



# Illinois Country Living

February 2014 • icl.coop

## Norris Electric *News*

Your Touchstone Energy® Partner 

### Notice of annual meeting of members of Norris Electric Cooperative

The annual meeting of the members of Norris Electric Cooperative will be held at the Newton Community High School in the City of Newton, Jasper County, Illinois, beginning at 10:30 a.m. on February 8, 2014, to take action upon the following matters:

Reports will be given by officers, directors and management. The terms of three director positions expired and solicitations for members to submit petitions for candidacy were included in the November and December issues of the "Illinois Country Living" magazine. Dean Dietrich, Richland County, Ron Viehman, Lawrence County, Dan Strine, Wabash County were the only candidates submitting petitions on or before December 11th date for doing so. The authenticity of the petitions was verified. Because there were no contested positions,

the Board dispensed with the election process and the candidates will be announced to the membership as the directors for the expired terms.

- Dean Dietrich . . . . Richland County.....3 years
- Ron Viehman, . . . . Lawrence Count.....3 years
- Dan Strine . . . . . Wabash County.....3 years

Any other business which may properly come before the meeting or adjournment thereof.

IMPORTANT: 150 members must register in person or by proxy for a quorum at this meeting.

DATED THIS 24th DAY OF JANUARY, 2014  
Frank E. Draper, Secretary

### **Official Registration**

**Cut out and bring to the meeting for registration and drawing of prizes.**



# Norris Electric

## Annual Meeting of Members

**T**he board of directors and management invite and encourage you to attend this annual meeting of the members of Norris Electric Cooperative. Your participation is extremely important. Your co-op exists to serve you, and through your participation you help us identify and meet your specific needs.

The idea that sparked the

formation of Norris Electric Cooperative 76 years ago is the same idea that serves as our guiding principle today — namely, providing our members with electric energy at the lowest possible cost consistent with sound economy and good management.

### **IMPORTANT:**

**You must present this registration card at the annual meeting to be eligible for the prize drawing.  
You must be a member to participate.**



### **Registration Card**

Norris Electric Cooperative Annual Meeting of Members  
Newton Community High School — February 8, 2014 — 10:30 a.m.

This coupon to be clipped and presented at the desk for registration and prize drawing. It readily identifies you as a member of Norris Electric Cooperative.

Signature: \_\_\_\_\_

County: \_\_\_\_\_

(YOU MUST PRESENT THIS CARD AT THE ANNUAL MEETING)

## Program

10:00 a.m. .... Entertainment by Members of NCHS Chorus  
 10:30 a.m. Call to Order..... Larry Seals, Board President  
 National Anthem..... Members of NCHS Chorus  
 Invocation..... Larry Seals, Board President  
 Welcome..... Larry Seals, Board President  
 Roll Call and Quorum ..... Frank Draper, Board Secretary  
 Award Two \$100 Early Bird Prizes  
 Approval of 2013 Annual Meeting Minutes  
 Reports  
     Treasurer  
     President  
     General Manager  
 Guest Introductions  
 Report of Results of Election  
 Unfinished Business  
 By-Law Amendments  
 New Business  
 Awarding of Prizes  
 Announcements and Adjournment

### Prizes to be awarded

**T**wo cash prizes of \$100 each will be drawn at the beginning of the meeting.

At the close of the meeting we'll award 40 prizes, including cash prizes and multiple meat prizes.

To be eligible for the drawing you must be registered at the meeting. We want you to attend, and we wish you luck in winning one of the attendance prizes.

The meeting will be called to order at Newton Community High School at 10:30 a.m. on February 8, 2014. Lunch will be served after the prize drawing.

## Office closing:



**Monday,  
 February 17th  
 for Presidents' Day.**

## When reporting outages ...

### Office Hours:

7:00 a.m. to 5:00 p.m.  
 Monday - Thursday

### Phone:

To reach our office during working hours call:  
 1-877-783-8765 or  
 618-783-8765

To report an outage ANYTIME call:  
 1-877-783-3221

Please — when reporting an outage, have your line, account and pole number ready. You will find it printed near the lower left hand corner of your electric bill.

