

BY-LAWS

SOUTHERN ILLINOIS ELECTRIC COOPERATIVE BY-LAWS (Revised August, 2015)

The aim of Southern Illinois Electric Cooperative (hereinafter called the "Cooperative") is to make electric energy, goods, services or facilities available to its members at the lowest cost consistent with sound economy and good management, and the Cooperative shall not be operated for pecuniary profit either to itself or to its members.

ARTICLE I MEMBERS

Section 1. Qualifications and Obligations. Any person, firm, corporation or body politic may become a member in the Cooperative by:

- (a) Paying the membership fee hereinafter specified;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) Agreeing to comply with and be bound by the Certificate of Incorporation of the Cooperative and these by-laws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors, provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members. At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the board of directors shall be submit-

ted by the board of directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b) and (c) of this section such applications for membership may be accepted by a vote of the members at such meeting. The secretary shall give any such applicant at least ten (10) days prior notice of the date of the members' meeting to which his application will be submitted and such applicant may be present and hear at the meeting. No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b) and (c).

Section 2. Membership Fee. The membership fee shall be \$5.00, the payment of which shall make the member eligible for one (1) service connection. An additional fee to be determined by the board of directors as provided in Section 1, Article III of these by-laws shall be paid for each additional service connection requested by the member.

Section 3. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises, except electric energy generated on the premises ("Co-Generation"), specified in his application for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by the board of directors, provided,

however, that the board of directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. Co-Generation of electric energy, regardless of the source thereof, by means of facilities, which are interconnected with Cooperative facilities, shall be subject to appropriate regulation as shall be fixed from time to time by the Cooperative. Payment for such electric energy shall include for each member a subscription to JAMUP, its successor publication or any other publication of the Southern Illinois Electric Cooperative and to any member publication published by the Association of Illinois Electric Cooperatives. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these by-laws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the board of directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative, as and when the same shall become due and payable. Each member shall also pay collection fees, including reasonable attorney fees and court costs, in the event of non-payment of accounts.

Section 4. 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 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 members who shall have violated

or refused to comply with any of the provisions of the Certificate of Incorporation of the Cooperative or these by-laws 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. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

Section 7. Transfer and Termination of Membership.

(a) Membership in the Cooperative and a certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall thereupon terminate, and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.

In case a member or members moves away owing a bill or in any way being indebted to the Cooperative, the Cooperative shall have the right to take such bill or indebtedness from the membership fee of said member or members and in no event shall said member or members be entitled to a refund.

(b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provision of subdivisions (b) and (c) of section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.

(c) When a membership is held jointly by a husband and wife, upon the death of either such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death upon the books of the Cooperative the certificate may be reissued to and in the name of such survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

Section 8. Removal of Directors and Officers. 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 percent (10%) of the members, requesting the removal of the officer or director 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 him shall have the same opportunity.

**ARTICLE II
MEETING OF MEMBERS**

Section 1. Annual Meeting.

An annual meeting of the members shall be held at any time between February 1st and December 31st of each year, beginning with the year 1963, in any County in the State of Illinois in which this Cooperative is operating, as shall be designated by the board of directors on the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings.

Special meetings of the members may be called by at least four (4) directors or upon a written request signed by at least ten percent (10%) 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 County in the State of Illinois in which the Cooperative is operating as specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings. Written 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 ninety (90) days before the date of the meeting, by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member; provided, however, that with respect to all meetings at which directors are to be elected such notice shall be so delivered not less than seven (7) days nor more than ninety (90) days before the date of the meeting. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. 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 such meeting.

Section 4. Quorum. That one hundred and fifty (150) of the members present in person shall constitute a quorum for the transaction of business at all meetings of members. In case of a joint membership the presence at the meeting of either or both husband and wife, shall be regarded as the presence of one. If less than a quorum is present at any meeting a majority of those present in person may adjourn the meeting from time to time without further notice.

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 voting thereupon in person except as otherwise provided by law, the certificate of incorporation of the Cooperative, or these by-laws. If a

husband and wife hold 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.

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:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of the notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III DIRECTORS

Section 1. General Powers. The board of directors shall consist of nine members. Except as otherwise provided by law, the Certificate of Incorporation of the Cooperative or by these by-laws, the board of directors shall manage the business, affairs and property of the Cooperative, authorize contracts, fix charges for its services for furnishing electric energy to its members, and for other services rendered for and to its members, and shall otherwise manage the affairs of the Cooperative in such manner as may be necessary, convenient or proper in order to carry out its objects and purposes; provided, however, that the Cooperative shall not be operated for pecuniary profit either to itself or to its members.

