

A large, light gray silhouette of a utility worker on a power line tower is centered in the background. The worker is positioned on a cross-arm of the tower, with various tools and equipment visible. The tower itself is a complex structure of beams and supports. The background is a light gray gradient with faint lines suggesting power lines or a grid.

Welcome to
**Southwestern
Electric
Cooperative**

MEMBER GUIDE & BYLAWS

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525 US Route 40 • Greenville, IL 62246
Telephone (800) 637-8667 • www.sweci.com

Welcome to Your Cooperative

Southwestern Electric Cooperative provides power to more than 24,250 member-owned accounts across the St. Louis Metro East area and Southwestern Illinois.

Our cooperative was formed in 1939 to improve the quality of life for residents of Southwestern Illinois by providing electric service to rural homes, farming operations, and businesses in Madison, Bond, Fayette, and the surrounding counties. The cooperative's board of directors has worked diligently to reduce the cost of service by buying wholesale power at competitive prices so that retail rates remain stable. At the same time, our cooperative works to increase its membership base by promoting residential, commercial and industrial development, thereby spreading out the fixed cost of service.

As a not-for-profit utility, Southwestern Electric is committed to providing high-quality energy services at the lowest possible prices. We are guided by the belief that a member-owned and member-controlled energy company should always operate in the best interests of local families, neighbors and communities.

What is an Electric Cooperative?

An electric cooperative is a not-for-profit, member-owned utility that provides electricity. Electric cooperatives were established by rural pioneers in the late 1930s and early 1940s. Cooperatives like Southwestern Electric brought electricity to rural areas that for-profit, investor-owned utilities wouldn't or couldn't serve. In this way, the co-op improved the quality of life for thousands of rural Americans.

This was made possible by the Rural Electrification Administration (REA), which was created under the executive order of President Franklin Delano Roosevelt in 1935 and the Rural Electrification Act of 1936. The REA made low-interest loans that helped bring power lines to rural areas. The program took off, soon becoming so popular and successful that electric cooperatives became known as "REAs." Eighty years later, electric cooperatives are the primary providers of electricity in rural areas of downstate Illinois.

Cooperatives are governed by a unique form of democracy. Co-op members guide the organization by electing fellow members to the cooperative's board of directors. In turn, the board represents the interests of the membership. Local control through an elected board of directors ensures that each member receives an equal voice in the operation of their electric cooperative. The "one-member-one-vote" concept is not only a right, it's a responsibility.

Statement of Objectives

Southwestern Electric Cooperative exists to serve its members in the best manner possible. The cooperative will:

- Strive to provide the best possible service to all members within its service territory.
- Provide energy at the lowest sustainable prices while holding true to the highest standards of service.
- Develop a stable financial structure, maintain a sound organization, and train leadership.
- Promote the safe and efficient use of electricity, electrical appliances, and electrical equipment.
- Work to stimulate and support initiatives that will promote economic development.
- Keep members informed about the organization's operations, plans, problems and progress.
- Develop the democratic process as it applies to members, encouraging their participation in cooperative affairs.
- Ensure that no member shall be barred from participating in the cooperative's democratic process.
- Develop understanding and support of cooperative objectives, plans and programs.
- Provide leadership and cooperate with community and civic groups to foster programs that contribute to the area's development.
- Work to improve the standard of living for all members.



Cooperative Leadership

Board of Directors

The board of directors consists of nine Southwestern Electric Cooperative members — three from each voting district. District 1 includes the co-op’s service territory in Macoupin, Madison, and St. Clair counties. District 2 includes Bond, Clinton, and Montgomery counties. District 3 includes Clay, Fayette, Effingham, Marion, and Shelby counties.

Ann M. Schwarm, President.....	District III
Randy Wolf, Vice President	District III
Sandy Grapperhaus, Secretary	District I
Sandy Nevinger, Treasurer	District II
Richard M. Gusewelle	District I
Annette Hartlieb	District III
Alan G. Libbra.....	District I
Ronald Schaufelberger	District II
Ted Willman	District II

Management Team

Bobby Williams, Chief Executive Officer

Michael Barns, Art Director

Christopher Botulinski, Vice President of Engineering

Victor Buehler, Vice President of Information Technology

Dylan Casey, Manager of Engineering

Susan File, Vice President of Member Services

Leslie Frandsen, Vice President of Billing

Carrie Knebel, Vice President of Human Resources

Russell Gilbert, General Manager of Freedom Power Station

Shane Healy, Manager of Operations

Thaddius Intravaia, Director of Information Technology

Becky Jacobson, Chief Financial Officer

Andrew Jones, Vice President of Business Development & Marketing

Julie Lowe, Energy Manager

Joe Richardson, Vice President of Communications

Brooke Scott, Executive Assistant

Michael Willman, Vice President of Operations

Your Voice in the Cooperative

Member participation is an essential part of cooperative governance. If you have a complaint, concern, compliment, idea or suggestion for the cooperative, please don't hesitate to contact Member Services. Southwestern Electric's CEO and staff will see that every effort is made to satisfy the needs and concerns of the members.

The cooperative also holds an annual meeting, which is the most important event of the year for your member-owned utility. At the annual meeting, members participate in the operation of their cooperative through the election of directors, by voting on bylaw amendments, and by providing a voice and a vote in business important to the cooperative's operation.

Please feel free to contact our Member Services Department with your suggestions, complaints, concerns or ideas regarding Southwestern Electric Cooperative. This is your organization; your contributions add to its ability to effectively serve the entire membership.

About Capital Credits

Your electric cooperative is different from an investor-owned utility. Southwestern Electric Cooperative is owned by the people to whom it supplies energy—the members. Capital credits represent each member's ownership stake in the organization. At the close of each fiscal year, the cooperative's margins (revenues in excess of expenses), if any, are allocated to the membership in the form of capital credits.

FAQs About Capital Credits

Q: What are capital credits?

A: Capital Credits are one of the many benefits of cooperative membership. Because Southwestern Electric is a not-for-profit cooperative, it does not accumulate profits. Instead, any revenues over and above the cost of doing business are considered margins. These margins represent an interest-free loan of operating capital by the membership to the cooperative. From these margins the cooperative builds equity with the intention of repaying the member's investment, which is done through the retirement of capital credits.

Q: In the event of a member's death, does the type of membership affect how capital credits are paid?

A: Yes. For individual memberships, capital credits are payable to the member's estate upon said member's death. If the capital credits belong to a joint membership, and one of the account holders dies, the accumulated capital credits will transfer in their entirety to the surviving person's account, and their membership will be converted from joint to individual status.

Q: Why does the cooperative need to accumulate equity?

A: Accumulated equity decreases the need for Southwestern Electric to raise electric rates or borrow money for infrastructure improvements. It also makes it easier for the co-op to absorb costs associated with recovery from devastating events like widespread tornadoes and severe ice storms.

Q: How are capital credits accumulated?

A: Capital credits are allocated to every member who purchased electricity during a year in which the cooperative earned margins. For that year, capital credits are allocated proportionally according to the amount of energy purchased. No special action is required on the member's part in order for capital credits to accumulate.

Q: What is the difference between allocation and retirement of capital credits?

A: In a capital credit allocation, the margins for a particular fiscal year are spread proportionally among the members. The amount of funds allocated to each member's account is based on the amount of electricity the member purchased during that year. These funds are kept on Southwestern Electric's books until they can be retired. Capital credit retirement is the process of returning the accumulated credits back to the members.

Q: Is a general retirement issued every year?

A: Not necessarily. General retirements are issued at the discretion of Southwestern Electric's board of directors. Each year, based on the cooperative's present financial condition and other considerations, the board of directors determines whether to issue a retirement, and if so, in what amount.

Q: Are payouts to estates handled differently from general retirements?

A: Yes. Southwestern Electric Cooperative pays out accumulated capital credits to estates throughout the year, regardless of whether a general retirement has been issued. Any debt owed by the deceased member to the cooperative must be paid in full, and a representative of the estates must complete the claim process in its entirety, before the disbursement may be made.

Q: What happens when capital credits go unclaimed?

A: The co-op makes all efforts of due diligence, in compliance with state statutes and mandated guidelines, to locate the member, and/or the member's heirs, when capital credits go unclaimed. If, after such due diligence is performed, the member cannot be located, the capital credits are declared permanent equity and remain on the cooperative's records until the member and/or heirs can be identified and found.

Q: How do I find out if there are any unclaimed capital credits owed to me?

A: Southwestern Electric Cooperative publishes a list of members with unclaimed capital credits on its website, sweci.com. You can also call the co-op's office at (800) 637-8667, during regular business hours (Monday through Friday, 8 a.m. – 4:30 p.m.) to see if any unclaimed credits may be owed to you.