# 2014 Norris Electric Cooperative By-Law Amendment Notice and Summary

Members of Norris Electric,

Due to the ever changing atmosphere of electrical cooperatives it becomes necessary from time to time to review and amend a cooperative's policies, procedures, and by-laws. At this year's Annual Meeting, the Board of Directors will be asking the members to adopt certain amendments to the Cooperative's By-Laws. For the Cooperative to amend the By-Laws, a majority vote by the members constituting a quorum is required. To guarantee the members understand the proposed amendments, I have enclosed with this summary a strikeout and underline of each section of the current By-Laws proposed to be amended. Any text bolded is a change to the current By-Laws. If the text has a line through it, it is proposed to be deleted and if the text underlined, it is proposed to be added.

As you will see, some of the proposed amendments are cleaning up language and making sections and ideas work better together. However, there are substantive changes and I want to address some of those individually:

1. **Electrical Power and Energy:** The phrase "electrical power and energy" is proposed to be added throughout the By-Laws. Due to the Cooperative offering high-speed internet through WildBlue, it has become necessary to differentiate between a member receiving electrical service and WildBlue service. The differentiation becomes important when dealing with who may become a director. In Sections 4.02 and 4.03, the proposed amendments make it clear that to be a director, an individual must be receiving electrical service from the Cooperative. This eliminates the possibility of someone living outside of the Cooperative's service territory, who may be receiving electrical service from another energy supplier, becoming

a director.

2. **Section 1.06:** This section was added to bring together and make clear the Cooperative's policy on membership agreements. Currently, the Cooperative requires all members to sign a membership agreement to begin receiving service from the cooperative. By proposing this amendment, the goal is to make the member more aware of the obligations of signing the membership agreement.
3. **Section 3.06:** After the 2009 amendments to the By-Laws, the cooperative began nominating and voting for directors before the annual meeting. However, the language of this section was not updated to correspond with the 2009 amendments. The changes the Board is proposing create a clearer petition process with an additional objection period for member objections.
4. **Director Areas:** It came to the Board's attention that members from both Clay and Shelby County were not able to become directors under the current By-Law structure for qualifying as a director. While the number of members in Clay and Shelby County are very small, the Board felt it was necessary to allow all the Cooperative members the ability to serve as director. Pursuant to the proposed amendments, the members in Clay County can petition for the Jasper County position and the members in Shelby County can petition for the Cumberland County position.
5. **Director Qualifications:** The Board is proposing clarifications be made to the director qualifications. Most importantly, the Board proposes to require a director to be a living person, i.e. no corporations, be in good standing with the Cooperative, to be receiving electrical service from

the Cooperative, and to have not held an employment position with the Cooperative in the preceding 3 years.

6. **Disposition and Pledging of Property:** Due to the cooperative's equity to debt ratio, the Cooperative is an enticing business for potential investors to purchase. While the Board does not believe an offer to purchase the cooperative is likely, it feels it is necessary to protect the members in the event an offer occurs. The typical scenario would be for an investment company to entice the members with a "cash now" offer. After the purchase is completed, the investment company would sell the assets of the Cooperative to a large electrical utility. What is not told to the members is the "cash now" offer normally is pennies on the dollar and in the end, the Cooperative will not be operated under the cooperative principles. To ensure the members are properly compensated for their investment in the Cooperative, the Board is recommending an amendment to require any offer to purchase the Cooperative to be at least in the amount of all allocated capital credits. This ensures all of the members are properly compensated in the event the Cooperative is sold, which again, is not foreseen.

If, after reviewing this summary and the attached strike and underline, you have any questions or concerns regarding the proposed amendments you can contact me by calling the Norris Electric office at 618-783-8765. This summary and attached strikeout and underline is being sent pursuant to Article 15 of the Norris Electric Cooperative By-Laws.

