



Rural HIGHLIGHTS

Local News from Rural Electric Convenience Cooperative

RURAL HIGHLIGHTS

87th Annual Meeting

June 6, 2024 at 7 p.m.

Erin's Pavilion

Springfield, IL



Chris Wilcox
Board Chairman



Sean Middleton
President/CEO

Our board and employees are continually inspired to elevate the quality of life for our members. It is what we do best! Vince Lombardi has been quoted as saying, "The quality of a person's life is in direct proportion to their commitment to excellence, regardless of their chosen field of endeavor." Excellence is something the RECC employees and Board of Directors have aspired to achieve and hold in high regard when it comes to cooperative member needs!

Safe, Reliable, Resilient, and Affordable

Ensuring a Safe, Reliable, Resilient, and Affordable electric grid is a top priority for Rural Electric Convenience Cooperative. We employ a multi-layered strategy to protect both physical and digital assets from threats like severe weather, cyber incidents, and aging infrastructure. We at RECC take that charge very seriously by innovating on our members' behalf.

RECC has also been committed to the idea that electricity utilization should be affordable and available to all. Those early days starting in 1937 were filled with regulatory concerns, the threat of war, and supply chain challenges. Fast forward 87 years and we are still concerned about those very things!

Chairman and President/CEO Annual Report

The strength of our organization is bolstered by a dedicated group of quality employees and directors who take pride in providing good customer service and a strong commitment to community service. Rest assured that RECC will continue to innovate and keep electricity safe, reliable, resilient, and affordable for many years to come!

Rate Stability and Power Supply

RECC members have enjoyed one of the longest periods of rate stability in our history, but rates were increased slightly in 2024 to satisfy lender covenants. Even with the higher costs of living, RECC is proud to acknowledge that our rates are among the lowest of all Illinois electric cooperatives! Our long-term power contract with NextEra Energy will ensure stable wholesale power costs until 2033! Most things in life are not able to stay consistent for such an extended period, but your board of directors has worked hard on behalf of members to accomplish such a feat!

Looking to the Future

Your Cooperative continues to innovate by focusing its attention on rural broadband adoption in our community. Many will ask why RECC should bring broadband to rural residents. There are several key reasons:

1. Electric cooperatives like RECC are well-positioned to provide broadband infrastructure in rural areas. They already have the necessary resources, equipment, and personnel from their existing electric operations that can be leveraged to deploy broadband services. This

allows them to reduce the total cost of broadband deployment compared to traditional internet service providers.

2. Broadband access is essential for rural economic development and entrepreneurship. Without high-speed internet, rural businesses and farmers cannot compete with their urban counterparts. Broadband enables precision agriculture, access to online markets, and the ability for rural entrepreneurs to start and grow their businesses.
3. Many rural areas lack adequate broadband coverage from private providers, as it is often not profitable for them to build out infrastructure in sparsely populated regions. Electric cooperatives can step in to fill this gap and bring broadband to underserved rural communities.
4. Successful examples show that electric cooperatives can effectively expand broadband access in rural America, similar to how they brought electricity to rural areas in the 1930s through the Rural Electrification Act. This demonstrates the potential impact cooperatives can have.
5. The federal government has allocated significant funding through programs to support rural broadband deployment. Cooperatives like RECC can leverage this funding to build out high-speed networks. As the economy and society become increasingly digitized, lack of broadband access puts rural

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communities at a major disadvantage. Cooperative broadband initiatives like this one help ensure rural areas can keep pace with technological advancements.

We at RECC have been conducting surveys to determine both member needs and interests for the cooperative to get involved. We have heard from members, and they overwhelmingly recommend that RECC should take steps to help! Alan Kay has been quoted as saying, "The best way to

predict the future is to create it." We at RECC know that innovations like bringing high-speed broadband to rural members won't happen unless someone takes the initiative. That is why we have summarized several bylaws and articles of incorporation changes that will need to be approved by members this year for the cooperative to move forward with plans to apply for grants. Grants are critical for an entity like RECC to enter the broadband business and solve the rural digital divide for our members!

In summary, rural electric cooperatives like RECC have a strong incentive to innovate with broadband services in order to improve connectivity, spur economic growth, enhance quality of life, and maintain the competitiveness of the communities they serve. RECC has heard this challenge and is responding by applying for grant funding to provide a financially feasible potential path forward!

Culture of Safety

Rural Electric Convenience Cooperative was recognized with the 2023 award for Best Lost Time Rate and Line Foreman Travis Boylen received the 2023 Individual Safety Leadership Award. The two Association of Illinois Electric Cooperatives awards demonstrate the effectiveness of the cooperative's safety culture and its employees who continue to promote a safe working environment. RECC recently reached another safety milestone, 3,000 days since experiencing a lost time accident. We are incredibly proud of these achievements and wish to share these recognitions with our members!

Report of the RECC Nominating Committee

Each of the undersigned being members of Rural Electric Convenience Cooperative Co. and having been appointed by the Board of Directors of the Cooperative to the Nominating Committee make this report to the Board of Directors of the Cooperative.

The Nominating Committee members met at the headquarters in Auburn on February 29, 2024, at 6:00 p.m. We further report that we nominated the following members from each of the following respective Districts of the Cooperative for election to the Board of Directors of the Cooperative at the annual meeting of members to be held on June 6, 2024, to serve until the third subsequent annual meeting of members thereafter: The undersigned further reports that after taking the foregoing action, the Nominating Committee duly adjourned.

District No.	Name	Address
District 7	Andy Goleman	1248 E. Divernon Road Divernon, IL 62530
District 8	Neil Bryan	17259 E. 4th Road Litchfield, IL 62056
District 9	Cassie L. Eigenmann	11767 Hurricane Timber Lane Modesto, IL 62667

Dated at Auburn, Illinois this 29th day of February, 2024.

Keely Buttle

Denise Kuntz

Be Healy

Lee Davis

Ronald Davis

Denise Kerlby

Christina Burgess

Shawn M. Cox

Joe Lohme, Chairman

Andy Goleman Candidate Profile:

District 7



Andy Goleman
District 7

Andy Goleman has spent most of his adult life in service to the public. Andy has been a member of the Divernon School Board and president of the Sangamon County Farm Bureau Board. He served on the Illinois Farm Bureau Board, Country Financial Board, and the Illinois Corn Growers Board as a Director.

