

PROPOSED REVISIONS FOR ACEC'S BYLAWS

1. Throughout the document, change references to “husband and wife” to either “married” or “both spouses” as appropriate, and references to “his” to “his or her”.
2. Amend Article III, Section 1 (Annual Meeting) regarding the location of the meeting to conform to Section 2 (Special Meetings), and clarify that preparations for the Annual Meeting may be delegated to the Chief Executive Officer.
3. Amend Article IV, Section 1 (General Powers) as follows:

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 ~~eleven~~ no more than nine (9) directors.
4. Amend Article IV, Section 2 as follows:

Section 2. Director Districts, Tenure and Qualifications.

 - (a) Director Districts. The territory at any time served by the Cooperative shall be divided into ~~eleven~~ no more than nine (9) districts, each of which shall be represented on the Board of Directors by one director. The Board of Directors may from time to time change the boundaries of the director districts, provided, however, that any such change be modified on a prospective basis by the members at the next membership meeting. In connection with any change in the boundaries, if in their judgment the best interest of the Cooperative would be served thereby the directors may also reduce the number of districts; ~~however, and may provide for one (1) or more directors to be elected at-large (provided that not more than two directors may reside in the same district), however, any~~ such action shall require the affirmative vote of not less than two-thirds (2/3) of the full board and shall similarly be subject to prospective modification by the members at the next membership meeting. No change in the boundaries shall disqualify any director from completing his or her current term. Each director district shall contain as nearly as practicable the same number of members, except where natural or political boundaries require disproportionate representation to ensure a community of interest among the members within each district.
 - (b) Tenure. Directors shall be elected for three year terms on a staggered basis so that no more than four 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.
 - (c) 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 a bona fide resident ~~of~~ receiving electric service from the Cooperative at his or her primary residence, and (in the case of a district director) that residence is within the director district which he or she has been nominated or elected to represent; or
 - (2) is employed by or financially interested in a competing enterprise or a business selling energy, services or supplies to the Cooperative, unless the Board determines according to standards set forth in formal Board policy that the relationship does not and is not likely to create an actual conflict of interest or otherwise influence the person's discharge of his or her duties as a director; or
 - (3) has pursued any claim or litigation against the Cooperative or employees or directors of the Cooperative in the preceding five years or has been in default on any obligation to the Cooperative in the preceding 12 months; or
 - (4) has been an employee of the Cooperative in any capacity within five years of the date of election or appointment, or is or was a close relative (as defined in ~~Section 5 of this Article~~ Board policy) of a person who is, or has been, an employee (within that such period and in such circumstances as Board policy may limit); or
 - (5) is an incumbent of, or candidate for, an elective county, state or federal office filled by election on a party ticket; or
 - (6) while a director or preceding his or her nomination, election or appointment was convicted of any felony or of any other offense involving a breach of trust.

When membership is held by joint tenants, tenants in common, a partnership, ~~or~~ a corporation, a limited liability company or other organization, one of the joint tenants, tenants in common, partners, or officers (as designated in writing by the ~~corporation~~ organization), 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 that candidate shall be a bona fide resident (receiving electric service from the Cooperative at his or her primary residence) of the director district he or she proposes to represent and unless all the joint tenants, tenants in common, partners, or officers shall meet the qualifications set forth in sub's. (2) - (4), 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 an incumbent of, or a candidate for, the county board of supervisors or because such member is also a member or director of any other cooperative from which this Cooperative purchases or may purchase electric energy, supplies or services, nor shall anything in this Article be deemed or construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

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5. Amend Article IV, Section 3 (Nomination and Election of Directors) as follows:

Section 3. Nomination and Election of Directors.

- (a) Nomination. Nomination of candidates for director shall be by petition. To be valid, a petition shall be in a form designated by the Cooperative, shall designate whether the candidate is being nominated for a district or an at-large position, shall be signed by not less than 25 members (with the signature of either or both joint or tenancy in common members counting as one signature), and shall be delivered to the Cooperative's principal office at least 90 days prior to the annual meeting. In the event no valid petitions have been filed by that date, the Board shall appoint a Nominating Committee from the members in the director districts for which directors are to be elected at the ensuing annual meeting. In that event, the Nominating Committee shall use its best efforts to nominate twoone (1) or more qualified candidates for each director position up for election. The Board may utilize members of the Advisory Committee described in Article III, Section 8, above, as the Nominating Committee. The names of all nominees shall be set forth in the notice of the annual meeting.
- (b) Election. At each annual meeting, a written ballot; containing the names of the candidates shall be distributed to the members. Each member present and qualified to vote at the meeting shall be entitled to vote for one candidate for each of the director districts positions for which a director is to be elected. The ballots shall be collected and tabulated by tellers appointed by the Chairman, and the tellers shall report the results in the balloting to the members prior to the close of the meeting. In the event there is only one nominee who

is qualified and willing to run for election for any position, election for that position may be by unanimous consent, by voice vote, by show of hands or by voting cards at the meeting. The candidate for each director district position receiving the highest number of votes shall be declared elected.