Keith McKinney  
General Manager

# Strikeout and Underline of Norris Electric Cooperative's By-Law Amendment

SECTION 1.02. Application for Membership. Wherein the applicant shall agree to purchase electric power and energy or goods and services from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and By-Laws, and all procedures, rules, regulations and rate schedules established pursuant thereto (**hereinafter called the "Governing Documents"**) (hereinafter called the "Governing Document"), as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligation") shall be made in writing on such form as is provided by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided by the Cooperative. The membership application shall be accompanied by any applicable fee or contribution as set by the Board of Directors or Cooperative Management from time to time, which shall be refunded in the event the application is not approved. Any former Member of the Cooperative may, by paying any unpaid account, which accrued under a former membership, apply for a new membership. **Membership in the Cooperative and services provided by the Cooperative can be terminated for the Member's failure to comply with governing documents of the Cooperative and failure to honor his/her obligations created by those documents including but not limited to the Articles of Incorporation, By-Laws, Policies, Procedures, Rules, Regulations, Membership Agreements, Patron Agreements and Applications for Service.** An application for service or other document as used by the Cooperative from time to time will act as a Membership Agreement. In absence of a signed agreement the Member shall be bound to the same membership requirements as though there was a signed agreement.

SECTION 1.04 Single Membership. Each membership will be held in a single membership. The charges for any offered service will be the responsibility of the Member listed on that account. The Member may designate a "Person of Interest" on his or her application that allows that person access to the Member's account. Upon death, divorce, or discontinuing service that causes the membership to be cancelled or disconnected, another person may apply for service to have that service entered into his or her name. A person that was receiving service at a location that was held in membership by their spouse may not apply for service and membership without paying any outstanding bill for service for that or other accounts. Only the Member listed on file may cast a vote at the Cooperative's scheduled meetings. That Member may allow another Member in good

standing, **or spouse or civil union partner**, to cast his **or her** vote by proxy. Only two proxy votes may be cast by a Member. Any membership formerly held under "Joint Membership" from previous By-Laws shall revert to single membership. The person listed on the account as the responsible person will retain the membership. When Capital Credits are retired, they will be paid to the Single Member. If there is a divorce decree or other agreement that would provide that the capital credits for this Member be assigned to the other spouse or another person, the single Member would be responsible for relinquishing a part or all that those capital credits as required.

SECTION 1.05. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall be accepted into membership in, and become eligible to receive **electrical power and energy** or goods and services from the Cooperative unless the Cooperative shall determine that such applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be rejected for other good cause: PROVIDED, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved may, by filing written request with the Cooperative at least thirty (30) days prior to the next meeting of the Directors, have his application submitted to and approved or disapproved by the vote of the Directors at such meeting, at which the applicant shall be entitled to be present and be heard.

**SECTION 1.06. Membership Agreement. A Member shall: (1) comply with the Governing Documents; (2) provide and maintain a current mailing address and telephone number with the Cooperative; and (3) pay the Cooperative for the Cooperative's damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member's failure to comply with the Governing Documents. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative service provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (2) being and maintain a legal action to order the Member to comply with the Governing Documents. The Articles and these Bylaws are contracts between the Cooperative and a member. By becoming a member, the member acknowledges that: (1) every Member is a vital and integral part of the Cooperative; (2) the Cooperative's successful operation depends upon each Member complying with the Governing Documents; and (3) Members are united in a**

**interdependent relationship.**

SECTION 1.076. Purchase of Electric Power and Energy or other Services; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use reasonably diligent efforts to furnish its Members with adequate and dependable **electrical power and energy** or other service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each Member, as soon as **electrical power and energy** or other service shall be available to him, and for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative **electrical power and energy** or other service purchased for use on all premises to which **electrical power and energy** or other service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay 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 or other service actually used) established 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 Section 1.02. Production or use of **electrical power and energy** or other service on such premises, regardless of the source, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each Member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. Nothing herein shall be interpreted to discourage Members from operating renewable energy generation facilities such as wind, solar, anaerobic digesters or other forms of renewable energy subject to the Cooperative's interconnection of distributed generation and net metering policies.