For more than two decades, Andy served on the Sangamon County Board, including 13 years as the Chairman of the Finance Committee where he oversaw a \$100 million annual budget.

Andy was appointed Sangamon County Auditor in June of 2015, elected to a full term in 2016, and re-elected in 2020. He currently serves as the County Auditor and continues to be actively involved on the family farm in the Divernon/Pawnee area. Andy graduated from Divernon High School before receiving an A.A. degree at Lincoln Land Community College.

He then earned a B.A. in Mass Communications and a double minor in History/Political Science at Western Illinois University. Andy is a member of the Divernon United Methodist Church and a former Chairman of the Church's Board.

Candidate Statement

I have had the privilege of serving as your District 7 Director since 2013. My goal is to continue working with the board, staff, and management to provide reliable service at a reasonable cost.

By utilizing modern technology, we have been able to meet challenges head-on and find creative solutions. RECC has a strong board and dedicated employees who will continue to provide you with a first-class electric cooperative. I am humbled and honored to have been on RECC's Board for the past 11 years, and I would ask for your continued support with your vote to serve as your District 7 Director.

Neil Bryan Candidate Profile:

District 8



Neil Bryan
District 8

Neil is the Director of Education Networks with Vero Private Fiber and has 28 years of technology/networking experience in small business and K12 markets. In his experience, he has designed and implemented numerous school and business computer systems and networks throughout Illinois and Missouri.

Neil, his wife Christy, and their son Tyler live in the Honey Bend area just north of Litchfield, Ill. They are members of Pleasant Hill Christian Church, where they attend church, and he enjoys serving and volunteering.

Candidate Statement:

As the newest member of the RECC Board of Directors, I am truly excited at the opportunity to continue representing our cooperative members. I am committed to ensuring reliable, affordable, and sustainable energy solutions for our members. I believe in transparency, accountability, and empowering members through education and engagement. If elected, I will work tirelessly to represent the best interests of our cooperative and its members. I look forward to working towards a brighter future for our cooperative.

Cassie Eigenmann Candidate Profile:

District 9



Cassie Eigenmann
District 9

Cassie has served on the RECC Board since 1998. She has a B.S. degree from Eureka College and has taken multiple graduate courses in the fields of Business Management, Agricultural Spectroscopy and Computer Science. She has also achieved Credentialed Director, Board Leadership, and Director Gold status for the co-op, having taken more than

40 courses and seminars related to the electric industry. She retired from the DICKEY-john Corporation in 2014 after 40 years of service in various capacities of manufacturing, marketing, and engineering. After retirement, she was awarded a lifetime membership in the National Conference on Weights and Measures to continue her governmental regulatory work in agriculture. Cassie is also an active member of the Koke Mill Christian Church and serves as Usher and Prayer Intercessor.

Candidate's Statement:

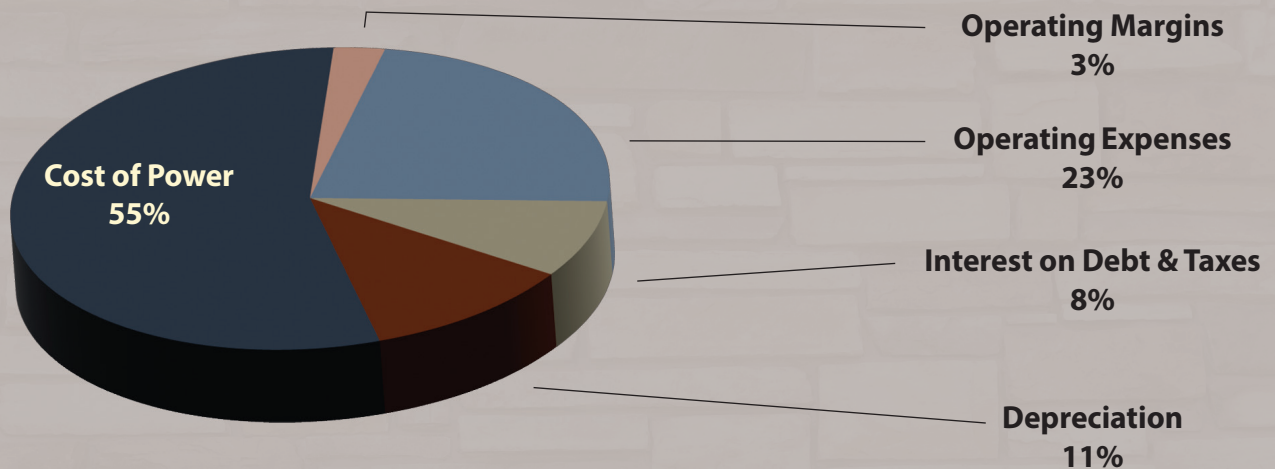
"I am grateful for the opportunity to have served as your director for over 25 years and I will continue to stay informed in the ever-changing electric industry. RECC is recognized among other co-ops as a progressive organization, always exploring new ways to increase service and decrease costs. I am proud to be a part of that kind of success! As the electric industry continues to grow and experience major changes, we as directors have successfully endeavored to meet challenges in keeping our electric rates low and our service to you high.

I take my position on the board of directors very seriously, prayerfully considering each decision in the best interest of our members. It is with both pride and humility that I ask for your support to continue serving as one of your directors as we position our co-op for continued success in a challenging industry environment.

Revenue and Expenses for the Year 2023 and 2022

OPERATING REVENUES	2023	2022
Operating Revenue and Patronage Capital.....	\$15,519,957	\$14,546,868
Other Electric Revenue	\$179,099	\$180,477
TOTAL OPERATING REVENUES.....	\$15,699,056	\$14,727,345
OPERATING REVENUE DEDUCTIONS		
Cost of Purchased Power.....	\$8,626,117	\$8,240,529
Transmission Expense	\$3,320	\$4,353
Operations Expense	\$691,359	\$650,493
Maintenance Expense	\$1,045,565	\$1,172,984
Consumers' Accounting and Collecting Expenses	\$333,746	\$305,768
Customer Service and Informational Expense.....	\$44,802	\$34,919
Demonstration Salaries and Expenses.....	\$52,630	\$56,760
General Office Salaries and Expenses.....	\$771,637	\$740,527
Engineering, Legal and Accounting Services	\$162,895	\$98,809
Other Administrative and General Expenses.....	\$400,239	\$449,035
Maintenance of General Plant.....	\$165,455	\$151,431
Depreciation Expenses	\$1,747,311	\$1,680,579
Taxes	\$12,516	\$11,637
Interest on Long-Term Loans	\$1,028,857	\$1,013,957
Short-Term Interest	\$120,435	\$40,008
Other Deductions	\$6,051	\$515
TOTAL OPERATING REVENUES DEDUCTIONS.....	\$15,212,935	\$14,652,303
ELECTRIC OPERATING MARGINS (DEFICIT)	\$486,121	\$75,042
Capital Credits-Associated Organizations.....	\$240,324	\$237,425
Non-Operating Margins (Net)	\$58,805	\$93,359
PATRONAGE CAPITAL AND MARGINS (DEFICIT)	\$299,129	\$330,784
NET PATRONAGE CAPITAL AND MARGINS (DEFICIT)	\$785,250	\$405,826