Paying Your Bill

Because of the cooperative's not-for-profit structure, it is essential that all members pay their bills on time. If a member fails to meet his/her financial obligation to the co-op, the rest of the membership will eventually have to make up the difference through higher rates. If you will not be able to pay a particular bill by the due date, please contact Southwestern Electric as soon as possible. We may be able to work out a payment arrangement to prevent your electric service from being disconnected.

Southwestern Electric Cooperative offers a variety of payment options, including levelized billing, Pay-As-You-Go, electronic bill payment, and the ability to pay by automatic draft, credit, or debit card.

Levelized Billing

Southwestern Electric Cooperative offers a levelized billing option to help members avoid substantial changes in the amount of their electric bill from one month to the next. Levelized Billing effectively flattens out the peaks and valleys that come with seasonal changes in your electric usage, making it easier for you to forecast your bills and plan your budget. When you sign up for levelized billing, your bill will be based on a rolling 12-month average. To qualify, you must have at least 12 months of billing history at your current service location and no more than one late payment during the past 12 months. For more information, please contact the Billing Department at (800) 637-8667.

Payment Options

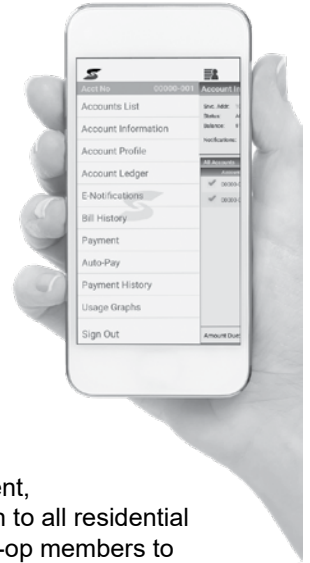
- Southwestern Electric Cooperative accepts VISA, MasterCard, Discover and American Express.
- Automatic Payment (Auto-Pay): Automatically deduct the monthly amount due from your checking/savings account or charge your debit/credit card. Enroll online at sweci.com, through our SWEC IL app, or by contacting the Billing Department at (800) 637-8667.
- Electronic Bill Payment: Pay your bill online at www.sweci.com or by using our SWEC IL app. We accept payments by debit/credit card and electronic check. You can opt out of receiving a paper bill under My Account > E-notifications.
- By Phone: Using debit/credit card or electronic check.
- Through Your Bank Bill Pay Center: Please note that this method may take up to 7 days for payments to post to your electric account.
- Mail: Check or money order.
- In Person: At our Greenville and St. Jacob offices (same-day posting).
- Alternative Payment Locations (posting may take up to 3 days)
 - St. Elmo Warehouse: 2117 East 1850 Avenue.
 - First National Bank of Staunton in Holiday Shores: 7301 St. James Drive.
 - Vandalia Farm Bureau: 1125 Sunset Drive.

The All-Electric Advantage

All-electric homes are clean, safe and efficient. You don't have to worry about carbon monoxide because there's no combustion. If you opt for an air-to-air heat pump or geothermal system, you're choosing from among the most energy efficient heating and cooling systems on the market. For tips on how to make your home more energy efficient, call our Energy Manager at (800) 637-8667.

Southwestern Electric's App: SWEC IL

SWEC IL gives you the ability to report outages, view your accounts, make secure payments, view your energy usage and payment history, set up payment alerts and reminders, and contact us by email or phone. You can download SWEC IL on the App Store or on Google Play. For more on using the app, see page 13.



Pay-As-You-Go Program

As an alternative to our conventional billing arrangement, Southwestern Electric offers the Pay-As-You-Go option to all residential account holders. The Pay-As-You-Go option allows co-op members to more closely control their electricity costs by purchasing electricity at their convenience.



Program participants can monitor their daily usage and customize their payment schedule. Each payment appears as a credit on the member's account, and the balance—reflecting energy used and payments made over the past 24-hour period—is updated daily. There is no penalty for allowing funds to run out, but electric service becomes subject to disconnection when the account balance reaches \$0.00.

With Pay-As-You-Go, the member is not required to establish credit or make a security deposit. Furthermore, the account is not subject to fees for late payment, delinquency, or reconnection of service.

For more information on our Pay-As-You-Go program, please contact the Billing Department at (800) 637-8667.

Cooperative Services

Economic Development

Your cooperative works closely with community development groups to encourage economic development and bring new jobs to our area. Southwestern Electric is a member of the St. Louis Regional Commerce and Growth Association, the Southwestern Illinois Leadership Council, National Rural Economic Development Association, Madison County Community Development, and various local chambers of commerce. For more information, contact Southwestern Electric's vice president of marketing and business development at (800) 637-8667.

Energy Audits

The cooperative's staff of energy advisors can provide suggestions on how to lower your heating and cooling bills. To learn more, contact Southwestern Electric's Energy Manager at (800) 637-8667.



Energy Meters

Southwestern Electric Cooperative offers electricity usage monitors (also known as "energy meters") for members to borrow. Each active accountholder is entitled to borrow one energy meter, at no charge, for up to 30 days. Members must call ahead to reserve the monitors and arrange for pick-up. To request a meter, call our Energy Manager at (800) 637-8667, Monday - Friday, 8 a.m. - 4:30 p.m.

Energy Resource Conservation (ERC) Loans

Southwestern Electric Cooperative offers Energy Resource Conservation (ERC) Loans to help members improve the energy efficiency of *existing homes* and other qualified structures. ERC loans are not offered for new construction projects. The loans are available at 5% interest to qualifying members. For details, call the Member Services Department at (800) 637-8667.

Incentive Rates

Incentive rates are available to help you lower your overall costs of energy. These include the co-op's "electric heat" rate, farm rate, grain drying rate, and lifeline rate.

Security Lights

The cooperative rents out security lights on a monthly basis. For details, call the Engineering Department at (800) 637-8667.



The Southwestern Magazine

The Southwestern is your cooperative's award-winning monthly magazine. In addition to providing information on how to use electricity safely and efficiently, the magazine highlights matters of interest to Southwestern Illinois residents.

Water Heater Bill Credits

Southwestern Electric offers a \$250 bill credit to members when they convert from a gas water heater to an electric water heater. For more information about this program, call our Member Services Department at (800) 637-8667.

Cooperative Programs

Identity Theft Prevention

Southwestern Electric has established an Identity Theft Prevention Program aimed at detecting, averting, and mitigating against theft of personal information from its members. The program was created in response to strict guidelines imposed by the Federal Trade Commission (FTC). Most notably, these FTC regulations prohibit Southwestern Electric from disclosing certain secure account information to anyone other than the primary account holder or an authorized user. If you have questions about the Identity Theft Prevention program or establishing an authorized user on your account, please contact the Billing Department at (800) 637-8667.

Operation Round Up

Operation Round Up (ORU) is a charitable program entirely funded and governed by co-op members like you. If you enroll in ORU, the cooperative will round your monthly electric bill up to the nearest even dollar amount. The leftover change is then placed into a fund that makes contributions to nonprofit and community organizations throughout Southwestern Electric's service territory. For information about Operation Round Up, please contact the Member Services Department at (800) 637-8667.



Scholarships

Southwestern Electric Cooperative's Scholarship Program offers financial assistance to students from member families. Students may use the scholarship funds to attend any accredited university, college or vocational school in the U.S. Applications are made available annually in the autumn. For more information about the Scholarship Program, please contact the Member Services Department at (800) 637-8667.

When the Power Goes Out

Electric service is one of your most dependable purchases. There are times, however, usually due to the acts of nature, when your service will be interrupted.

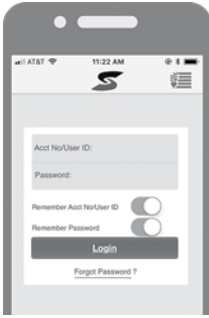
When the lights first go out, consult with your neighbors to see if you're the only one without electric service. If you are, check your electrical box for a tripped circuit breaker or blown fuse. If this doesn't solve the problem, or if your neighbors are also without power, report your outage using the SWEC IL app (see opposite page), or call Southwestern Electric Cooperative at (800) 637-8667. Please be prepared to give the operator your name, address, telephone number, and Southwestern Electric account number.

Please do not use e-mail to contact the cooperative during an outage or other emergency. The co-op's telephone lines are monitored around the clock, but its e-mail accounts are not.

Helpful information needed to report service disruptions:

- Do you only momentarily lose power?
- Do your lights get brighter and/or dimmer?
- Does the problem affect the entire house or just a portion of it?
- When did you first notice the disruption?
- How often does the problem occur?
- Do you notice the disruption when a major appliance kicks on (e.g., your lights dim when the air conditioner kicks on)?
- Does the problem seem to be storm-related (wind, rain, lightning, etc.)?

