Board, Vice Chairman of the Board, President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The office of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office. Officers, except President, shall be elected, by ballot annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected

and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

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. Chairman of the Board. The Chairman of the Board shall:

- (a) Be the chief elected officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors unless otherwise determined by the Board.
- (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
- (c) In general, perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice Chairman. In the absence of the Chairman, or in the event of inability or refusal to act, the Vice Chairman or other qualified person designated by the Board of Directors shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman and shall perform such other duties as from time to time may be assigned to the Vice Chairman by the Board of Directors.

Section 7. Secretary. The Secretary shall be responsible for the following, but the actual execution of the duties and functions may be delegated to employees of the Cooperative under the direction of the General Manager:

- (a) Keeping the minutes of meetings of the members and the Board of Directors in one or more 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 records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) Keeping a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) Having general charge of the books of the Cooperative in which a record of the members is kept;
- (f) Keeping on file at all times a complete copy of these 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;
- (g) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

Section 8. Treasurer. The Treasurer shall be responsible for the following, but the actual execution of the duties and functions may be delegated to employees of the Cooperative under the direction of the General Manager.

- (a) Having charge and custody of all funds and securities of the Cooperative;
- (b) Receiving and giving receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws;
- (c) In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board of Directors.

Section 9. General Manager/President/Chief Executive Officer. The Board of Directors may appoint a General Manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be, designated President and Chief Executive Officer of the Cooperative. The General Manager/President/Chief Executive Officer shall be an ex-officio, nonvoting member of the Board of Directors and shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in the General Manager.

Section 10. Bond 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 of Directors 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. The cost of such bonds shall be borne by the Cooperative.

Section 11. 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 and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII FINANCIAL TRANSACTIONS

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 instruments 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 of Directors.

Section 3. Deposits. The Board of Directors may from time to time select such bank or banks in which funds of the Cooperative are to be deposited. Other funds of the Cooperative may be invested in any manner not contrary to the provisions of the Laws of the State of Illinois and not contrary to the articles of incorporation.

Section 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first (1st) day of January of each year and shall end on the thirty-first (31st) day of December of the same year.

Section 5. Accounting Systems 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 with jurisdiction over the matter. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A summary of such audit shall be submitted to the members at the next succeeding annual meeting.

ARTICLE VIII NON-PROFIT OPERATION

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 Power, Natural Gas and/or Telecommunications/Broadband Services. In the furnishing of electric power, natural gas, and/or telecommunication 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 within a particular business classification for all amounts received and receivable from the furnishing of electric power, natural gas, and/or telecommunications/broadband services to patrons within such classification in excess of operating costs and expenses, including reasonable reserves, properly chargeable against the furnishing of electric power, natural gas, and/or telecommunications/broadband services to patrons within such classification. Subject to the provisions hereof relating to adjustments between and among classes of business, all such amounts in excess of operating costs and expenses, including reasonable reserves, at the moment of receipt by the Cooperative are received with the understanding that they are furnished by patrons as capital. Subject to the provisions hereof relating to adjustments between and among classes of business, the Cooperative is obligated to pay as credits to a capital account for each patron all such amounts in excess of operating costs and expenses, including reasonable reserves.

The books and records of the Cooperative shall be kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited, provided that, individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess as to the class of business and provides a clear explanation of how each patron may compute and determine the specific amount of capital so credited. 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 been furnished the Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses, including reasonable reserves, shall, insofar as permitted by law, be apportioned

among the various classes of business on a total patronage basis and shall be (a) used to offset any losses incurred during the current or any fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons within such business classifications on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

Section 3. 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 those persons who are members at the time of dissolution or had been members during the ten calendar years next preceding the date of the filing of dissolution, in the proportion that the aggregate patronage of each bears to the total patronage of all members during such ten preceding calendar years subject to and in accordance with such classification of the business formula as may have been employed in allocating patronage capital to such members during the ten year period.

Section 4. Retirement of Patronage Capital on a Revolving Basis. If, at any time, prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby; the capital then credited to patrons accounts may be retired in full or in part. The Board of Directors shall determine under rules of general application the method, basis, priority and order of retirement for all amounts heretofore and hereafter furnished as capital.

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 part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, who is a natural person, if the legal representative of the 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 in the amount of their present value as determined by the board, upon such other terms and conditions as the Board of Directors, acting under policies of general application and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired. Thereby, the 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 patron are bound by such contracts, 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.

Section 5. Patronage Refunds in Connection with the Furnishing of Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric power, natural gas and/or telecommunications/broadband services, all amounts received and receivable therefrom which are in excess of costs and expenses properly

chargeable against the furnishing of such goods and services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, from which such amounts were obtained.