SECTION 1.087. Excess Payments to be Credited as Member-Furnished Capital; **Capital Credits**. All amounts paid for electric service in excess of the cost thereof shall be **deemed** furnished by Members as capital, and each Member shall be credited with the capital so furnished as provided in Article IX of these By-Laws.

SECTION 1.098. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each Member shall cause all premises receiving electric or other service pursuant to his membership to become and to remain wired in accordance with the specifications of the

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Illinois State Fire Marshall's Association, 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 the Cooperative and its 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, whereon to place the Cooperative's physical facilities for the furnishing and metering of electrical energy and power 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. The Member shall desist from interfering with, impairing the operation of or causing 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 the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenue resulting from the failure or defective functioning of its metering or other equipment. In no event shall the responsibility of the Cooperative for furnishing electric or other service extend beyond the point of delivery.

SECTION 1.1009. Member to Grant Easements to Cooperative. Each Member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the Member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electrical energy and power or other service to him or for the construction, operation, maintenance or relocation of the Cooperative's electrical energy and power facilities or other facilities. As a condition precedent to receiving service each Member shall, at his expense, obtain in the name of the Cooperative and on forms provided by the Cooperative, easements over and across the lands of others as designated by the Cooperative necessary to provide such service. Failure of a Member to provide a grant of easement or right of way over the Member's land for the Cooperative's purposes shall constitute a default of the Member's

obligations for receiving electrical energy and power or other service and shall result in termination of the membership and of all services provided by the Cooperative to that Member.

SECTION 1.1110. Non-Liability for Debts of the Cooperative. The private property of the Members shall be exempt from execution or other liability for the debts of the Cooperative and no Member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 1.1211. Indemnification. As requested by the Board of Directors, each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative Director, Officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member's negligence or failure to comply with the Cooperative's Governing Documents.

SECTION 2.03. Termination by Withdrawal or Resignation. A Member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and 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 services pursuant to his membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of electrical power and energy or any goods or services on such premises..

SECTION 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund any fees or security deposits, 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 termination of a membership as provided for in Section 2.01, such termination 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 electrical power and energy from any other electrical supplier, electrical producer, cooperative, third-party entity, or person or entity selling or distributing electrical power and energy, person any goods and services for use at the premises to which such service has been furnished by the Cooperative pursuant to such membership.

SECTION 3.01. Annual Meeting. For the purposes of electing directors announcing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, an annual meeting of the Members shall be held each year at the time and place as shall be designated by the Board of Directors at their regular meeting in the month of December preceding such annual meeting in one of the counties in Illinois within which the

Cooperative serves, and beginning at such hour, as the Board of Directors shall from year to year fix. 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. Upon approval by the Board of Directors the annual meeting or portions of the annual meeting may be held by mail, email, video conferencing, web based conferencing means of providing all the membership the opportunity to participate in the annual meeting of the members.

SECTION 3.06. Credentials and Election Committee. The Board of Directors shall, at least ~~thirty six~~ **thirty six** ~~five~~ **(3065)** days before any meeting of the Members, appoint a Credentials and Election Committee (hereinafter the "Committee"). The Committee shall consist of an uneven number of Members not less than three (3) nor more than nine (9) who are not existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives (hereinafter defined) or Members of the same household of existing Cooperative employees, agents, officers, directors or known candidates for director. In appointing the Committee the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary. Subject to the provisions of Section 4.03, it shall be the responsibility of the Committee to establish or approve the manner of conducting Member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of Members in person or by proxy, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to Member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any petition or election or to conduct affecting the results of any 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 the petition process as outlined in Section 4.03, such protest or objection must be filed no later than three (3) days after the petitioner has received notification by the Cooperative of the Committee's acceptance or denial of a petition. In the event a protest or objection is filed concerning any election or election process, other than the petition process, such protest or objection must be filed during, or within three (3) business days following the adjournment of, the meeting in which the voting results are announced is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is

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filed. The Committee shall hear such evidence as is presented by the protester(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those 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 petition or election, to change the outcome thereof, or to set it aside. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. The Committee may not affirmatively act on any matter unless a majority of the Committee is present.