Swipe, Tap, Type: Reporting Outages With The SWEC IL App



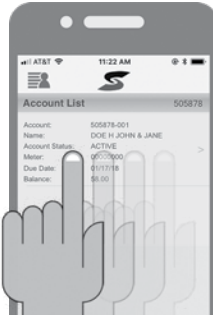
1

Download the app

Download the app free on Google Play™ or from the App Store®. Enter your account number and password.

Don't have a password?

Create one using the My Account tab at sweci.com or call us at (800) 637-8667.

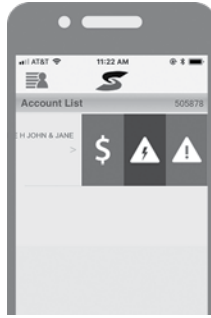


2

Swipe

Swipe your account info

Swiping left across your account information will reveal three icons.

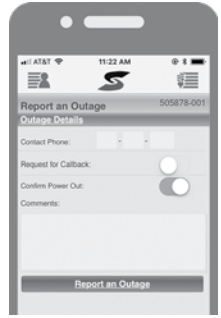


3

Tap

Tap the center icon

Tapping the center icon (the lightning bolt in a triangle) will take you to the outage reporting screen.



4

Type

Tap *Report an Outage*

Make sure the **Confirm Power Out** slider is activated. This is essential—it's how the app identifies your message as an outage report. Then tap **Report an Outage**. And that's it. The app will notify us that your account is without power.

Only Tap *Report an Outage* When You're Ready to Report

When you tap **Report an Outage**, your notification instantly appears in our dispatch center. There's no prompt asking you to confirm your information, and no option to recall the message once you've sent it. The app makes outage reporting fast and easy—which is exactly what you're after when the lights are out.

More Than One Account?

If you have more than one account, the app will present each of your accounts on the Account List screen. When you need to report an outage, swipe left across the account that's without power. If more than one account is affected, repeat the process for each account.

If you'd like our automated system to call you when power is restored, enter your phone number and activate the **Request for Callback** slider. You can send comments by typing them in the Comments area. You'll want to take care of those items before you hit the **Report an Outage** button. After you've successfully registered your outage, the app will indicate your account is without power.

Interactive Voice Response System

In early 2012 Southwestern Electric Cooperative launched an interactive voice response (IVR) system to enhance the co-op's outage response and communication efforts. The IVR, which is seamlessly integrated with Southwestern Electric's outage management system, allows members to report and check the status of power outages more quickly and efficiently than ever before. The IVR offers a convenient, automated option for those who choose to use it and shorter on-hold waiting times for those who do not. This system also allows the cooperative to send outage updates via automated voice message to a telephone number of the member's choosing.

Updating Your Contact Information

Southwestern Electric Cooperative must have valid contact information on file for its interactive voice response (IVR) system to function at maximum capability. Benefits of updating your contact information include:

- Faster deployment of line crews during outage situations, which can result in shorter outages;
- The ability to receive updates, upon request, on outages affecting your account;
- Advance notification of planned outages and line maintenance affecting your account;
- Instantaneous recognition of your account by the IVR and online bill-payment systems;
- Service disruption notifications explaining any ongoing power-quality problems; and
- Advance notification that the account balance is getting low (for members enrolled in the Pay-As-You-Go program only).

To update your contact information, please call the cooperative's toll-free number, (800) 637-8667, during regular business hours (Monday – Friday, 8:00 a.m. – 4:30 p.m.) and report the relevant information to our Member Records Clerk. Members can also update their information online at www.sweci.com or by using our SWEC IL app available on the App Store or on Google Play.

Identifying Power Quality Issues

Members are asked to speak to a dispatcher, rather than using the Interactive Voice Response (IVR) system, for reporting power-quality issues. Several of the most common power-quality issues are listed below.

Blink: A momentary loss of power, often mischaracterized as a “surge.” Blinks happen when power is lost for a short period (1-15 seconds), and then restored. Blinks are commonly the result of protective equipment operating to clear a temporary fault.

Partial Power: Power is lost to part of a residence. When there is partial power, typically the 240-volt appliances, such as electric dryers, electric stoves and water heaters, do not work.

Voltage Sag: A brief decrease in voltage. Voltage sags can cause lights to dim when a motor starts or an air conditioner begins operating.

Voltage Swell: a brief increase in voltage. Voltage swells can cause lights to brighten as a result of a bad neutral connection or a large and sudden decrease in loading.

Automated Meter Reading

Southwestern Electric accounts are connected to an Automated Meter Reading (AMR) system. AMR offers Southwestern Electric precise trouble-shooting capabilities, streamlined billing and engineering procedures, and savings in time and money.

Cooperative meters are sealed for safety purposes and to prevent tampering. If a meter seal is found broken without authorization, the member will be assessed a penalty of at least \$250, and will be back-billed for estimated lost revenue and incurred damages. If you find it necessary to remove a meter for any reason, please contact the cooperative in advance to make the proper arrangements.



Right-of-Way Maintenance

Whether you call it right-of-way maintenance, line clearance or tree trimming, the goal is the same: to ensure that power is delivered safely and reliably to the members of Southwestern Electric Cooperative. By keeping rights-of-way clear, your cooperative's line crews are working to reduce outages and improve recovery times after storms.

Like you, Southwestern Electric Cooperative is sensitive to the health and appearance of trees that shelter our yards and countrysides. That's why we strive to balance the need for clean, reliable rights-of-way with the health and aesthetics of trees planted near power lines. Trimming methods can have a substantial effect on the long-term health and appearance of your trees. Improper cutting techniques can promote decay and "sucker growth"—a condition in which dozens of small limbs sprout from a single area and steal nutrients from larger, more robust limbs.

That's why our line-clearance crews follow methods prescribed by the National Arbor Society and use trimming techniques designed to keep our distribution system safe and reliable while protecting the health and appearance of any trees that border our right-of-way.

Here's how you can pitch in:

- Help us identify potential problems. If you notice trees or limbs that may interfere with our power lines, please call the cooperative at (800) 637-8667.
- Survey your surroundings before you trim or cut down a tree. Contact Southwestern Electric before proceeding if you believe your work might cause any part of the tree to come in contact with a power line.
- If your tree trimming causes any part of the tree to fall into a power line, stop at once! Stay clear, keep others away from the area, and call Southwestern Electric Cooperative immediately so we can safely address the situation.
- If you're planning to plant trees, avoid planting them under or near power lines. Shrubs, hedges and other plants should also be kept away from utility poles.
- Always call 811 before digging. That's the number for the Illinois One-Call service, also known as JULIE. JULIE will provide free location and marking of underground utility lines, up to the metering point, allowing you to dig safely. It's simple, it saves lives, and it's the law.

Contact Southwestern Electric to obtain a copy of the co-op's entire tree-trimming policy. See Section 2-C of the cooperative's bylaws for information on the member's responsibilities.

Planning to Dig? Call **JULIE** First!

48 Hours Before You Dig



**Know what's below.
Call before you dig.**

Whether you are planning to do it yourself or hire a professional, smart digging means calling 811 before each job.

Homeowners often make risky assumptions about whether or not they should get their utility lines marked, but every digging job requires a call – even small projects like planting trees and shrubs. Calling 811 before every digging job gets your underground utility lines marked for free and helps prevent undesired consequences. The depth of utility lines varies and there may be multiple utility lines in a common area. It is illegal to dig without calling. Doing so can disrupt service to an entire neighborhood, harm you and those around you and potentially result in fines and repair costs.

One easy phone call to 811 starts the process to get your underground utility lines marked for free. When you call 811, your call will be routed to your local One-Call Center. Local One-Call Center operators will ask you for the location of your digging job and then notify the appropriate utility companies. Within two business days, they will send a professional locator to your location to mark lines installed by utilities. Once your underground lines have been marked, you will know the approximate location of your utility lines and can dig safely.

**For more information about JULIE call 811,
(800) 892-0123 or visit www.illinois1call.com.**

JULIE operators are available 24 hours per day, 365 days per year.

Low Income Home Energy Assistance Program

For many Illinois households, energy costs place a continuing stress on the family budget. Some households are forced to make painful decisions regarding which bills to pay and which necessities to live without. The Low Income Home Energy Assistance Program (LIHEAP) is designed to help eligible low-income households pay for winter energy. LIHEAP will provide a one-time benefit to eligible households to be used for energy bills. The amount of the payment is determined by income, household size, fuel type, geographic location and available funding.

An overdue bill or cutoff notice isn't required, you don't have to own your home or pay energy bills directly to qualify, and your fuel doesn't have to be natural gas or electricity, in order to receive assistance.

Emergency assistance may be available if your household is disconnected from an energy source needed for heating and/or a delivered-fuel supplier has refused to deliver, and the tank contains 10% or less. Assistance for reconnection will only be provided to households that have made a good faith effort to maintain their energy services, or can pay a portion of the amount owed for reconnection.