Section 2. Qualifications and Tenure. The persons named as directors in the Certificate of Incorporation of the Cooperative shall compose the board of directors until the first annual meeting or until their successors shall have been elected and shall have qualified. At the annual meeting of the members beginning with the year 1949, nine directors shall be elected by ballot, by and from the members, three of whom shall serve for one year, three for two years, and three for three years, to be determined by lot; and every year thereafter, three directors shall be elected for a term of three years, and provided that in order to insure geographical representation that only one director is to be elected from any one county within the Cooperative for the same year except to fill an unexpired term within said County. That all directors are to serve until their successors shall have been elected and shall have qualified, subject to the provision of these by-laws with respect to the removal of directors. That the word year shall mean from annual meeting to annual meeting. No member shall be eligible to become or remain a director, or to hold any position of trust in the Cooperative who is not a bona fide resident in the area served by the Cooperative, or who is in any way employed by or substantially interested in a competing enterprise, or who is an employee of the Cooperative, and no person shall take or hold office as a director who is the incumbent of or candidate for an elective public office in connection with which a salary is paid. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

Section 3. Nomination. It shall be the duty of the President by and with the advice and consent of the members of the meeting of which directors are to be elected beginning with the year 1948 to appoint a committee on nominations for the coming year consisting of not less than five (5) nor more than eleven (11) regular members, and also an alternate member for each regular member appointed to such committee on nominations, who shall be selected so as to give equitable representation on the committee or the geographical areas served or to be served by the Cooperative. No officer or member of the board of directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting a list of nominations for directors, but fifteen (15) or more members may make other nominations in writing over their signatures not less than forty-five (45) days prior to the meeting and secretary shall post the same at the same place where the list of nominations made by the committee is posted. The secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by the committee on nominations and the nominations made by petition, if any. Nothing contained herein shall, however, prevent additional nominations to be made from the floor at the meeting of the members. The members may, at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provision with respect to nominations. 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 4. Vacancies. Vacancies occurring in the board of direc-

tors between the Annual Meeting of the members shall be filled by the remaining directors and directors thus elected shall serve until the next Annual Meeting of members or until the successors shall have been elected and shall have qualified.

Section 5. Compensation. Directors as such shall not receive any salary for their services, but by resolution of the board of directors a fixed sum and expenses of attendance, if any, may be allowed for the attendance of each meeting of the board of directors, and the attendance of any director or directors of any Regional, State, or National Rural Electric Cooperative Association meeting and other meetings that may be necessary for the general welfare of the Cooperative.

Section 6. Rules and Regulations. The board of directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Certificate of Incorporation of the Cooperative or these by-laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 7. 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 the applicable laws and rules and regulations of any regulatory body shall conform to such accounting system as may from time to time be designated by the Cooperative's lenders. All accounts of the Cooperative shall be examined by a committee of the board of directors at least four times a year, at which time reports shall be rendered at the regular meeting of the board of directors. The board of directors also shall 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 the fiscal year. Such an audit report shall

be submitted to the members at the following yearly Annual Meeting.

Section 8. Repealed 8/6/98

ARTICLE IV MEETING OF DIRECTORS

Section 1. Regular Meetings.

A regular meeting of the board of directors shall be held without notice other than this by-law, 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 in any county in the State of Illinois in which the Cooperative is operating, 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 other four (4) directors. The person or persons authorized to call special meetings of the board of directors may fix the time and place, which shall be in any County in the State of Illinois in which the Cooperative is operating, 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) days previous thereto, by written notice, delivered personally or mailed, to each director at his 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 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. 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, except as otherwise provided in these by-laws.

ARTICLE V OFFICERS

Section 1. Number. The officers of the Cooperative shall be a President, a Vice President, a Secretary and a Treasurer, and such offices as the Board may determine from time to time. Secretary and Treasurer's offices may be held by the same person.

Section 2. Election. The officers of the Cooperative 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, except for the office held by the manager, who need not be a member of the board of directors but who shall be elected annually by the board of directors. 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 provision of these by-laws 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 by-laws, 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:

- (a) Shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the board of directors.
- (b) Shall sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the board of directors, and may 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 by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) In general shall perform all 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 inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him by the board of directors.