Section 6. Security Interest in Patronage Capital. The Cooperative shall have a continuing security interest in the patronage capital allocated and credited to any patron for any indebtedness due and owing from such patron to the Cooperative. The patron shall execute such documents as the Cooperative may request to create and perfect this security interest. The rights of the Cooperative under the security interest hereby granted may be exercised in the event of the default in payment by the patron of the patron's obligations, or in the event of the bankruptcy of the patron, and such indebtedness of the patron shall be subtracted from the capital allocated and credited to the patron in any retirement thereof made hereunder to said patron or to the estate, heirs, or surviving joint member.

The Cooperative is hereby authorized to exercise an annual special retirement of capital allocated and credited to all similarly situated patrons so indebted to the Cooperative to satisfy said amounts due and owing. The Cooperative shall have the discretion to do such special retirements as often as quarterly. Said special retirement shall be made on a discounted basis in the same manner as applied to early retirements of accounts of decedent estates as set forth in Section 4 of this Article in the amount of their present value as determined by the Board, upon such other terms and conditions as set by the Board of Directors, acting under policies of general application.

Section 7. Classification of Business. With respect to the furnishing of electric power, natural gas and/or telecommunications/broadband services and the allocation of capital credits in connection therewith, the Board may classify the business done by the Cooperative with all its patrons into classes of business and patronage.

Such classifications shall be based on factors relating to the cost of rendering service and the rates lawfully chargeable in connection therewith in accordance with utility standards and practice. The Board may apply to such classes of business formulas designed to equitably determine for each class so established any amounts paid by patrons within such class in excess of the costs of service for such class. In developing such formulas and in determining the respective amounts of capital so furnished by all patrons within such classes, the Board shall give regard to the level of capital contributed by each such class of business during the current or any prior fiscal year so as to equitably adjust the aggregate capital accounts between and among classes of business. If the receipts from every class of business in any year exceed the costs and expenses allowable and chargeable thereto, then the excess of receipts over expenses for each class of business shall be allocable to each class as capital credits and to patrons within each such class on a dollar patronage basis. If, however, the costs and expenses chargeable or allowable against any one or more classes of business exceed the receipts from all patrons within such class or classes of business, then such deficit shall be charged against the patronage margins otherwise assignable to any remaining class or classes of business, on a dollar volume patronage 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. All patronage margins contributed by patrons within a given class of business shall be assigned to such patrons on a dollar volume basis of patronage, but no patronage capital shall be deemed to have been contributed by, or shall be allocated to any patron within any class of business, if the receipts for all patrons within such class do not exceed the costs and expenses chargeable or allocable to such class. In the event patronage from

any patrons falls into two or more classes of business, capital credits assigned to such patron shall be the net amount of the capital credits determined after debiting and crediting from all such classes of business.

ARTICLE IX
DISPOSITION AND MORTGAGING OF
PROPERTY, MERGER AND OFFER TO SELL

Section 1. Disposition and Mortgaging of Property in General. 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 at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative and unless the notice of such proposed sale, mortgage, lease, or other disposition or encumbrances shall have been contained in the notice of the meeting; provided however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof, or from the Rural Utilities Cooperative Finance Corporation or other financing institution or bank, as the Board of Directors shall select, 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.

Section 2. Merger. This Cooperative may merge or consolidate with one or more other electric cooperatives upon compliance with the provisions of law relating thereto. If the other cooperative or cooperatives with which this Cooperative proposes to merge or consolidate is or are electric cooperative(s) organized and existing under Illinois, Wisconsin or Iowa Statutes, and have been engaged in producing or furnishing electric power, natural gas and/or telecommunications/broadband services to its or their members at cost and without profit for at least two years prior to such merger or consolidation, an affirmative vote of a majority of members voting thereon shall constitute approval of the plan of merger or consolidation. Likewise, if this Cooperative proposes to merge or consolidate with an electric cooperative which is an entity resulting from merger or consolidation of other electric cooperatives meeting the qualifications set forth above, an affirmative vote of a majority of members voting thereon shall constitute approval of the plan of merger or consolidation. If the proposed merger or consolidation is with one or more organizations not meeting the foregoing qualifications, approval of the plan of merger or consolidation shall require the affirmative vote of not less than two-thirds (2/3) of all members of the Cooperative.

Section 3. Procedure for the Sale of all or Substantially all of the Cooperative Property. If at any time the Cooperative shall receive an offer to buy all or substantially all of its assets from a person or organization which is other than an electric cooperative organized under the Not-For-Profit Corporation Act of Illinois, or Chapter 185 of the Wisconsin or Iowa Statutes, which has been engaged in producing or furnishing electric power, natural gas and/or telecommunications/broadband services to its members at cost and without profit for at least

two years thereto, or other than an entity resulting from the merger or consolidation of electric cooperatives meeting the foregoing qualifications, the Board of Directors is authorized, in its sole discretion, to determine whether or not such offer shall be submitted to the Cooperative membership for vote.