Step 1: Application. Call (877) 411-WARM for the name and number of the Local Community Action Agency that serves your area. Tell your service agency that you want to apply for LIHEAP funding. If you're homebound, special accommodations can be made to assist you in applying. The worker who takes your application will explain the program requirements, type of assistance available, and your rights under the program.

When you apply for assistance, take the following with you:

- Proof of gross income from all household members for the 30-day period prior to application date,
- A copy of your current heat and electric bills (if you pay for your home energy directly), and
- Proof of Social Security numbers for all household members.

If a member of your household receives Temporary Assistance for Needy Families (TANF), you must bring their Medical Eligibility Card. If you rent, bring proof of your rental agreement that states your monthly rent amount.

Step 2: Notification. The agency will determine if you're eligible based on the information provided. You'll be notified of eligibility status within 30 days. The agency will also notify your energy provider of your participation in the program if you have an energy bill.

Step 3: Payment. If you're eligible, the local agency will make the appropriate payment to your energy provider(s) on your behalf or, in some cases, directly to you. LIHEAP funds may also be used by accounts using the Pay-As-You-Go option.

For more information on this program, visit IllinoisLIHEAP.com or call the toll-free hotline, (877) 411-WARM.

About Touchstone Energy

Southwestern Electric is a proud member of Touchstone Energy Cooperatives. The Touchstone Energy brand represents a nationwide alliance of more than 700 local, consumer-owned electric cooperatives that serve more than 30 million members in 46 states. Touchstone Energy co-ops are committed to providing reliable electricity at the lowest possible price while maintaining high standards of service.

Co-op Connections Discount Program

As a member of Southwestern Electric Cooperative, you are automatically enrolled in the Co-op Connections discount program. Simply show your Co-op Connections card to take advantage of discounts on products, services, and prescriptions—here in Southwestern Illinois and across the country.



Nationally, there are more than 25,000 businesses and organizations that offer discounts through the Co-op Connections program, and the list continues to grow. Check connections.coop periodically to keep up with the latest offers.

Healthy Savings Package

The Healthy Savings package entitles you to significant discounts on a variety of healthcare services (laboratory, imaging, chiropractic, dental, vision and hearing).

Unveiled in 2012, the Healthy Savings program offers an outstanding complement to Co-op Connections' long-standing prescription discount benefit, which you can take advantage of by presenting your card at the pharmacy counter or by ordering prescription items through the mail.

Each member receives a Co-op Connections discount card upon joining Southwestern Electric. If you need a replacement card, you can request one by contacting the cooperative at (800) 637-8667. A list of participating businesses is published intermittently in *The Southwestern* magazine and also available online at www.connections.coop.

Business owners interested in joining the program as discount providers should contact World Expositions at (502) 493-3976 or wpxpo@juno.com.



Your Touchstone Energy® Cooperative

**Bylaws of
Southwestern Electric Cooperative, Inc.
Greenville, Illinois**



*Approved April 1, 1939
Amended October 1, 1940
Amended October 1, 1941
Amended October 16, 1943
Amended October 25, 1947
Amended October 19, 1950
Amended August 11, 1953
Amended July 30, 1954
Amended September 21, 1957
Amended September 8, 1962
Amended September 12, 1964
Amended September 11, 1965
Amended September 10, 1966
Amended September 6, 1969
Amended September 11, 1971
Amended September 12, 1981
Amended September 8, 1984
Amended April 11, 1986
Amended September 11, 1993
Amended September 11, 1999
Amended September 9, 2000
Amended September 8, 2001
Amended September 7, 2002
Amended September 11, 2004
Amended September 6, 2008
Amended September 8, 2012*

SECTION 1: PREAMBLE, CONSTRUCTION AND DEFINITIONS:

A. Preamble: The corporate purpose and goal of Southwestern Electric Cooperative, Inc., is, in accordance with and through the exercise of authority granted by the laws of the State of Illinois, the Cooperative's Articles of Incorporation and these Bylaws, to provide energy and other services to its Members at the lowest cost consistent with sound economy and prudent management, and to operate on a cooperative, non-profit basis for the benefit of its members. The Cooperative shall not be operated for pecuniary profit either to itself or to its Members.

B. Rules of Construction:

1. Capitalized terms used in this Agreement shall have the meanings specified in Section 1(C).
2. The singular shall include the plural and the masculine shall include the feminine and neuter.
3. The term "day" shall mean calendar day, the term "month" shall mean a calendar month, and the term "year" shall mean a calendar year, unless specifically stated otherwise.
4. Any reference to a Member shall be deemed to exclude Associate Members.
5. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles in the United States of America, consistently applied.

C. Definitions:

1. "Person" shall mean any natural person, firm, association, corporation, trust, partnership, limited liability company, federal or state agency, municipal corporation, political subdivision, body politic or other similar entity.
2. "Natural Person" shall mean a human being.
3. "Board of Directors" shall mean a body of nine Natural Persons duly qualified and elected by the Members to manage the business and affairs of the Cooperative as provided for in Section 5 .
4. "Director" shall mean a Natural Person duly qualified and elected by the Members to the Board of Directors.
5. "Member" shall mean any Person who has complied with the provisions of Section 2A.
6. "Membership" shall mean the legal state of being a Member in the Cooperative.
7. "Joint Membership" shall mean a Membership in the Cooperative held by two or more Natural Persons, jointly and severally, in joint tenancy together with the right of survivorship as recognized by the laws of the State of Illinois.
8. "Individual Membership" shall mean any Membership in the Cooperative held by a Person other than a Joint Membership.
9. "Cooperative" shall mean Southwestern Electric Cooperative, Inc.
10. "Bylaws" shall mean the Bylaws of the Cooperative as duly adopted and amended, from time to time, by the Members.
11. "Articles of Incorporation" shall mean the Articles of Incorporation of

the Cooperative duly adopted and amended from time to time, by the Members, and duly placed on file with the Illinois Secretary of State's Office.

12. "Close Relative" shall mean a Natural Person who, by blood, step and adoptive kin, is either a spouse, child, parent, brother, or sister of a Director, Officer, or employee of the Cooperative.
13. "Act" shall mean the Act, as amended from time to time.

SECTION 2: MEMBERSHIP

A. Qualifications: The Cooperative shall offer Membership in the Cooperative pursuant to the laws of the State of Illinois, the Articles of Incorporation, and the Bylaws.

1. Membership: A Person shall be a Member of the Cooperative and shall be entitled to the rights and benefits of Membership in the Cooperative if such Person:
 - a. shall have made written application for Membership in the Cooperative in such form as the Board of Directors shall, from time to time, prescribe;
 - b. shall have agreed to purchase energy or other services from the Cooperative as sold or offered for sale by the Cooperative on a cooperative basis;
 - c. shall have agreed to comply with and be bound by the Bylaws and the Articles of Incorporation and any and all rules, regulations, rates, and policies duly adopted by the Board of Directors;
 - d. shall have paid any and all fees, deposits and contributions required by the Cooperative pursuant to the Bylaws; and,
 - e. such Person's application for Membership in the Cooperative shall have been accepted by the Board of Directors.
2. Classes of Members: Members shall be divided into two classes:
 - a. "Members": A "Member" is a Person who has been accepted by the Board of Directors for Membership in the Cooperative. Such Members shall receive energy and other services from the Cooperative, shall be entitled to vote at any meeting of the Members of the Cooperative, shall have capital credits allocated to his Membership, and, if such Member is a Natural Person, shall be entitled to be elected a Director of the Cooperative, subject to compliance with the qualifications stated in Section 5.
 - b. "Associate Members": An "Associate Member" is a Person who has applied for an Associate Membership in the Cooperative and has been accepted by the Board of Directors as such Associate Member of the Cooperative. Associate Members shall not be entitled to purchase and/or receive energy or other services from the Cooperative, shall not be entitled to vote at any meeting of the Members of the Cooperative, shall not be entitled to be elected as a Director of the Cooperative and shall not be entitled to have capital credits allocated to his Membership.

3. Fees, Deposits and Contributions: Membership fees, security deposits, service charges, connection fees, or contributions in aid to construction for Members shall be determined from time to time by the Board of Directors, and the same shall be paid by the Member as a condition precedent to Membership in the Cooperative.
4. Acceptance by Board of Directors: Upon complying with the requirements of the Bylaws, all applications for Membership in the Cooperative shall be accepted by the Board of Directors, and such Person filing such application shall be granted Membership in the Cooperative consistent with the Bylaws, and the rules, regulations, rates, and policies of the Cooperative; provided, however, that if the Board of Directors determine that such Person is not willing or able to satisfy and abide by the Cooperative's terms and conditions of Membership as stated in the Bylaws or in the rules, regulations, rates, and policies of the Cooperative, or that such Person should otherwise be rejected for other good cause, then the Board of Directors may elect to reject such Person's application and deny Membership in the Cooperative to such Person. If any Person whose application has been submitted to the Board of Directors but not approved within a period of sixty (60) days after filing such application with the Board of Directors, then such Person may file a written request with the Board of Directors not later than thirty (30) days before the next meeting of the Members of the Cooperative requesting that his application be submitted to and approved or disapproved by the majority vote of the Members at such meeting. The requesting Person shall be entitled to be present and heard at such meeting of the Members.