6. Amend Article IV, Section 4 (Vacancies) as follows:

A vacancy in the office of director shall be filled through the nomination and election process described in Section 3(a), above. This election shall occur at the next annual meeting following creation of the vacancy, provided the Board determines that there is sufficient time to provide notice to members of the vacancy (and if there is not adequate time, at the next succeeding annual meeting). In any event, pending such election, the vacancy may be filled by a majority vote of the remaining directors and the 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.

7. Amend Article IV, Section 5 (Compensation) as follows:

Directors shall not receive any salary for their services as such, but by resolution or policy of the Board a fixed sum for each day or portion thereof of Directors may receive reasonable compensation for time spent on Cooperative related business, such as attendance at meeting, 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. If authorized by the Board, the directors may be granted a reasonable per diem allowance in lieu of detailed accounting for some of these expenses, or may be advanced funds therefore. No director shall receive compensation for serving the Cooperative in any other capacity; nor shall any close relative of a director receive compensation for serving the Cooperative; unless the service and 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. The term "close relative", as used herein, applies to the following relationships, whether by blood or marriage: son, daughter, mother, father, sister, brother, spouse, stepfather, stepmother, stepson, stepdaughter, half-sister, and half-brother. No close relative of a director shall receive compensation for serving the Cooperative in any capacity other than as allowed under Board policy.

8. Amend Article IV, Section 6 (Policies, Rules, and Regulations) as follows:

The Board of Directors shall have power to make and

adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative. Such policies, rules and regulations shall be binding upon all members ~~of the Cooperative and those receiving service at member premises. The Cooperative will provide a summary of changes to such policies, rules and regulations that in the Board's judgement would have a material impact on the terms of service or governance rights of the membership. That notice shall be in such form and shall be given in such manner and frequency as the Board deems reasonable, provided that with respect to any changes or additions after March 15, 1986, the members receive notice of the substance of the changes to the policies, rules and regulations. For purposes of this section, notice shall be deemed sufficient if it is mailed to the member at the member's address as it appears on the records of the Cooperative, postage duly prepaid, or if it is published in a newsletter sent by the Cooperative to its members, in the WISCONSIN ENERGY COOPERATIVE NEWS, or in another newspaper circulated in the service area of the Cooperative, or, with the member's consent, if it is sent electronically.~~

9. Amend Article VI, Section 6 (Secretary) as follows:

Subject to the Board's delegation of specific responsibilities to management, the Secretary shall:

- (a) ~~see that keep the~~ minutes ~~are kept~~ of the meetings of the members and the Board of Directors in books provided for that purpose;
- (b) see that all notices are duly given in accordance with these bylaws or as required by law;
- (c) ~~confirm the safekeeping of~~ safekeep the corporate books and records and the seal of the Cooperative and affix the seal of the Cooperative to all ~~certificates of membership prior to the issue thereof, and to all~~ documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) ~~see that~~ keep a register ~~is kept~~ of the names and post office addresses of all members;
- (e) ~~sign, with the Chairman, certificates of membership, the issue of which shall have been authorized by the Board of Directors or the members; keep on file at all times~~
- (f)(e) ~~see that~~ keep on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto ~~is kept on file~~ (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, ~~see that procedures are in place to~~ furnish a copy of the bylaws and of all amendments thereto to any member upon request; and

~~(g)(f)~~ in general perform all duties incident to the office of Secretary and such other duties as from time to time may be prescribed by the Board.

10. Amend Article VI, Section 7 (Treasurer) as follows:

Subject to the Board's delegation of specific responsibilities to management, the Treasurer shall ~~be responsible for:~~

- (a) ~~see that procedures are in place for the~~ custody of all funds and securities of the Cooperative;
- (b) ~~see that procedures are in place for~~ the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) ~~in the~~ general performance of all duties incident to the office of Treasurer and such other duties as from time to time may be prescribed by the Board.

11. Amend Article VII, Section 2 (Checks, Drafts, Etc.) as follows:

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 ~~or policy~~ of the Board.