Where Your Dollar Goes



Balance Sheet as of December 31, 2023 and 2022

ASSETS	2023	2022
Total Utility Plant	\$60,012,163	\$58,786,159
Less: Provision for Depreciation	\$20,828,487	\$19,863,309
Net Utility Plant	\$39,183,676	\$38,922,850
Cash	\$177,681	\$125,046
Investments and Restricted Funds.....	\$2,079,948	\$1,982,781
Accounts, Notes and Interest Receivable	\$1,682,909	\$1,476,122
Materials and Supplies	\$751,993	\$737,084
Other Assets	\$234,350	\$292,402
TOTAL ASSETS	\$44,110,557	\$43,536,285
LIABILITIES		
Memberships	\$24,730	\$24,515
Consumers' Deposits	\$539,055	\$525,885
Accounts Payable	\$1,204,130	\$1,250,495
Accrued Taxes and Interest	\$21,873	\$39,033
Patronage Capital.....	\$12,850,827	\$12,465,544
Operating Deficit (Prior Years)	\$0	\$0
Margins (Deficit)	\$785,250	\$405,826
Other Equities.....	\$1,126,979	\$1,116,544
Other Deferred Credits.....	\$615,256	\$590,261
Long-Term Debt to CoBank & CFC	\$25,804,863	\$26,024,126
Other Noncurrent Liabilities.....	\$312,594	\$284,055
Notes Payable	\$825,000	\$810,000
TOTAL LIABILITIES AND EQUITY	\$44,110,557	\$43,536,285

Audit

The firm of Kelso Lynch, P.C., P.A., certified public accountants of Mission, Kansas, conducted an audit of all records of Rural Electric Convenience Cooperative Co., for the year ending December 31, 2023.

The firm submitted the report of the audit to all members of the board of directors, the attorney and copies are retained for the cooperative records. This report stated that the accounts of said cooperative are in accordance with Rural Utilities Service accounting procedures and in their opinion, the balance sheet, related statement of revenue and expenses and patronage capital and other equities presented fairly the financial position of the cooperative as of December 31, 2023.

Notice

Annual meeting attendees may be photographed during the event. These photos are for RECC use only and may appear in RECC publications such as newsletters, press releases, social media sites or future RECC promotional material.

Minutes of the 2023 Annual Membership Meeting

The 2023 Annual Meeting of Members of Rural Electric Convenience Cooperative Co. was held at Route 66 Drive-In Theater, Springfield, IL, on June 8, 2023, pursuant to Article III, Section I, of the bylaws and Notice by the Secretary of Rural Electric Convenience Cooperative Co.

Vice Chairman Chris Wilcox welcomed the members. He introduced Pastor Larry Griffith, New Life Family Church, who delivered the invocation. Vice Chairman Wilcox then led the members in the Pledge of Allegiance and National Anthem.

Chairman Mel Repscher called the meeting to order at 7 p.m. and announced that a quorum was present with 228 members registered in person or by proxy. Chairman Repscher announced the meeting would be conducted in accordance with Robert's Rules of Order and voting to be conducted according to State law.

Assistant Secretary/Treasurer Jimmy Ayers read the Official Notice of the 2023 Annual Meeting. Chairman Repscher introduced each member of the Board of Directors. He introduced Attorney Jerry Tice and Cooperative President/CEO Sean Middleton. Chairman Repscher then appointed Shelley Barnes as Recording Secretary and appointed Vince Fisher Sergeant-at-Arms.

The minutes of the 2022 Annual Meeting of Members were presented to the members. Chairman Repscher called for a motion to approve same as presented. Upon motion duly made, seconded and approved by voice vote, the minutes of the 2022 Annual Meeting of Members were approved as presented.

President/CEO Sean Middleton introduced Senator Steve McClure, Illinois State Representative 108th District Wayne Rosenthal, and Sangamon County Auditor Andy

Goleman. He also introduced several employees from AIEC, Craig Sondgeroth, Lisa Cherry, Paul Dow, Shannon Casson and Jennifer Sours. He also introduced previous Directors Lou Weitekamp and John Beatty and former employee Dean Fuchs.

Assistant Secretary/Treasurer Ayers presented the Treasurer's Report. He stated our largest operating expense was purchased power. In 2022, the co-op's total power cost was \$8,240,529 or 56 percent of the \$14,727,345 in total revenue collected. He stated if you add interest, depreciation, taxes, required operating margins and the cost of purchased power, these combine for 75 percent of the co-op's total revenue collected. Twenty-five percent is operating expenses.

Assistant Secretary/Treasurer Ayers stated the co-op ended last year with margins of \$405,825.

Chairman Repscher stated RECC's rates are among the lowest of all Illinois electric cooperatives and our residential rates are less than they were in 2009.

Chairman Repscher stated Lou Weitekamp stepped down from his position as the District 8 Director after serving the Board for over 12 years. After a candidate search, Neil Bryan was selected as the new Director in District 8.

Chairman Repscher stated in January, President/CEO David Stuva retired after managing Rural Electric Convenience Cooperative for more than two decades.

Chairman Repscher stated after a nationwide search, the Board of Directors selected Sean Middleton as the next President/CEO.

President/CEO Sean Middleton stated last year the Board approved a Capital Credit retirement of \$349,999 in Capital Credit equity for the years

1989, 1990 and 1993.