B. Joint Membership: All applications for Membership filed by two or more Natural Persons shall be deemed applications for Joint Membership, or if one of them is already a Member, then such Member may request the conversion of such Membership into a Joint Membership. All provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of Membership shall apply equally, severally and jointly to such Natural Persons holding a Joint Membership, without limiting the generality of the foregoing:

1. the presence at a meeting of the Members of either or both such Natural Persons shall constitute the presence of one Member or a joint waiver of notice of such meeting, as the case may be; and,
2. notice to or waiver of notice signed by either or both such Natural Persons shall constitute suspension or termination of the Joint Membership; and
3. suspension or termination in any manner of either or both such Natural Persons shall constitute suspension or termination of the Joint Membership, and
4. either, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualifications required therefore; and,
5. neither will be permitted to have additional service connections except through their one Joint Membership; and,
6. upon the death of either Natural Person who is a party to a Joint Membership, all right, title, interest and power in and to such Joint Membership shall vest in and to the surviving Natural Person (surviving Joint Member); provided, however, that the estate of the decedent shall not be released from any debts due the Cooperative by the decedent.

C. Member Obligations: In consideration of Membership in the Cooperative, any and all Members shall:

1. **Purchase of Energy or Services:** Purchase from the Cooperative energy or other services sold or offered for sale by the Cooperative on a non-profit, cooperative basis for use by the Member on the Member's premises identified on the Member's application for Membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and such Member shall pay therefore at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established, from time to time, by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in the Bylaws. Production or use of energy or services on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be established, from time to time, by the Cooperative. Each Member shall pay all other amounts owed by him to the Cooperative as and when they become due and payable. When a Member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding account for all such service connections, notwithstanding that the Cooperative's actual accounting procedures may not reflect such allocation and proration.
2. **Grant of Easements:** Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative such easements or rights-of-way over, on and under such lands owned or leased by the Member in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of distribution service to such Member or to other Members. Each member shall participate in any required program that may be established by the Cooperative to enhance the services being furnished.
3. **Compliance with Electrical Standards:** Cause all premises receiving energy or services pursuant to his Membership to become and to remain wired in accordance with the specifications of the rules of the Illinois State Fire Marshall's office, the National Electric Code, any applicable state code or local government ordinances and of the Cooperative. Each Member shall be responsible for, and shall indemnify and hold harmless the Cooperative and its Directors, officers, employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon. Each Member shall make available to the Cooperative a suitable site, as determined by the Cooperative, to place the Cooperative's physical facilities for the furnishing and metering of energy or other service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source, for meter reading and bill collecting and for inspection, maintenance, replacement, relocation, repair

or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each Member shall not interfere with, impair the operation of, or cause any damage to such facilities, and shall use his best efforts to prevent others from so doing. Each Member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the Member, or by any other person when the Member's reasonable care and surveillance should have prevented such, the Member shall indemnify and hold harmless the Cooperative and its Directors, officers, employees, agent and independent contractors against death, injury, loss or damage resulting there from, including but not limited to the Cooperative's costs of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its meter equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations indemnify the Member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing energy or other service extend beyond the point of delivery.

4. Compliance with Cooperative Rules: Each Member, by applying for Membership with the Cooperative, agrees to comply with the Bylaws and the rules, regulations, rates, and policies of the Board of Directors.

SECTION 3: MEMBERSHIP TERMINATION AND SUSPENSION:

A. Suspension of Membership: Upon a Member's failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his Membership obligations, a Person's Membership, shall automatically be suspended, and such Member shall not during such suspension be entitled to receive energy of other service from the Cooperative or any other of his Membership rights. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement and/or cessation of any other noncompliance with his Membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the Membership, in which event the Member shall thereafter be entitled to receive service from the Cooperative and to all other of his Membership rights.

B. Termination of Membership:

1. By Expulsion: Upon failure of a suspended Member to be automatically reinstated to Membership, as provided in Section 2(A), such Member may, without further notice, but only after due hearing if such is requested by such Member, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board of Directors. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the Members,

appeal to and be present and heard at such Member meeting, at which the Members may vote to approve or disapprove such expulsion, in which latter event such Member's Membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a Member, such Member shall not again become a Member of the Cooperative except upon new application therefore duly approved as provided in Section 2 of the By-laws. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed Membership as it determines to be reasonably necessary to assure the applicant's compliance with all Membership obligations.

2. **By Withdrawal of Resignation:** A Member may withdraw from Membership upon such generally applicable conditions as the Board of Directors shall prescribe or upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his Membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished service pursuant to his Membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the service on such premises.
3. **By Death or Cessation of Existence:** Except in the case of a Joint Membership, the death of a Member who is a Natural Person shall automatically terminate his Membership. The cessation of the legal existence of any other Member shall automatically terminate such Membership; provided, however, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such Membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished service pursuant to such membership in the same manner and to the same effect as though such Membership had never been held by different partners; provided further, that neither a withdrawing partner nor his estate shall be released from any debts of the partner, the partnership or the estate that are due the Cooperative.

C. Effect of Divorce: Upon the dissolution of marriage recognized under the laws of the State of Illinois, the husband and wife's Joint Membership shall not terminate, but shall be deemed to be converted to an Individual Membership transferred to that spouse as directed in the order of dissolution of marriage entered by such court of competent jurisdiction; provided, however, that if such order of dissolution of marriage does not address the issue of the Membership, then absent a written agreement between the husband and wife and the Cooperative, the Membership shall be deemed to be converted to an Individual Membership and transferred without further action to that spouse who is awarded or otherwise maintains possession of the premises which is served by the Cooperative and all right, title, interest and power in and to the capital credits allocated to such Membership shall be deemed to be transferred to such spouse, and all future capital credits shall be allocated to such spouse; provided further, however, that if neither spouse receives or otherwise maintains possession of the premises which is served by the Cooperative for any other reason and the Cooperative's service to said premises is discontinued, then the Cooperative shall divide all right, title, interest and power in and to the capital credits to such Membership equally between the husband and wife.

- D. Effect of Termination:** Upon the termination in any manner of a Member's Membership, he or his estate, as the case may be, shall be entitled to refund of his service security deposit, if any, theretofore paid to the Cooperative, less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a Member, as provided for herein, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his Membership obligations as to entitle him to purchase from any other person any service he had been receiving for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such Membership.
- E. Board Acknowledgement:** Upon the termination of a Member's Membership for any reason, the Board of Directors, as soon as practical after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing service to such person. Upon discovery that the Cooperative has been furnishing service to any person other than a Member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, Membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practical, shall correct its Membership and all related records accordingly.

SECTION 4: MEETINGS OF MEMBERS, VOTING AND ELECTIONS:

- A. Annual Meeting:** For the purposes of electing Directors, hearing and voting on issues duly submitted to the Members for a vote, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the Members in attendance, the Annual Meeting of the Members of the Cooperative shall be held each year on such date at such place in one of the counties in Illinois within which the Cooperative serves, and beginning at such hour, as the Board of Directors shall from time to time determine; provided, however, that for cause sufficient to it, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior to the day otherwise established for such annual meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage Member attendance at the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.
1. **Notice and Waiver of Notice:** Written notice of the place, day and hour of the annual meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than fifteen (15) days nor more than sixty (60) days prior to the date of such meeting, either personally or by mail, by or at the direction of the President or the Secretary and, in the case of a special meeting, at the direction of him or those calling the meeting. Any such notice delivered by mail may be included with member service billings or as an integral part of the Cooperative's monthly newsletter. No matter the carrying of which, as provided by law requires the affirmative votes of at least a majority of all the Coopera-

tive's members shall be acted upon at any meeting of the Members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, 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 and post-marked at least fifteen (15) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any Member to receive a notice deposited in the mail addressed to the Member at his address as shown on the Cooperative's books shall not invalidate any action which may be taken by the Members at any such meeting, and the attendance in person of a Member at any meeting of the Members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the grounds that the meeting shall not have been lawfully called or convened. Any Member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

2. **Written Waiver of Notice:** Any Member or Director may waive, in writing, any notice of any Member meeting required to be given under the Bylaws, or any notice otherwise required by law, either before or after such notice is required to be given.
3. **Quorum:** Business shall not be transacted at any meeting of the Members unless there are present in person at least one hundred fifty (150) of the Cooperative's Members, except that, if less than a quorum is present at any meeting, a majority of those present in person may, without further notice, adjourn the meeting to another time and date not less than fifteen (15) days and not more than sixty (60) days later and to any place in one of the counties of within which the Cooperative serves; provided, however, that the Secretary shall notify any absent Members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in the Bylaws. At all meetings of the Members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those Members who were registered as present in person.
4. **Order of Business:** The order of business at the Annual Meeting of the Members and, insofar as practicable or desirable, at all other meetings of the Members shall be essentially as follows:
 - a. Report on the number of Members present in person in order to determine the existence of a quorum;
 - b. Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
 - c. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon, unless waived;
 - d. Presentation and consideration of reports of officers, directors and committees;
 - e. Election of Directors;
 - f. Unfinished business;

- g. New business; and
- h. Adjournment.