The Board of Directors shall base its decision on what it considers to be in the best interest of the Cooperative and its members. Among other factors, it shall consider what it believes would be the impact of a sale on the dependability and adequacy of service necessary to meet the present and future needs of its members, and the rates to be charged therefore. If the Board approves such proposal, it shall adopt a resolution recommending such sale, lease, ex-change, or other disposition and directing the submission thereof to a vote at a meeting of members entitled to vote which may be either an annual or a special meeting.

ARTICLE X VOLUNTARY DISSOLUTION

Section 1. Voluntary Dissolution. The Cooperative may be dissolved by a vote of members entitled to vote in the following manner:

- (a) The Board of Directors shall adopt a resolution, which may be with or without their recommendation, proposing that the corporation be dissolved voluntarily, and directing that the question of such dissolution be submitted to a vote at a meeting of members to vote on dissolution, if any, which may be either an annual or special meeting.
- (b) Written notice stating that the purpose, or one of the purposes, of the meeting is to consider the voluntary dissolution of the Cooperative, shall be given to each member entitled to vote on dissolution within the time and in the manner provided in these bylaws for the giving of notice of meetings of members. If such meeting be an annual meeting, such purpose may be included in the notice of such annual meeting.
- (c) At such meeting a vote of the members entitled to vote on dissolution shall be taken on the resolution to dissolve voluntarily the Cooperative. The resolution shall be adopted by receiving the affirmative vote of at least two-thirds (2/3) the total number of members.

ARTICLE XI MISCELLANEOUS

Section 1. Membership in Other Organizations. The Cooperative may, upon authorization of the Board, become a member of, or purchase stock in, any other organization when, in the judgment of the Board, such membership or purchase will foster and further the aims and objectives of the Cooperative in furnishing low cost electric energy to its members.

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.

ARTICLE XII BUSINESS OFFICE

Section 1. Business Office. The principal business office of the Cooperative shall be located in Elizabeth, Illinois, and shall not be moved unless the consent of the Cooperative has been first obtained by a vote of a majority of those members present in person at any regular or special meeting called for that purpose and provided further that a quorum be present.

**ARTICLE XIII
INDEMNIFICATION OF OFFICERS, DIRECTORS,
EMPLOYEES AND AGENTS**

Section 1. Indemnification. The Cooperative shall indemnify a director, officer or, manager against expenses, including attorney's fees, judgements, fines and amount paid in settlement actually and reasonably incurred by such person in connection with an action, suit or proceeding, or a threatened action, suit or proceeding where such person is party or is threatened to be made a party by reason of the fact that he or she was a director, officer, or manager of the Cooperative or at the request of this Cooperative, a director or officer of an affiliated organization, when required by law, and upon a determination that indemnification of the officer, director, or manager is proper in the circumstances because he or she had met the applicable standard of conduct as provided by the Illinois General Not For Profit Act of 1986 and subsequent law. The Cooperative shall indemnify other employees and agents as required by law, and may indemnify such person upon a determination that indemnification of the employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct as provided by the Illinois General Not For Profit Act of 1986 and subsequent law.

ARTICLE XIV AMENDMENTS

Section 1. Amendments to Articles of Incorporation. The articles of incorporation of the Cooperative may be amended from time to time in the following manner:

- (a) The Board of Directors shall adopt a resolution setting forth the pro-proposed amendment and directing that it be submitted to a vote at a meeting of the members, which may either be a regular annual meeting or a special meeting.
- (b) Written or printed notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each member within the time and in the manner provided in these bylaws for the giving of notice of meetings of members. If such a meeting be a regular meeting, the proposed amendment or summary thereof may be included in the notice of such regular annual meeting.
- (c) At such meeting a vote of the active members shall be taken on the proposed amendment and the proposed amendment shall be adopted upon receiving the affirmative vote of at least two-thirds (2/3) of the votes entitled to be cast by members present at such meeting.

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

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

Section 2. Amendments to Bylaws. These bylaws may be altered, amended, or repealed by receiving a majority of the votes cast by the members present in person at any regular or special meeting of the members providing that the notice of such meeting shall have contained a copy or summary of the proposed amendment, alteration or repeal to be considered at the meeting.

ARTICLE XV ARBITRATION

Section 1. Arbitration. Any claim or controversy between Jo-Carroll Energy, Inc. (NFP) and any Member which arises out of or relates to the provision by Jo-Carroll Energy, Inc. (NFP) to the Member of electric power or other related services shall, at the request of any such

party, be submitted to arbitration according to regulations prescribed by the Board of Directors. Jo-Carroll Energy, Inc. (NFP) and every Member thereof, by becoming such, agrees to arbitrate all such disputes according to this Bylaw and the regulations prescribed by the Board of Directors pursuant to this Bylaw, and further agrees to abide by and perform any awards made thereunder.

Jo-Carroll Energy, Inc.

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