12. Amend Article VII, Section 3 (Deposits and Investments) to correct a typo by changing "form" to "from"

13. Amend Article VIII, Section 2 (Patronage Capital in Connection with Furnishing Electric Energy) as follows:

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all ~~members and~~ 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 ~~members and~~ patrons ~~within a particular business classification~~ for all amounts received and receivable from the furnishing of electric energy ~~to patrons within such classification~~ in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. ~~to patrons within such classifications. Subject to the provisions thereof relating to adjustments between and among classes of business, all.~~ 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 ~~members and~~ patrons as

capital. ~~Subject to the provisions hereof relating to adjustments between and among classes of business, the~~ The Cooperative is obligated to ~~pay as credits~~ allocate to a capital account for each member and 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 ~~member and~~ patron is clearly reflected and ~~credited~~ allocated in an appropriate record to the capital account of each ~~member and~~ patron. All such amounts ~~credited~~ allocated to the capital account of any ~~member and~~ patron shall have the same status as though they had been paid to the ~~member and~~ patron in cash in pursuance of a legal obligation to do so, and the ~~member and~~ patron had then furnished the Cooperative corresponding amounts ~~off~~ for capital.

All other amounts received by the Cooperative from its operations in excess of ~~costs~~ cost and expenses shall, insofar as permitted by law, be ~~apportioned among the various classes of business on a total patronage basis and shall be~~ (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its ~~members and patrons~~ 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.

14. Amend Article VIII, Section 3 (Patronage Capital in Connection with Furnishing Other Service) as follows:

Section 3. ~~Patronage Refunds in Connection with Furnishing Other Service~~ Non-Operating Income. —In the event that the Cooperative should engage to a substantial extent (as determined by the Board in its reasonable judgment) in the business of furnishing goods or services other than electric energy; ~~all~~ All amounts received and receivable therefrom which are by the Cooperative from its other activities including, but not limited to, investments, rentals and other incidental services, in excess of costs and expenses properly chargeable against the furnishing of such goods and services such activities shall, insofar as permitted by law, be ~~prorated annually on a patronage basis and returned~~ (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, retained or allocated to those patrons, members or non-members alike, from whom such

~~, at the Board's discretion, among the classes of business for which the receipts exceed the allocable costs and expenses, in proportion to the amounts were obtained of such margins, and to its Members on a patronage basis. Any amount so allocated shall be included as a part of the capital credited to the accounts of members, as provided for in Section 2, above.~~

15. Amend Article VIII, Section 5 (Classification of Business) as follows:

~~To the full extent allowed by law, in connection with the determination and allocation of patronage capital arising from the furnishing of electric energy, the Cooperative may classify the business done with its patrons into classes of business and patronage. Those classifications shall be based on factors relating to the cost of rendering service and the rates charged for service, however, the classifications of business for determination and allocation of patronage capital will not necessarily coincide with the rate classifications in the Cooperative's rate schedules. The Cooperative shall give due regard to the level of capital contributed by each such class of business during the current or any prior fiscal year so that the aggregate capital accounts are equitably adjusted among the classes of business. No patronage capital shall be allocated to any patron within a class of business if the receipts from all patrons within that class do not exceed the costs and expenses chargeable to that class.~~

~~With respect to the furnishing of electric energy, and the allocation of capital credits in connection therewith, the Board of Directors may classify the business done by the Cooperative with all of its patrons into classes of business and patronage. Such classifications shall be based on factors relating to the cost of rendering service and the rates lawfully chargeable in connection therewith in accordance with reasonable accounting, engineering and utility standards and practice. The Board of Directors 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 allocable and~~

~~chargeable thereto, then the excess of receipts over expenses for each class of business shall be allocable to each such class as capital credits and to patrons within each such class on a dollar patronage basis. If, however, the costs and expenses chargeable or allocable against any one or more classes of business exceed the receipts from all 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 from all patrons within such class do not exceed the costs and expenses chargeable or allocable to such class. In the event patronage from any patron falls into two or more classes of business, capital credits assigned to such patron shall be the net amount of the capital credits determined after debiting and crediting such patron's account with all patronage debits and credits from all such classes of business.~~

16. Amend Article VIII, Section 6 (Retirement of Patronage Capital...) as follows:
Replace the phrase "capital credits" with the phrase "patronage capital".
17. Amend Article VIII, Sections 8 & 9 as follows:
Change the word "Prior" in the title to "Early", and replace the phrase "capital credits" with "patronage capital"
18. Amend Article VIII, Section 12 (Forfeiture of Unclaimed Funds) as follows:
Replace the phrase "capital credits" with the phrase "patronage capital" and the reference to a specific section of Wisconsin statutes to "applicable law"
19. Amend Article VIII, Section 13 (Subscriptions to WISCONSIN ENERGY COOPERATIVE NEWS) as follows:
Delete this section and renumber Section 14. Contractual Obligations to be Section 13. Contractual Obligations.
20. Replace the Statement of Non-Discrimination on the last page with the updated Statement of Non-Discrimination.