Notwithstanding the foregoing, the Board of Directors or the Members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; provided, however, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

- B. Special Meetings:** A special meeting of the Members may be called by the Board of Directors, by the President, by any six (6) directors, or by petition signed by not less than ten percent (10%) of the Members, and it shall there upon be the duty of the Secretary to cause notice of such meeting to be given as provided in the Bylaws. Such a meeting shall be held at such a place in a county within which the Cooperative serves, on such date, not sooner than fifteen (15) days nor later than sixty (60) days after the call for such meeting is made or a petition therefore is filed, and beginning at such hour as shall be designated by him or those calling or petitioning for the same.
- C. Voting on Issues Duly Presented to the Members:** The Board of Directors may submit to the Members at any meeting of the Members one or more questions or issues for consideration and voting by the Members; provided, however, that notice shall be given of the submission of such questions or issues to the Members in the notice of meeting referred to in Section 4(A)(1) of the Bylaws. Except as prohibited by applicable law, the Articles of Incorporation, or the Bylaws, at any meeting of the Members, the Members may, by majority vote of the Members present at such meeting, call any question or issue before the Members for consideration and a vote. At all meetings of the Members, all duly submitted issues or questions shall be decided by secret written ballot cast by the Members present at such meeting of the Members of the Cooperative, and such issue or question shall be determined by the affirmative vote of a majority of the Members present, unless otherwise required by applicable law, the Articles of Incorporation, or the Bylaws. In the voting on questions or issues duly submitted to the Members for a vote at a meeting of the Members of the Cooperative, each Member who is not in a status of suspension as provided for in Section 3 of the Bylaws shall be entitled to one vote upon each issue submitted to a vote at any meeting of the Members.
- D. Election of Directors:** At each Annual Meeting of the Members of the Cooperative, Directors shall be elected by secret written ballot cast (except as otherwise provided in this section) by the Members present at such annual meeting and qualified to vote under the terms and conditions of the Bylaws. Such election shall be conducted as follows:
1. **Appointment of Nominations Committee:** The Board of Directors shall appoint, not less than one hundred fifteen (115) nor more than one hundred forty-five (145) days prior to the date of the Annual meeting of the Members of the Cooperative, a Nominations Committee which shall consist of nine (9)

Natural Persons, three from each Directorate District. Members of the Nominations Committee shall not be employees, agents, officers, or Directors of the Cooperative, shall not be known candidates for Director, and shall not be Close Relatives of employees, agents, officers, Directors of the Cooperative, or known candidates for Director.

2. Candidates Nominated by Nominations Committee: On or before eighty-five (85) days prior to the Annual Meeting of the Members of the Cooperative, the Nominations Committee shall:
 - a. Nominate as many Natural Persons who meet the qualifications stated in Section 5B of these Bylaws as the Nominating Committee deems desirable to be candidates for election to the Board of Directors; and,
 - b. Post a list of the names of such Natural Persons so nominated by the Nominations Committee at the principal place of business of the Cooperative.
3. Candidates Nominated by Petition: In addition to those candidates named by the Nominations Committee, any fifteen (15) or more Members of the Cooperative may nominate such other Natural Persons as candidates for election to the Board of Directors by filing with the Secretary of the Cooperative not less than seventy-five (75) days prior to the Annual Meeting of the Members of the Cooperative a written petition bearing the signatures, names and addresses of at least fifteen (15) Members of the Cooperative nominating such other Natural Persons as candidates for election to the Board of Directors and listing such candidates' names, addresses, ages, and telephone numbers. The Secretary of the Cooperative shall post such petition at the principal places of business of the Cooperative where the list of nominations made by the Nominations Committee was posted.
4. Notice to Members of Nomination of Candidates: The Secretary of the Cooperative shall mail or cause to be mailed to the Members notice of the Annual Meeting of the Members of the Cooperative at least fifteen (15) days but not more than sixty (60) days before the date of said annual meeting a statement of the names, addresses, ages, and telephone numbers of all candidates nominated for election to the Board of Directors. Such statement shall identify the Directorate District to which such candidate may be elected, and such statement shall identify which candidates were nominated by the Nominations Committee and which candidates were nominated by petition filed by Members of the Cooperative.
5. Credentials and Election Committee: The Board of Directors shall, not less than thirty (30) days nor more than sixty (60) days before the Annual Meeting of the Members of the Cooperative, appoint a Credentials and Election Committee consisting of an uneven number of Members numbering not less than three (3) nor more than nine (9). Members of the Credentials and Election Committee:
 - a. Shall not be a Director, Member of the Nomination Committee, a signatory to any petition filed by the Members nominating any candidate for election to the Board of Directors, or an existing Cooperative

- employee, agent, officer, or known candidate for Director;
- b. Shall not be a Close Relative of any Director, member of the Nomination Committee, signatory to any petition filed by the Members nominating any candidate for election to the Board of Directors, or any existing Co-operative employee, agent, officer, known candidates for Director.

In appointing the Credentials and Election Committee, the Board of Directors shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall, prior to the Annual Meeting of the Members of the Cooperative hold a meeting. At such meeting, the Credentials and Elections Committee shall:

- a. Elect a chairman and secretary;
- b. Establish or cause to be established and thereafter adopt procedures for conducting Member registration;
- c. Establish or cause to be established and thereafter adopt all necessary ballots, or other voting measures deemed necessary to conduct the election of candidates to the Board of Directors at the Annual Meeting of the Members of the Cooperative; and thereafter to pass and rule upon all questions that may arise with respect to the registration of Members, to count all ballots or other votes cast in any such election, to rule upon the effect of any ballots or other ballots irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to Member voting and the election of candidates to the Board of Directors, including but not limited to the validity of petitions of nomination, qualifications of candidates, the regularity of the nomination and election of candidates to the Board of Directors, and to pass upon any protest or objection filed with respect to any such election or conduct arising out of or in any way affecting such election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election or matter arising out of or related thereto, such protest or objection shall be filed with the Secretary of the Credentials and Election Committee in writing not later than three (3) days following the adjournment of the Annual Meeting of the Members of the Cooperative in which such election was conducted. Such protest or objection shall be filed in the form of a petition and shall specifically state the nature of the protest or objection and shall state with particularity all facts supporting or otherwise evidencing such protest or objection. The Credentials and Election Committee shall thereafter be reconvened at the direction of its chairman within seven (7) days after such petition is duly filed, and shall hold an evidentiary hearing on the petition and the matters raised therein. The Credentials and Elections Committee may hear such evidence as it deems relevant as presented by the protestors or objectors, who may be heard in person, by counsel, or both, and any opposing evidence presented by any party opposing such petition. The Committee, by the affirmative vote of a majority of those members present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to amend, modify or change the result or outcome of such election, or to set such election aside. The Creden-

tials and Election Committee's decision shall be in writing, and shall be deemed final subject to judicial review by a court of competent jurisdiction pursuant to applicable laws of the State of Illinois. The Committee shall not affirmatively act on any matter unless a majority of the Committee is present.

6. Voting on Election of Directors: In voting on the election of Directors, each Member shall be entitled to cast the number of votes (but not cumulatively), which corresponds to the total number of Directors to be elected, but no Member may vote for more candidates than the number of Directors that are to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be deemed invalid by the Credentials and Elections Committee, and shall not be counted. The Board of Directors may establish one or more voting places in each District of the Cooperative at a Cooperative facility located in each District. A Member may vote for the election of Directors or on any other matter legally submitted to a vote at the place of any meeting of the Members, or at a voting place in each Directorate District, but not in both places. Directors shall be elected by:
 - a. Plurality: A plurality of the votes cast shall be required to elect a candidate to the Board of Directors. Drawing by lot shall resolve, where necessary, any tie votes; or,
 - b. Election by Acclamation: If number of candidates nominated for election to the Board of Directors, does not exceed the number of Directors to be elected from a particular Directorate District, and if there is no objection from the Members present at the Annual Meeting after a call for such objection is made, then secret written balloting may be dispensed with in respect of that particular election of that particular Director and voting may be conducted by acclamation rather than by ballot.