SECTION 4.02. Qualifications and Tenure. The persons who are Directors at the time of the adoption of these Revised By-Laws shall continue as such Directors until the respective terms for which they shall have been elected have expired, or until their successors shall have been elected and shall have qualified. Directors will be elected for three (3) year terms with no more than four directors elected in any one year except when filling vacancies due to death or resignation of a current director. The offices for the eleven (11) Directors shall be filled as follows: Two (2) Directors who are Members of the Cooperative residing in Jasper and/or Clay County, two (2) Directors who are Members residing in Crawford County, two (2) Directors who are Members residing in Lawrence County, one (1) Director who is a Member residing in Clark County, one (1) Director who is a Member residing in either Shelby or Cumberland County, one (1) Director who is a Member residing in Wabash County, one (1) Director who is a Member residing in Effingham County, and one (1) Director who is a Member residing in Richland County. No Member shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who is not a living person, a resident in the area served by the Cooperative, in good standing, and personally receiving electrical energy or electrical service from the Cooperative, or who is any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Members of the Cooperative, or an employee of the Cooperative, or a former employee who has not been employed by the Cooperative for less than three years, or have a close relative that is an employee of the Cooperative, or any other related business that could cause a conflict of interest as determined by the Board, and no person shall take or hold office as a Director who has been convicted of a felony or plead guilty to a felony, or who does not have the capacity to enter into legally binding contracts. Members with their own generation are not considered competing enterprises for the purposes of this section. Nothing in this section contained, shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors. The tenure of Directors shall be subject to the provisions of these By-Laws with respect to the

removal of Directors as provided in Section 4.04 of these By-Laws.

SECTION 4.03. Nominations and Elections. Nominations for candidates for election to the Board of Directors shall be made only by petition. A Member, being a living person, in good standing, and receiving electrical energy or electrical service may indicate his or her candidacy by obtaining a petition from the Cooperative Headquarters and then submitting it to the Cooperative with no less than twenty-five (25) signatures of other Cooperative Members in good standing. A Member only has one vote, so the signature can only include the Member listed on the billing account. The petition must be delivered to the Cooperative Headquarters sixty (60) days prior to the annual meeting. Candidates that submit the required petition shall be placed on the ballot. The Credentials and Election Committee in conjunction with General Counsel for the Cooperative shall determine or cause to be determined the accuracy and authenticity of the petitions. Ballots shall be mailed to all Members in good standing no earlier than forty-five (45) days prior or no later than thirty (30) days prior to the annual meeting of Members. Ballots will be required to be returned within fifteen (15) days prior to the annual meeting for tallying. The winners of the election shall be announced at the annual meeting of Members. In the event there are no ballots or no acceptable ballots for any or all of the vacant director positions, the vacant director positions will be filled as provided in Section 4.05.

SECTION 4.05. Vacancies. When a vacancy occurs in the Board of Directors, such vacancy shall be filled in the following manner: At the next regular meeting of the Board of Directors following the occurrence of a vacancy, the Board of Directors shall appoint a committee consisting of three (3) Members of the Cooperative, in good standing, then receiving electrical energy or electrical service from the Cooperative; and residing in the county or counties in which the vacancy exists, whose duty it shall be to appoint a qualified Member of the Cooperative to serve as Director for the unexpired term of the Director whose termination of office has created the vacancy. Those committee Members must be residents in the county of the vacancy and personally receiving service from the Cooperative. They may not be a close relative of a director or nominee, employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Members of the Cooperative, or an employee of the Cooperative, or a former employee who has not been employed by the Cooperative for less than three years, or have a close relative that is an employee of the Cooperative, or any other related business that could cause a conflict of interest as determined by the Board. Members with their own generation are not considered competing enterprises for the purposes of this section. The mMembers of said committee shall then be promptly notified of their appointment, and said committee shall, within twenty (20) days after such