President/CEO Sean Middleton stated in 2022 Rural Electric Convenience Cooperative conducted a survey. Rural Electric Convenience Cooperative received an American Customer Satisfaction Index (ACSI) score of 89, which is an all-time high and a one-point improvement from the 2020 survey.

Vice Chairman Wilcox and Chairman Repscher recognized several employees and directors for their years of service. Employees recognized were Shelley Barnes, 20 years of service; Matt Evans, 5 years of service; Nick Hays, 5 years of service; and Shane Norris, 15 years of service. Directors recognized were Andy Goleman, 10 years of service; Cassie Eigenmann, 25 years of service; and Mel Repscher, 30 years of service.

Vice Chairman Wilcox also recognized Mel Repscher and Garry Niemeyer for achieving the Director Gold Certificate from NRECA.

Vice Chairman Wilcox stated Rural Electric Youth Day is an educational program that the cooperative sponsors each year. It gives our high school students the opportunity to visit the Capitol and meet their local legislators. Lillian Waghorn and Kade Beckmier were selected to represent our Cooperative on the Youth to Washington trip this year after participating in Springfield's Youth Day.

Vice Chairman Wilcox stated Rural Electric Convenience Cooperative participates in the Thomas H. Moore Illinois Electric Cooperatives Memorial Scholarship program. This year Erik Keeton was selected to receive the scholarship.

Vice Chairman Wilcox stated since 2015, Rural Electric Convenience Cooperative has partnered with CoBank, our primary lender, to contribute over \$90,000 to local charities through our Cooperative

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"Minutes" continued from 18F

Community Grants. CoBank's Sharing Success program has provided matching funds for many of the Cooperative's charitable donations in our communities.

Chairman Repscher called upon Stacey Hart, Nominating Committee Chairman, to present the Committee Report. Ms. Hart reported the Nominating Committee met at the co-op's headquarters March 2, 2023, and nominated Thom Hart as a candidate for Director District 4, Garry Niemeyer as a candidate for Director District 5, and Mel Repscher as a candidate for Director District 6.

Chairman Repscher called on Attorney Jerry Tice to conduct the election of Directors. Attorney Tice reported that no nominating petitions had been filed before the meeting for Districts 4, 5, and 6. Accordingly, the candidates for Director District No. 4, Thom Hart, Director District No. 5 Garry Niemeyer, and Director District No. 6 Mel Repscher are nominated for a three-year term. The Chair entertained a motion to accept the nominations of the Nominating Committee and to direct the Secretary to cast a unanimous ballot

for the nominees of these three districts. The motion was offered and seconded and upon voice vote, the Chair declared that the motion was unanimously carried, there being no opposing votes.

Chairman Repscher called for any unfinished business and new business. He thanked all of the members for attending this year's meeting.

There being no other business, upon motion duly made, seconded and unanimously adopted, Chairman Repscher declared the meeting adjourned sine die.

Respectfully submitted, Secretary

RECC Directors



Chris Wilcox
Waverly



Garry Niemeyer
Auburn



Cassie Eigenmann
Modesto



Andy Goleman
Divernon



Jimmy Ayers
Rochester



Clayton Bloome
Pawnee



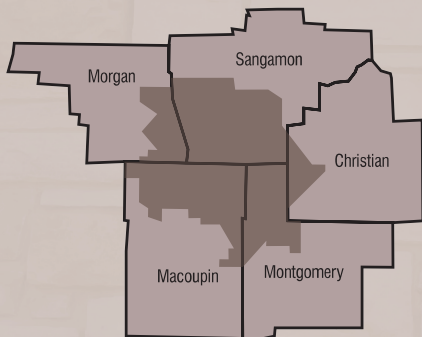
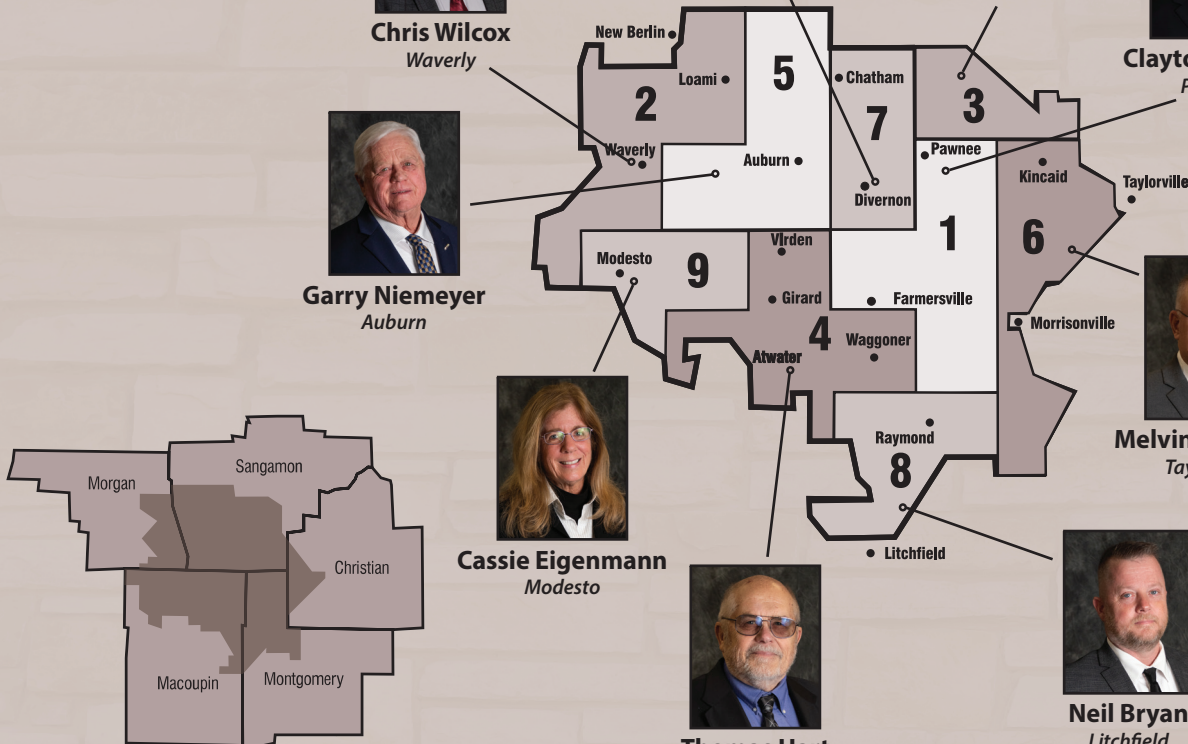
Melvin Repscher
Taylorville



Neil Bryan
Litchfield



Thomas Hart
Atwater



The Board of Directors has approved an Amendment to the Cooperative's Articles of Incorporation and has proposed amendments to the Cooperative's Bylaws. The Board believes these amendments are necessary for the Cooperative to meet its long-term goals and provide the flexibility needed to develop new programs like broadband Internet service.