E. Proxy Voting, Absentee Voting and Voting by Entities: Proxy voting is prohibited. However, anything contained in the Bylaws to the contrary notwithstanding, a Member may vote by absentee ballot as follows: A Member desiring to cast his vote absentee, shall appear in person at the Cooperative's headquarters at Greenville, Illinois, during the ten weekdays preceding the election at regularly scheduled office hours, or at such other locations as may be established from time to time by the Board of Directors for the purpose of casting absentee ballots, during hours and days as directed by the Board of Directors and shall request an absentee ballot. An absentee ballot approved by the Credentials and Election Committee shall be provided and the Member shall cast such ballot secretly and seal such ballot in an envelope, which shall be provided in such sealed envelope to the Credentials and Election Committee. On the date of the Annual Meeting of the Members, the Credentials and Election Committee shall open and count such absentee ballots so provided. Any absentee ballot, which is delivered to the Credentials and Election Committee in an unsealed condition, shall be deemed invalid and shall not be counted. Notice of this Bylaw provision shall be provided to the Members of the Cooperative in the notice of Annual Meeting. Voting by Members other than Members who are Natural Persons shall be allowed only upon the presentation to the Cooperative by a duly appointed officer or agent of such Member (prior to or upon registration of such Member at each Member meeting, or when requesting an absentee ballot) of satisfactory evidence

entitling such officer or agent presenting the same to cast a vote on behalf of such Member.

- F. Savings Clause:** Notwithstanding any provisions contained in these Bylaws, failure to comply with any of such provisions of these Bylaws shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

SECTION 5: DIRECTORS:

A. Number of Directors and General Powers: The business and affairs of the Cooperative shall be managed by the Board of Directors, which shall consist of nine (9) Directors. The Board shall exercise all of the powers, express and implied, necessary for the operation and management of the affairs of the Cooperative, except those expressly reserved to the Members by applicable law, the Articles of Incorporation or the Bylaws. In addition, the Board of Directors shall have the following powers:

1. **Committees, Rules, Regulations, Rate Schedules, Contracts and Policies:** The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, policies, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid to construction, not inconsistent with applicable law or the Articles of Incorporation or Bylaws, as the Board of Directors may deem necessary for the management, administration and regulation of the business and affairs of the Cooperative. In a manner consistent with the Act, the Board of Directors by majority vote may create one or more committees to act and otherwise serve in such capacity as the Board of Directors may, from time to time, determine.
2. **Accounting System and Reports:** The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial conditions as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.
3. **Subscription to Cooperative's Newsletter:** For the purpose of disseminating information devoted to the economical, effective and conservative use of energy and other services, the Board of Directors shall be empowered, on behalf of and for circulation to the Members periodically, to subscribe to the Cooperative's Newsletter, "*The Southwestern*," published by the Cooperative, the cost of which shall be deducted from any funds accruing in favor of such Members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

4. **Contracts and Banking:** Except as otherwise provided by law or the Bylaws, the Board of Directors may authorize any Cooperative officer, agent or employee 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. 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 or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

B. Qualifications: To be eligible to become or remain a Director of the Cooperative, such person:

1. Shall not be a Close Relative of an incumbent Director;
2. Shall not be an employee or agent of the Cooperative;
3. Shall not be, directly or indirectly, employed by or financially interested in a competing enterprise, business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to, among others, the Members of the Cooperative;
4. Shall not be, directly or indirectly, interested in any contract, permit, franchise or other similar agreement or authorization to which the Cooperative is or may be a party;
5. Shall be a Member in good standing with the Cooperative and receiving energy or service from the Cooperative at his primary place of abode;
6. Shall be a Natural Person;
7. Shall be at least eighteen (18) years of age; provided, however, that a duly elected officer or duly appointed agent of any Member which is not a Natural Person shall be exempt from the qualifications stated in Section 5(B)(6) and Section 5(B)(7) if such Member is in good standing with the Cooperative and receiving energy or service from the Cooperative.

C. Disqualification: Any Person who is not qualified to become or remain a Director shall be disqualified by the then serving Board of Directors. It shall be the duty of the Board of Directors to remove or cause to be removed any Person who is not qualified to become or remain a Director.

D. Directorate Districts: The territory served by the Cooperative is and shall be divided into three (3) Directorate Districts described below, and each Directorate District shall be represented at all times on the Board of Directors by three Directors:

Directorate District No.	Description	Number of Directors
I	Madison, St. Clair & Macoupin Counties	3
II	Bond, Montgomery & Clinton Counties	3
III	Fayette, Effingham, Marion & Shelby Counties	3

E. Term of Directors: Directors duly elected pursuant to the Bylaws shall serve staggered terms, and shall thereafter be so nominated and elected so that one Director from or with respect to each of Directorate Districts I, II, and III shall be elected for a three (3) year term at an Annual Meeting of the Members of the Cooperative; and thereafter, one (1) director from or with respect to each of Directorate Districts I, II, and III shall be elected for a three (3) year term at the Annual Meeting of the Members of the Cooperative; and thereafter, one (1) Director from or with respect to each of Directorate Districts I, II, and III shall be elected for a three (3) year term at the next Annual Meeting of the Members of the Cooperative, and so forth; provided, however, that the terms of any two (2) Directors from the same Directorate District shall not coincide. Upon their election, Directors shall, subject to the provisions of these Bylaws with respect to the removal of Directors, serve until the Annual Meeting of the Members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of Directors shall not be held at an Annual Meeting of the Members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next Annual Meeting of the Members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over and continue only until the conclusion of an election duly held pursuant to the Bylaws.

F. Removal of Directors by Members: Any Member may bring one or more charges for cause against any one or more Directors and may request the removal of such Director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten percent (10%) of the total Members of the Cooperative, which petition shall call for a special Member meeting, the stated purpose of which shall be to hear and act upon such charges and, if one (1) or more Director(s) are recalled, to thereafter elect their successor(s), and which specifies the place, time and date thereof not less than sixty (60) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual Member meeting if such meeting will be held no sooner than sixty (60) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name and address of each Member filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the Director(s) against whom such charge(s) are being made. The petition shall be signed by each Member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the Director(s) against whom the charge(s) and have been made, of the Member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the Members not less than fifteen (15) days prior to the special Member meeting at which the matter will be acted upon; provided, however, that the notice shall set forth only twenty (20) of the names (in alphabetical order) of the Members filing one or more charges if twenty (20) or more Members file the same charge(s) against the same Director(s). Such Director(s) shall be informed in writing of the charges after they have been validly filed and at least twenty (20) days prior to the special Member meeting at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportu-

nity, but must be heard first. The question of the removal of such Director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the Members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor; provided, however, that the question of the removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through sworn testimony, documents or otherwise. A newly elected Director shall be from or with respect to the same Directorate District as was the Director whose office he succeeds and shall serve the remaining portion of the removed Director's term.

G. Vacancies: Except for vacancies filled pursuant to Section 5F of these Bylaws, all vacancies occurring on the Board of Directors shall be filled by appointment of the Board of Directors. A Director thus appointed by the Board of Directors shall serve out the remaining term of the Director whose office was vacated and until a successor is duly elected; provided, however, that such Director shall be from the same Directorate District as was the Director whose office was vacated; and provided further that if the remaining term of the vacated office is less than 180 days, then such vacancy shall be filled by the plurality vote of the Members at the Annual Meeting of Members in accordance with the Bylaws.

H. Compensation and Expenses: Directors shall, as determined by a resolution of the Board of Directors, receive on a per diem basis, a fixed fee, which may include insurance benefits, (a) for attending meetings of the Board of Directors; and, (b) when such has had prior approval of the Board of Directors for the performance of other Cooperative business. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any Close Relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the Members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure; provided, however, that a Director who is also an officer of the Board of Directors, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

SECTION 6: MEETINGS OF THE BOARD OF DIRECTORS:

A. Regular Meetings: A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the Annual Meeting of the Members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the annual meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in one of the counties in Illinois within which the Cooperative serves as the Board shall provide by resolution. Such regular monthly meeting(s) may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted at such meeting shall require special notice; provided, however, that any director absent from any meeting of the Board of Directors at

which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board of Directors; and provided further that, if a policy therefore is established by the Board of Directors, the President may change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days notice thereof to all Directors.