appointment, meet and appoint, by majority vote, a qualified Member pursuant to the qualifications in Section 4.02, to fill such vacancy from the county in which the vacancy shall exist. Said committee shall thereupon notify the Board of Directors of such appointment in writing, and upon such notification being made, the appointee of the committee shall then be and become a Director and a Member of the Board of Directors and shall continue as such for the duration of the term of office of the Director whose office as Director became vacant.

SECTION 6.12. Compensation; Indemnification. The compensation, if any, of any officer, agent or employee who is also a Director or close relative of a Director shall be determined as provided in Section 4.06 of these By-Laws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed on a plan approved by the Board of Directors. The Cooperative shall indemnify Directors, Officers, including General Manager (and/or, if so titled, the President, Chief Executive Officer, or Executive Vice-President or combination of any or all), Office Manager, agents and employees. The Cooperative may purchase insurance to cover such indemnification.

SECTION 11.01. Disposition and Pledging of Property; Non-Merger.

(a) The Members may authorize the sale, lease, lease-sale, exchange, transfer, mortgage or other disposition of all of, or substantially all of, the Cooperative's property and assets by the affirmative votes of at least two-thirds (2/3rds) of the Members present in person or by proxy. However, the Board of Directors, without authorization by the Members, shall have full power and authority to sell, lease, lease-sale, exchange, transfer, or otherwise dispose of merchandise and any property no longer necessary or useful for the operation of the Cooperative.

(b) Supplementary to the foregoing subsection (a) and any other applicable provisions of law or of these By-Laws, no sale, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of the Cooperative's property and assets shall be authorized except in conformity with the following:

(1) To be considered by the Board of Directors or Members, any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition must propose to, at a minimum, retire all currently allocated Capital Credits at a non-discounted rate. Any proposal which does not propose such a retirement of all currently allocated Capital Credits at a non-discount rate shall be rejected and not further reviewed by the Board of Directors or Members.

~~(2)~~ If the Board of Directors, after receiving a reviewable proposal, looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent,

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non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. **The cost of such appraisals shall be paid by the party proposing such sale, lease, lease-sale, exchange, transfer or other disposition.** The three (3) such appraisers shall be designated by the Board of Directors.

(32) If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the Members, it shall first give every other electric cooperative corporately sited and operating in Illinois (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperatives, which notice shall be

attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

(34) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the Members not less than sixty (60) days before noticing a special meeting of the Members thereon or, if such be the case, the next annual Member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the Members for consideration thereof, which meeting shall be held not less than forty (40) days after the giving of such notice to the Members: PROVIDED, that consideration thereof by the Members may be given at the next

annual Member meeting if the Board so determines and if such annual meeting is held not less than forty (40) days after the giving of such notice.

(45) Any fifty (50) or more Members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all Members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

(c) The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric Cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric Cooperatives.

## NORRIS ELECTRIC COOPERATIVE

### Proxy

As a member of Norris Electric Cooperative, I, the undersigned hereby appoint

\_\_\_\_\_

my proxy to vote in my stead at the meeting of the members to be held at Newton Community High School on February 8, 2014, at 10:30 A.M.

I realize it is my duty as a member of this cooperative to take an active interest in its affairs and to exercise my voting privilege in person. However, as I find it is impossible to attend the meeting, I have carefully considered the business which to my knowledge is to be acted upon. I have discussed it with my neighbors who are also members, and have decided to give my proxy to the person named above, who is a member in his own right, and has agreed to vote this proxy on all matters as he honestly believes I would if I were present. I hereby ratify and confirm my proxy's vote in my stead.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signature of member giving proxy \_\_\_\_\_

Address \_\_\_\_\_

Witness \_\_\_\_\_

Account Number \_\_\_\_\_

(No member can vote more than two proxies)