PROPOSED AMENDMENT TO ARTICLES OF INCORPORATION

SECTION 1 PARAGRAPH 2, "OBJECT FOR WHICH IT IS FORMED" SHALL BE AMENDED TO READ AS FOLLOWS:

7. TO ACQUIRE, OWN, HOLD OR EXERCISE ANY RIGHT OR PROPERTY AND TO CONDUCT ANY AND ALL ACTIVITIES WHICH WILL BE BENEFICIAL, IN THE JUDGMENT OF THE BOARD OF DIRECTORS, TO THE MEMBERS OF THE CORPORATION, SO LONG AS THE ACTIVITIES DO NOT IMPAIR THE OBJECT OF THE CORPORATION SET OUT IN ITEM NUMBER 1, ABOVE;
7. A. TO PROVIDE FOR THE ADMINISTRATION AND OPERATION ON A COOPERATIVE BASIS OF ACTIVITIES PRODUCING OR FURNISHING GOODS, SERVICES OR FACILITIES PRIMARILY FOR THE BENEFIT OF ITS MEMBERS WHO ARE CONSUMERS OF THOSE GOODS, SERVICES, OR FACILITIES.
- B. TO PROVIDE ON A COOPERATIVE BASIS INTERNET SERVICES THROUGH TELECOMMUNICATION FACILITIES FOR THE BENEFIT OF ITS MEMBERS WHO ARE CONSUMERS OF SUCH SERVICE.
- C. TO ACQUIRE, OWN, HOLD OR EXERCISE ANY RIGHT OR PROPERTY AND TO CONDUCT ANY AND ALL ACTIVITIES WHICH WILL BE BENEFICIAL IN THE JUDGMENT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF THE CORPORATION.

Explanation: Proposed amendment deletes SUBPARAGRAPH 7 and adds new SUBPARAGRAPH NUMBER 7. The change provides additional flexibility for the Board to address competition and develop new services and programs for the cooperative.

PROPOSED BYLAW CHANGES

ARTICLE I

Membership

Section 1. Requirements for Membership.

(a) Regular Membership - Any person; firm; association; corporation, both business and non-profit; partnership; trust; limited liability company; estate; the government of the United States of America or any agency thereof or body politic, or subdivision thereof; any state government or body politic or subdivision thereof; any local governmental body, special district, or body politic or subdivision thereof; or foreign government will become a regular member of Rural Electric Convenience Cooperative Co., (hereinafter called the "Cooperative"), upon receipt of the electrical **and/or telecommunications/broadband** service from the cooperative, provided that he, she or it has first:

- (1) made a written application for membership therein;
- (2) agreed to purchase from the cooperative electric energy and/or electric distribution services **and/or telecommunications/broadband** as hereinafter specified;
- (3) agreed to comply with and be bound by the Articles of Incorporation, bylaws and any rules and regulations of the Cooperative adopted by the board, including retroactive application of any amendments (Governing Documents); except as otherwise provided in Article I, Section 6 (c) and Article XII, Section 4; and,

(4) paid the membership fee hereinafter specified;

(b) Associate Membership – Any person, firm, association, corporation or body politic or subdivision thereof (hereinafter called the "Applicant") will **may, with approval of the Board of Directors** become an associate member of Rural Electric Convenience Cooperative Co., (hereinafter called the Cooperative), upon receipt of services from any firm, association, or corporation owned in whole or in part by Rural Electric Convenience Cooperative Co. (the "Subsidiary"), provided the Applicant:

- (1) has made a written application for membership in the Cooperative and the subsidiary on the prescribed forms;
- (2) has agreed to comply with and be bound by the Articles of Incorporation and bylaws of the cooperative and the subsidiary and any and all rules and regulations adopted by the Board of Directors of either the cooperative or the subsidiary; including retroactive application of any amendments (Governing Documents); except as otherwise provided in Article I, Section 6 (c) and Article XII, Section 4; and
- (3) has paid any required membership fee.
- (4) **Associate Membership shall not entitle the holder of the Associate Membership to any of the rights of a member of the Cooperative, including but not limited to, the right to vote at any annual**

or special meeting of the members of the cooperative or to vote on any matter that may be voted upon by the members. Nor shall an Associate Membership entitle the holder thereof to be eligible to serve as a director of Rural Electric Convenience Cooperative Co. or to the allocation of any amounts in excess of operating costs and expenses at the moment of receipt by Rural Electric Convenience Cooperative Co. from the Subsidiary for which the Associate Membership is issued to the holder thereof nor shall Rural Electric Convenience Cooperative Co. be obligated to any credits to a capital account for the holder of the Associate Membership for any or all such amounts received by Rural Electric Convenience Cooperative Co. from the Subsidiary in excess of operating costs and expenses received by Rural Electric Convenience Cooperative Co. from the Subsidiary.

(5) **An Associate Member may withdraw from associate membership upon compliance with such terms and conditions as the Board may prescribe. The Board may by the affirmative vote of the not less than a majority of all the members of the Board terminate an associate member's membership for failure to comply with any of the requirements of**

associate membership.

(c) No member may hold more than one membership or associate membership in the cooperative, and no membership or associate membership in the cooperative shall be transferable, except as provided in these bylaws.

(d) Any reference to, or use of the term "Member" in these bylaws shall mean all Members **excluding associate members** within any membership class as hereinafter authorized unless the reference or use specifically states otherwise. No member may hold more than one membership or associate membership in the cooperative, and no membership or associate membership in the cooperative shall be transferable, except as provided in these bylaws.