- B. Special Meetings:** Special meetings of the Board of Directors may be called by resolution of the Board of Directors, or by any three (3) Directors, or by the President, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 6(C) of the Bylaws. The Board, the President, or the Directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Illinois within which the Cooperative serves, unless all Directors consent to its being held in some other place in Illinois or elsewhere.
- C. Notice of Meetings:** Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board shall be delivered to each Director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any director in the case of a meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a Director at any meeting of the Board of Directors shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. A Director may waive, in writing, any notice of any meeting required to be given under the Bylaws, or any notice otherwise required by law, either before or after such notice is required to be given.
- D. Quorum:** The presence of a majority of the Directors then in office shall be required for the transaction of business and the affirmative votes of a majority of the Directors present shall be required for any action to be taken by the Board of Directors; provided, however, that a Director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present; and provided further that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent Directors to be duly and timely notified of the date, time and place of such adjourned meeting.
- E. Telephonic Participation:** Directors may participate in a meeting by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting for all purposes, including but not limited to the determination of a quorum.

SECTION 7: OFFICERS: The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other officers as may from time to time be created by the Board of Directors. The office of Secretary and Treasurer may be held by the same person.

- A. Election and Term of Office:** The President, Vice President, Secretary and Treasurer shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Directors at the first meeting of the Board held after the Annual Meeting of the Members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board of Directors first held after 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 the Bylaws with respect to the removal of Directors and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board of Directors from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable. A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board of Directors for the remaining portion of such term as the Board of Directors shall from time to time determine.
- B. Removal:** Any officer, agent or employee elected or appointed by the Board of Directors may be removed at the discretion of the Board of Directors.
- C. President:** The President shall (1) be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members; (2) 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, (3) in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
- D. 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.
- E. Secretary:** The Secretary shall (1) keep, or cause to be kept, the minutes of meetings of the members and of the Board of Directors in one or more books provided for that purpose; (2) see that all notices are duly given in accordance with these Bylaws or as required by law; (3) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or is required by law; (4) keep, or cause to be kept, a register of the name and post office address of each Member, which address shall be furnished to the Coopera-

tive by such Member; (5) sign, with the President, documents which shall have been authorized by resolution of the Board of Directors; (6) have general charge of the books of the Cooperative in which a record of the Members is kept; (7) keep on file at all times a complete copy of the Cooperative's Article of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any Member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any Member; and, (8) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

F. Treasurer: The Treasurer shall (1) have charge and custody of and be responsible for all funds and securities of the Cooperative; (2) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these Bylaws; and, (3) 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.

G. Delegation of Secretary's and Treasurer's Responsibilities:

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer provided in the Bylaws, the Board of Directors by resolution may, except as otherwise prohibited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not Directors. To the extent that the Board of Directors does so delegate with respect to any such officer, until that officer as such shall be released from such duties, responsibilities and authorities.

H. General Manager; 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 Chief Executive Officer. Such officer 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 him.

I. Bonds: The Board of Directors shall require the Treasurer and any other officer, agent or employee 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 costs of all such bonds shall be borne by the Cooperative.

J. Compensation; Indemnification: The compensation, if any, of any officer, agent, employee or Director shall be determined by the Board of Directors by majority vote. Each person who at any time is or shall have been a Director, officer, employee, or agent of the Cooperative, or is or shall have been serving at the written direction of the Cooperative as a Director, officer, employee or agent of another corporation, partnership, company, joint venture, trust or other enterprise

shall be indemnified by the Cooperative in accordance with and to the fullest extent permitted by the Act, as amended from time to time. The foregoing right of indemnification shall not be deemed exclusive of any other rights to which a person seeks indemnification may be entitled to under any other written agreement duly approved by the majority vote of the Board of Directors and executed by the Cooperative. The Board of Directors may approve, by majority vote, the purchase of insurance on behalf of any person serving as a Director, officer, employee or agent of the Cooperative or at the direction of the Cooperative to the fullest extent permitted by the Act, as amended from time to time.

- K. 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.

SECTION 8: NON-PROFIT, COOPERATIVE OPERATION, & NOTICE OF CONTRACT:

- A. 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 Members or Patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its Members or Patrons.

- B. Patronage Capital:** In the furnishing of energy or services to Members or Patrons on a cooperative basis, the Cooperative's operations shall be conducted so that all Members or 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, cooperative basis, the Cooperative is obligated to account on a patronage basis to all its Members and Patrons for all amounts received and receivable from the furnishing of energy or other services in excess of operating costs and expenses properly chargeable against the furnishing of energy or other services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the Members or Patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each Member or 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 or Patron is clearly reflected and credited in an appropriate record to the capital account of each Member or Patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each Member or Patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any Member or Patron shall have the same status as though they had been paid to the Member or Patron in cash in pursuance of a legal obligation to do so and the Member or Patron had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from non-operation activity in excess of costs and expenses shall, in the discretion of the Board of Directors and insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year, and to the extent not needed for that purpose, at the discretion of the Board of Directors, shall be allocated or not allocated to the Members or Patrons on a patronage basis. Any amount so

allocated shall be included as a part of the capital credited to the accounts of its Members or Patrons, as provided herein. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of Members; provided, however, that after the payment of debt and the retirement of outstanding capital credits to Members and Patrons, all remaining assets shall be distributed to Members, but not Patrons, of the Cooperative. 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 Members' and/or Patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made on such terms and conditions as the Board of Directors shall determine. Capital credited to the account of each Patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such Patron's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise. Notwithstanding any other provisions of these Bylaws, the Board of Directors shall at its discretion have the power at any time upon the death of any Patron, who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a Patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. The Cooperative, before retiring any capital credited to any Patron's account, shall deduct there from any amount owing by such Patron to the Cooperative, together with interest thereon at the Illinois legal rate on judgments in effect when such amount became overdue, compounded annually. If the Board of Directors elects to retire capital credits as provided for herein, but one or more Members cannot be identified or located after reasonable exercise of due diligence and due inquiry, then the Board of Directors, acting under policies of general application, may declare the capital credits of such Members as permanent equity, and such capital credits shall be thereafter recorded on the books and records of the Cooperative as permanent equity of the cooperative; provided, however, that if such Member is located and identified the capital credits of such Member that were recorded as permanent equity of the Cooperative shall be paid to such Member.

C. Notice to Members or Patrons of Contract: The Members 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 Member, and both the Cooperative and the Members are bound by such contract, as fully as though each Member had individually signed a separate instrument containing such terms and provisions. The provisions of the Bylaws shall be called to the attention of each Member or Patron of the Cooperative by the posting of the Bylaws in a conspicuous place in the Cooperative's offices.

SECTION 9: DISPOSITION AND PLEDGING OF ASSETS; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION:

- A. Disposition and Pledge:** The Cooperative shall not merge or consolidate or sell, lease, exchange, or otherwise dispose of substantially all the assets of the Cooperative unless such merger or consolidation or sale, lease, exchange, or disposal is conducted and authorized at a meeting of the Members by the affirmative vote of two-thirds (2/3rds) of the Members in attendance at such meeting conducted and called in a manner consistent with the Act. The Board of Directors may sell, lease, exchange, transfer, or otherwise dispose of any property no longer deemed necessary or useful in the common course of the Cooperative's business in a manner consistent with the Act. The Board of Directors may, in the common course of the Cooperative's business, mortgage, pledge, convey security interests in, and otherwise encumber all or any 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 any revenues or income derived there from, to secure any indebtedness of the Cooperative to any financial institution in a manner consistent with the Act.
- B. Distribution of Surplus Assets on Dissolution:** Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors not inconsistently with the provisions of the Bylaws and the Act, be distributed without priority but on a patronage basis among all persons who have been Members of the Cooperative for any period(s) during its existence; provided, however, that if in the judgment of the Board of Directors the amount of such surplus is too small to justify the expense of making such distribution the Board may, in lieu thereof and within a period of one year after dissolution, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

SECTION 10: MISCELLANEOUS:

- A. Fiscal Year:** The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December following.
- B. Rules of Order:** Parliamentary procedure at all meetings of the Members, of the Board of Directors, of any committee provided for in these Bylaws 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 Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation, Bylaws or other rule, regulation, or policy duly adopted by the Members or the Board of Directors, as the case may be.
- C. Cooperative Seal:** The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Illinois."

- D. Amendments:** These Bylaws may be altered, amended or repealed by the Members of the Cooperative at any regular or special member meeting, but only if a notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.
- E. Interests in Other Organizations:** The Cooperative may, upon authorization of the Board of Directors, become a member, stockholder or other interest holder in any other organization which the Board of Directors deems to be in the best interest of the Cooperative.
- F. Statement of Nondiscrimination:** Southwestern Electric Cooperative, Inc. is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture. In accordance with Federal law and the U.S. Department of Agriculture's policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, religion, age, or disability (Not all prohibited bases apply to all programs).

The person responsible for coordinating this organization's nondiscrimination compliance efforts is the Director of Human Resources. Any individual or specific class of individuals, who feels that this organization has subjected them to discrimination, may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.



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