Section 7. Secretary. The Secretary shall:

- (a) Keep the minutes of meetings of the members and the board of directors in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these by-laws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all 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 by-laws;
- (d) Keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) Sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the board of directors;
- (f) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) Keep on files at all times a complete copy of the by-laws 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 forward a copy of the by-laws and of all amendments thereto to each member; and
- (h) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board of directors.

Section 8. Treasurer. The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) Receive and give 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 by-laws; and
- (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 him by the board of directors.

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 as the board of directors may from time to time require of him and shall have such authority as the board of directors may from time to time vest in him.

Section 10. Bonds of Officers. The board of directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the board of directors shall determine. The board 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.

Section 11. Compensation. The compensation, powers and duties of all officers, agents and employees shall be fixed by the board of directors.

Section 12. Reports.

- (a) 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 conditions of the Cooperative at the close of such fiscal year.

- (b) The President or Secretary or such other officer as shall be designated by the board of directors shall make and verify in writing to the Secretary of State of the State of Illinois, upon forms and at the time prescribed, giving the names and addresses of the officers and directors.

**ARTICLE VI
CONTRACTS, CHECKS
AND DEPOSITS**

Section 1. Contracts. Except as otherwise provided in these by-laws, the board of directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of directors may select.

**ARTICLE VII
MEMBERSHIP CERTIFICATES**

Section 1. Certificates of Membership. Membership in the Cooperative shall be evidenced by a certificate of membership which

shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent with the Certificate of Incorporation of the Cooperative or these by-laws. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in these by-laws not until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

Section 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the board of directors may prescribe.

**ARTICLE VIII
WAIVER OF NOTICE**

Any member or director may waive, in writing, any notice of meetings required to be given by these by-laws. In case of a joint membership a waiver of notice signed by either husband or wife, shall be deemed a waiver of notice of such meeting by both joint members.

**ARTICLE IX
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 Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Coop-

erative. 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 in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account; provided, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notified all patrons of the aggregate amount of such excess and provide a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. 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.

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

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

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 of 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 then credited to the patrons' accounts may be retired in full or in part. Any such retirements of capital 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.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these by-laws, the board of directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron by retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such patrons' 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 by-laws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative office.

ARTICLE X DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all, or substantially all, 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 of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything hereinabove contained, 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, to secure any indebtedness of the Cooperative to the National Rural Utilities Cooperative Finance Corporation, its successors or any other financing institution, may be authorized in the manner provided in Section 105/111.55 on the General Not For Profit Corporation Act of the State of Illinois (805 ILCS 105/111.50) or any amendment thereof; provided further that notwithstanding anything

hereinabove contained the board of directors of the Cooperative, without authorization by the members of the Cooperative, shall have full power and authority to sell, lease, exchange, transfer on assumption of indebtedness or otherwise dispose of property of the Cooperative, even though it be a substantial portion thereof, to another cooperative or foreign corporation doing business in the State of Illinois pursuant to the act under which this Cooperative is incorporated if such other cooperative or foreign corporation doing business in this state is organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or if such other corporation is organized for the purpose of providing or acquiring electric energy or providing services or facilities on a cooperative basis; and provided further that the board of directors may, upon the authorization of a two-thirds vote of those members of the Cooperative present in person or represented by proxy 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 this Cooperative is incorporated.

**ARTICLE XI
FISCAL YEAR**

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

**ARTICLE XIII
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, goods, services

or facilities primarily to its members.

**ARTICLE XIII
SEAL**

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

**ARTICLE XIV
AMENDMENTS**

Section 1. The Certificate 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 proposed amendment and directing that it be submitted to a vote at a meeting of the members, which may be either a regular annual meeting or a special meeting.
- (b) Written or printed notice setting forth the proposed amendment shall be given to each member within the time and in the manner provided in these by-laws for the giving of notice of meetings of members. If such meeting be a regular annual meeting, the proposed amendment may be included in the notice of such regular annual meeting.
- (c) At such meeting a vote of the members shall be taken on the proposed amendment and the proposed amendment be adopted upon receiving the affirmative vote of at least two-thirds (2/3) of those members present in person 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 or incorporation.

Section 2. These by-laws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

**ARTICLE XV
(Repealed 8/6/98)**

**ARTICLE XVI
(Repealed 8/1/91)**

**ARTICLE XVII
RULES OF ORDER**

Parliamentary procedure at all meetings of the members, of the board of directors, of any committee provided for in these by-laws and of any other committee of the members or board of directors which may from time to time be duly established shall be governed by the most recent edition of Sturgis' Standard Code of Parliamentary Procedure, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or by-laws.