(e) Unless the board determines otherwise as provided in these bylaws, upon completing the membership procedure to the cooperative's satisfaction and using, receiving, or purchasing a cooperative service, an applicant automatically becomes a member of the cooperative effective the date the applicant began using, receiving, or purchasing a Cooperative Service as defined by the Cooperative's Articles of Incorporation, Bylaws, Policies, Rules and Regulations of the Cooperative ("Member"). If the Board determines that an applicant is unable to comply with the Governing Documents, then the Board may refuse the Applicant membership in the Cooperative. For other good cause determined by the board, the Board may refuse an Applicant membership in the Cooperative. If the Board refuses membership to an Applicant, then the Cooperative shall return to the Applicant any amounts paid to the Cooperative by the Applicant as part of the membership Procedure other than:

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

(f) Based upon a Member's use, receipt or purchase of Cooperative Services, the Cooperative may group Members in the following classes ("Member Classes").

Class A Member: Any Member using, receiving and purchasing (1) solely from and through the Cooperative substantially all the electric power used, received and purchased for; and (2) any Cooperative Services associated with, or regarding, the provision and/or distribution of electric power to: a residential, or commercial dwelling or structure, owned, controlled or directly occupied by the Member or any premises the member owns or uses or has any interest in which is in the Cooperative's services area. (Amended at 2022 Annual Member Meeting)

Class B Member: Any Member using, receiving, and purchasing any Cooperative Service regarding the distribution of electric power or ancillary services associated therewith to any

dwelling or structure, owned, controlled, or directly occupied by the Member or any premises the members owns or uses or has any interest in which is in the Cooperative's service area. (Amended at 2022 Annual Member Meeting)

Class C Member: Any Member using, receiving and purchasing any Cooperative Service **including but not limited to telecommunications/broadband** service for which the Cooperative is exempt from income taxation under the Internal Revenue Code as currently existing or hereafter amended or replaced.

Class D Member: Any Member using, receiving and purchasing any Cooperative Service **including but not limited to telecommunications/broadband** service for which the Cooperative is not exempt from income taxation under the Internal Revenue Code as currently existing or hereafter amended or replaced.

In classifying Members, the following shall apply:

- (1) No Member may be a Member of more than one Member Class;
- (2) Based upon a Member's use, receipt or purchase of one or more Cooperative Services, the Cooperative may group the Member first as a Class A Member, if possible, then as a Class B Member, if possible, then as a Class C Member, if possible, then as a Class D Member, if possible; and
- (3) Upon the Cooperative learning of, or upon a Member demonstrating to the Cooperative's reasonable satisfaction, a change in any Member's use, receipt or purchase of one or more Cooperative Services, then if necessary, within a reasonable time thereafter the Cooperative shall re-classify the Member first as a Class A Member, if possible, then as a Class B Member, if possible, then as a Class C Member, if possible, and then as a Class D Member, if possible.

Explanation: The telecommunications/broadband revisions were included to allow the cooperative the flexibility to provide broadband internet service if feasible. Language was added to clarify an Associate Membership as a class which only receives service from any firm, association, or entity owned partly or wholly by the cooperative. The changes detail the eligibility, rights and restrictions of the Associate Membership.

Section 6. Purchase of Electric Energy and/or Telecommunications/Broadband Service.

(a) **Purchase of Electric Energy, Electric Power Services or Associated Electric Services:** Each member shall, as soon as electric energy, electric power distribution services and/or associated electric services (**Electric**

Service) shall be available, purchase from the cooperative all electric energy and all electric power distribution services be purchased by the member for use or actually used on, at or in connection with any property which the member owns or uses or in which the Member has some other interest, which is situated within an area in which the cooperative is entitled to furnish electric service and shall pay therefore at rates which shall from time to time be fixed by the Board. Provided that as required or allowed by law and as determined by the Board:

- (1) The Member may purchase such electric energy from other sources for use on such property as the Member may determine, but subject to the law, Articles of Incorporation, by-laws and the policies, rules, regulations, and conditions established from time to time by the Board of Directors.
- (2) The member may engage in production of electric energy by the member on the member's premises, by means of facilities which shall be interconnected with Cooperative facilities, for use by the member of the electric energy on such member's premises, shall be subject to the law, Articles of Incorporation, bylaws, and the policies, rules, regulations, and conditions as shall be fixed from time to time by the Cooperative Board of Directors. When the source of the member's electricity used on the premises is self-generated by the member, the electricity shall be produced by facilities owned by the member and which facilities shall be located on the member's premises.
- (3) It is expressly understood that amounts paid for electric energy, electric power distribution services, and/or associated electric services, **and/or telecommunications/broadband service** in excess of the costs of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these bylaws. Each Member shall pay to the Cooperative such minimum amount, regardless of the amount of electric energy **and/or telecommunications/broadband service** consumed, as shall be fixed by the Board from time to time. Each Member shall also pay all amounts owed by the member to the cooperative as and when the same shall become due and payable.
 - (b) As required or allowed by Law and as determined by the Board:
 - (1) If a Member substantially reduces or ceases the Member's use, receipt or purchase of Cooperative **Electric Services**, either singly or in combination; then
 - (2) The Cooperative may charge the Member and the Member shall pay the Cooperative

the costs and expenses incurred by the Cooperative in reliance upon the Member's prereduction or pre-ceasing use, receipt or purchase of Cooperative **Electric Services**.

(c) Notwithstanding the provisions of paragraph (a) and (b) the Cooperative shall to the extent authorized by law be authorized from time to time to enter into electric service contracts with members which provide for 25-MW or more in capacity and/or energy all upon such terms and conditions and for such periods of time as the Board of Directors deems reasonable and which may (i) allow the member to purchase electric energy from other sources or to generate its own electric energy, and/or (ii) provide for the member to pay rates, payment minimums or payment requirements for electric energy as provided in such contract, which such rates, payment minimums or payment requirements shall govern notwithstanding any rates for minimum amounts established by the Board prior to the effective date of such contract. Any changes in rates, minimum payments, payment requirements, rules, regulations, or By-laws established by the Board of Directors after the effective date of any such contract shall not impact or otherwise alter the rights or obligations of any party to such a contract until and unless the term of such contract has expired, or been consented to in writing by all parties to such contract, or such changes are authorized by such contract.

(c) Purchase of Telecommunications/ Broadband Services: Each member may, as soon as telecommunications/broadband service becomes available at the member's property which the member owns or uses or in which the member has some other interest (member's property) purchase telecommunications/broadband service for use at the member's property.

Explanation: The telecommunications/ broadband language was added to permit the cooperative the ability to provide broadband internet service and explains that there is no requirement to purchase internet service if it is available. Additionally, Paragraph C removes a 1999 amendment to facilitate a large industrial facility within RECC's territory, which never materialized.

Section 7. Termination of Membership.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules and regulations adopted by the Board, but only if such member shall have been

given written notice by the Cooperative that such failure makes him, her or it liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after electric energy, electric distribution service, and/or associated electric services, **and/or telecommunications/ broadband service** is available to him/her or it has not purchased electric energy and/or has not taken electric distribution service and/or associated electric services **and/or a member who has requested but not taken telecommunications/broadband service** from the Cooperative, or of a member who has ceased to purchase energy and/or to take electric distribution service and/or associated electric services **and/or a member who has ceased to purchase telecommunications/ broadband service** from the cooperative may, but is not required to be canceled by resolution of the board upon such terms and conditions as the Board may prescribe.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his/her estate from any debts or obligations due the Cooperative.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative, upon such terms and conditions as the Board may prescribe, may but shall not be required to repay to the member the amount of the membership fee paid by him/her or it provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

Explanation: The telecommunications/ broadband language establishes when a membership may be terminated.

Section 9. Inactive Member

(a) The Cooperative may place a Member's membership on inactive status when the Member:

- (1) Ceases to take and/or receive all electric energy, electric power distribution services, **and/or** associated electric services, **and/or ceases to take telecommunications/ broadband service** from the Cooperative in accordance with the Cooperative's Articles of Incorporation, bylaws, policies, rules and regulations.
- (2) Fails for a period of 90 days to timely pay any amounts due the Cooperative;

- (3) Fails to timely comply with the Cooperative's Articles of Incorporation, bylaws, policies and rules and regulations;
- (4) Is no longer qualified to be a Member;
- (5) Dies, legally dissolves, or legally ceases to exist;
- (6) Voluntarily requests suspension; or
- (7) As otherwise provided in these bylaws.

Explanation: The telecommunications/ broadband language was included in an existing section that establishes when a membership's status becomes inactive.

ARTICLE II

Rights and Liabilities of Members

Section 1. Property Interest of Members.

Upon dissolution, after

(a) all debts and liabilities of the Cooperative shall have been paid, and

(b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members who purchase electric energy **and/or telecommunications/ broadband service** in the proportion which the aggregate patronage capital of each bear to the total patronage capital of all members, as described in Article VII, during the period of the Cooperative's existence.

Explanation: The telecommunications/ broadband language was added to the provision governing the division of cooperative assets upon dissolution.

Section 5. Deemed Membership.

Any Applicant who fails to complete a membership application on the Cooperative's approved form within 90 days from the date that the Applicant accepts the receipt of Electric Service **and/or telecommunications/broadband service** from the Cooperative shall be deemed to have accepted the terms and conditions contained in the membership application as fully and with the same force and effect as though the Applicant executed the same and the Applicant shall become a Member of the Cooperative with all of the rights, privileges, immunities and responsibilities of membership herein, and the Applicant shall be deemed fully bound by the terms and conditions of the Articles of Incorporation, Bylaws, Policies, Rules and Regulations of the Cooperative, and the Law as the same exist from time to time hereafter, by virtue of the Applicant's acceptance of the Electric Service **and/or telecommunications/ broadband service** furnished to the Applicant by the Cooperative.

Explanation: The "telecommunications/ broadband service" language was added and

states that a member who is receiving a service from the cooperative, but has not signed the membership application, will be deemed to be a member.

ARTICLE IV Board Members

Section 1. General Powers. The board shall consist of nine (9) members. Except as otherwise provided by law, the articles of incorporation or by these bylaws, the board shall direct the business, affairs and property of the Cooperative, authorize contracts, fix charges for its services for furnishing electric energy to its members, and for other services rendered for and to its members, and shall otherwise direct the affairs of the Cooperative in such manner as may be necessary, convenient or proper in order to carry out its objectives and purposes, provided, however, that the Cooperative shall not be operated for pecuniary profit either to itself or to its members.

Section 3. Qualifications. No person shall be eligible to become or remain a director of the Cooperative who:

(a) does not reside and actually receive and purchase all electric energy and all electric distribution service from the Cooperative for use or actual use at the person's primary place of residence in accordance with the provisions of Article I Section 6 of these by-laws during the entire term of the person's office in the District of the person's election or appointment; or

(b) is in any way currently or has been within the past three years employed by or financially interested in a competing enterprise or a business selling electric energy, **telecommunications/ broadband service**, or supplies to Cooperative members; or providing distribution and/or delivery of electric power or ancillary services to members.

Explanation: The telecommunications/ broadband language was added with defined criteria for serving as a director.

ARTICLE VII Non-Profit Operation

Section 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy Electric Distribution Services, Associated Services and/or Telecommunications/ Broadband Service. In the furnishing of electric energy electric distribution services and ancillary services associated therewith and/or telecommunications/broadband

service referred to generally as **cooperative services**, the Cooperative's operations shall be so conducted that all members will through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electric energy **associated services, and/or telecommunications/broadband service**. 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 as capital. The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses **with a separate allocation for amounts received by the Cooperative from members for the furnishing of electric energy, electric distribution services and services associated therewith and a separate allocation for amounts received by the cooperative from members for the furnishing of telecommunications/ broadband and services associated therewith. The allocations shall be on a basis established by the Board of Directors subject to the rules and regulations adopted by the Board of Directors.** 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 is clearly reflected and edited in an appropriate record to the capital account of each member and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to his or her account; PROVIDED, that individual notices of such amounts furnished by each member shall be communicated to the member in a manner as required by the United States Government, acting by and through the Internal Revenue Service or any successor agency. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. When making the foregoing allocation of patronage capital, any excess of costs and expenses over amounts received by the Cooperative from all operations of the Cooperative associated with the furnishing of electric energy **and associated services and from all operations of the Cooperative associated with the furnishing of telecommunications/broadband service and associated services may, insofar as permitted by law, and as established by the Board of Directors subject to the rules and regulations**

adopted by the Board of Directors be used to offset all current or future amounts received by the Cooperative from all operations of the Cooperative, including the furnishing of electric energy **and/or telecommunications/broadband service** and services associated therewith. In making such allocation, the Cooperative shall first apply any excess of cost and expenses over amounts received by the Cooperative from the furnishing of electric energy, and associated services **and/or telecommunications/broadband service and associated services** before utilizing any excess of costs and expenses over amounts received by the Cooperative from all other operations of the Cooperative.

Explanation: The telecommunications/ broadband language was added with procedures for providing service on a non-profit basis and allocating capital credits.

Section 3. Capital in Connection with Other Operations. All other amounts received by the Cooperative from all operations of the Cooperative, other than the furnishing of electric energy in excess of costs and expenses associated with such **other** operations may, insofar as permitted by law, be used to offset **any** losses incurred during the current or any prior fiscal year, resulting from the furnishing of electric energy **and associated services and/or telecommunications/broadband and associated services** or any other operations or to meet operating costs and expense chargeable against the furnishing of electric energy. All amounts not otherwise used shall be allocated to its patrons on a basis established by the board of directors, and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

Explanation: The telecommunications/ broadband language was added to clarify the capital credit allocating procedures and distinguish the difference between services provided by the cooperative.

ARTICLE VIII Disposition of Property/Mortgage and Encumbrance Authority/ Mortgage and Encumbrance Limit

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all, or substantially all, of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting;

Provided, however, that notwithstanding

anything hereinabove contained, the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of all or substantially all of the property, assets, rights, privileges, licenses, franchises or permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, to secure any indebtedness of the Cooperative to (1) the United States of America or any instrumentality or agency thereof or,

(1) Any other financing institution, agency or source approved by the board of directors of the Cooperative and any governmental entity, instrumentality or agency from which approvals is required, for the purpose of financing its members' programs, projects and undertakings, maybe authorized in the following manner:

(a) When the outstanding indebtedness of the Cooperative secured by mortgages, deeds of trust, pledges, or encumbrances on the cooperative property does not exceed the mortgage and encumbrance limit established by paragraph (c) of Article VIII of the bylaws, inclusive of the proposed mortgage and encumbrance indebtedness, then the Board of Directors shall adopt a resolution approving such mortgages, deeds of trust, pledges or other encumbrances without further approval of the members.

(b) When the outstanding indebtedness of the Cooperative secured by mortgages, deeds of trust, pledges, or encumbrances on the cooperative property exceeds the mortgage and encumbrance limit established by paragraph (c) of Article VIII of the bylaws, inclusive of the proposed mortgage and encumbrance indebtedness, then the Board of Directors shall adopt a resolution recommending such mortgage, pledge or other encumbrance and directing that it be submitted to a vote at either an annual or special meeting of the members. A written or printed notice stating that the purpose or one of the purposes, of such meeting is to consider the mortgage, pledge or other encumbrance of all or substantially all the property and assets of the Co-operative shall be given to each member within the time and in the manner provided by the Cooperative's Bylaws for giving notice of meetings of the members. At such meeting, the members may authorize such mortgage, pledge or other encumbrance and fix, or may authorize the Board of Directors to fix any or all of the terms and conditions thereof and the consideration to be received by the Cooperative therefor. Such authorization shall require the vote of at least two-thirds of the votes entitled to be cast by the members present or represented by proxy at such meeting. After such authorization by a vote of the members, the Board of Directors nevertheless, in its discretion, may abandon such mortgage, pledge or other encumbrance of assets, subject

to the rights of third parties under any contracts relating thereto, without further action or approval by the members;

(c) For the purposes of Article VIII of the bylaws, the mortgage and encumbrance limit as approved by the members is ~~\$50,000,000~~ **\$150,000,000.**

Provided further that notwithstanding anything hereinabove contained, the Board of the Cooperative, may sell, lease or otherwise dispose of property, which in the judgment of the Board of Directors is not necessary or useful in the operation and maintenance of the Cooperative system or will not be necessary or useful in the future, provided, however, that such sales or property shall not in any one year exceed 10 per centum (10%) in value of the value of all property of the Cooperative;

And further provided that notwithstanding anything hereinabove contained the Board may, upon the authorization of a two-thirds vote of those members of the Cooperative present in person or represented by proxy at an annual or special meeting of the members thereof, sell, lease, or otherwise dispose of all or substantially all of the Cooperative's property to another Cooperative or foreign corporation doing business in the State of Illinois which is organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification or if such other Corporation is organized for the purpose of providing or acquiring electrical energy or providing services or facilities on a cooperative basis if written or printed notice stating that the purposes, or one of the purposes, of such meeting is to consider the sale, lease, or other disposition of all or substantially all of the Cooperative's property is given to each member within the time and the manner provided by the Bylaws of the Cooperative for the giving of notice of meetings of the members.

Explanation: Authorizes the Board of Directors to incur up to \$150,000,000.00 of indebtedness secured by all the cooperative's assets. This change would provide flexibility needed to obtain new or additional funding and was last amended in 2004.

ARTICLE XI Miscellaneous

Section 1. Membership in Other

Organizations. The Cooperative may, upon authorization of the board, become a member of or purchase stock in, any other organization when, in the judgment of the board, such activities will be beneficial to the regular members or associate members of the cooperative. ~~will not be detrimental to the regular members of the cooperative and will not impair the cooperative's efforts to fulfill the aims and objectives of the Cooperative in furnishing low cost electric energy to its members:~~

Explanation: Language was removed to help clarify when an organizational conflict occurs.

ARTICLE XII Amendments

Section 1. Articles of Incorporation

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

(a) the board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of members, which may be either a regular annual meeting or a special meeting;

(b) written or printed notice setting forth the proposed amendment shall be given to each member within the time and in the manner provided in these bylaws for the giving of notice of meetings of members. If such meeting be a regular annual meeting, the proposed amendment may be included in the notice of such regular annual meeting;

(c) at such meeting a vote of the members shall be taken on the proposed amendment and the proposed amendment shall be adopted upon receiving the affirmative vote of at least two-thirds (2/3) of those members **entitled to vote and** present in person or represented by proxy at such **annual or special** meeting.

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

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

Explanation: Clarifies that members are entitled to approve amendments to the Articles of Incorporation at any annual or special member meeting.

Section 2. Bylaw Amendments.

(a) These bylaws may be altered, amended or repealed by a vote of the majority of the members entitled to vote and present, or represented by proxy, at any **regular annual** or special meeting of the members of the Cooperative called for that purpose.

Explanation: Clarifies that bylaw changes by the members can be voted upon at any annual or special member meeting

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