



Eastern Illini
Electric
Cooperative



2016 Annual Meeting

Eastern Illini Electric Cooperative
Official Meeting Notice | Annual Report

Thursday, June 9, 2016
Paxton-Buckley-Loda Junior/Senior High School

Official Notice

Eastern Illini Electric Cooperative's Annual Meeting of Members Thursday, June 9, 2016

Paxton-Buckley-Loda (PBL) Junior/Senior High School, Paxton, Illinois

Notice is hereby given that the 29th Annual Meeting of Members of Eastern Illini Electric Cooperative will be held on Thursday, June 9, 2016, at 7 p.m. at the PBL Junior/Senior High School, 700 West Orleans Street in Paxton, Illinois.

Registration will begin at 3 p.m. and will close at 7 p.m. The meeting will be called to order at 7 p.m. and action will be taken on the following:

1. The reports of officers, directors and the President/CEO.
2. The election of three directors (one each from Directorate Districts 1, 7, and 8). In connection with the election of directors, the following candidates have been nominated by petitions: Harold Loy, Beaverville, for Directorate District 1; Steve Gordon, Rantoul, for Directorate District 7; and Chad Larimore, Bement, for Directorate District 8.
3. To consider and act upon bylaw amendments as recommended by the Eastern Illini Board of Directors, as furnished with this notice.
4. To consider and transact all other business which may properly come before said meeting or any adjournments thereof.

Dated at Paxton, Illinois, this 24th day of May 2016.

Bradley J. Ludwig
Secretary

Businesses & Churches

To receive the \$25 attendance credit at the annual meeting, any person representing a business or other organization (non-residential) must present a letter from the proper officials of that entity (preferably on company letterhead) designating that person as the official representative.

Schedule of Events

3 – 7 p.m. **Annual Meeting Registration** - \$25 attendance credit

Activities and Events

| | |
|---------------------|-----------------------------|
| Face painting | Bucket truck demonstrations |
| Inflatables | Miniature golf |
| Model train display | Engaging seminars |
| Live entertainment | Other games & activities |

4 – 7 p.m. **Dinner** - by Niemerg's Catering (snacks will be available in the courtyard)

Seminars - see the complete seminar schedule on page 4

7 p.m. **Business Meeting**

Call to Order
National Anthem
Pledge of Allegiance
Invocation
Quorum determination
Notice and proof of mailing
2015 meeting minutes (with approval)page 5
Treasurer's Report (with approval)page 7
Executive Reportpage 8
Director electionpage 10
Bylaw amendmentspage 11
Questions from floor
Unfinished business
New business
Adjournment

Directions to the Annual Meeting

The PBL Junior/Senior High School complex is in Paxton. To get there from Route 9 (Ottawa Street) go north on Cherry Street (near Hardees). Go approximately five blocks, then turn west (left) on Orleans Street. Registration is at the north end of the complex.

Seminar Schedule

Each session will be offered at 4 p.m., 5 p.m., and 6 p.m.

Room 604

Growing Plants that Thrive in Shade

Mary Dickinson, University of Illinois Master Gardener

Room 605

Drone Applications in Agriculture

Paul Schmid, Schmid Ag

Room 606

Would You Know How to Stay Safe?

Molly Hall, Energy Education Council

Room 607

2,000 Acres of Organic Farming - and Still Growing

Harold Wilken, Janie's Farm

Room 608

The Future of Heating and Cooling without Ducts

Bill Yeakel, Lanz Heating & Cooling

Room 609

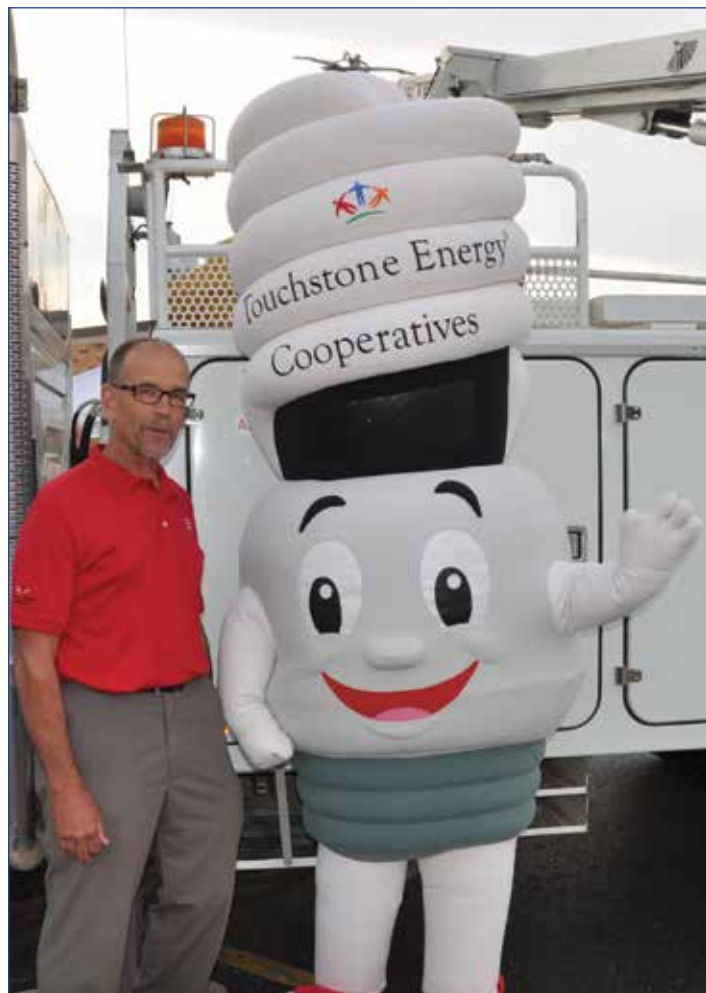
Renewable Energy Options

Richard Hiatt, Rural Electricity Research Council

Room 610 **

How May We Serve You?

EIEC staff



Get more out of the seminars

Each seminar topic will have their own room. You will have a chance to speak with the presenters and view their displays before, during, and after each of the sessions.

This will allow you to get your specific questions answered and give you a chance to dig a bit deeper in to the topics.

**Room 610 will feature EIEC staff answering your questions and will also have several interactive displays and exhibits. It will be an open room with no set times or schedule.

2015 Meeting Minutes

The Twenty-Eighth Annual Meeting of Members of Eastern Illini Electric Cooperative, Inc. was held at Paxton-Buckley-Loda Junior/Senior High School, 700 W. Orleans Street, Paxton, Illinois on Thursday, June 11, 2015, at 7:00 p.m.

CALL TO ORDER

The meeting was called to order by the Chairman of the Board, Thomas Schlatter, who presided and acted as Chairman. Secretary of the Board, Bradley J. Ludwig, acted as Secretary of the meeting and kept the minutes thereof.

NATIONAL ANTHEM, PLEDGE OF ALLEGIANCE & INVOCATION

Cooperative employee Brian Ronna led the membership in the National Anthem. Weblos Pack 35 led the membership in the recitation of the Pledge of Allegiance. Director Kevin Moore delivered the invocation.

QUORUM DETERMINATION

The Chairman announced that the registration staff had informed him that there were 1,040 member/owners present in person or by proxy, and that the attendance being in excess of 100 member/owners, as required by the bylaws to constitute a quorum, the Chairman announced that a quorum was in attendance, and he declared the meeting to be duly constituted to transact business.

INTRODUCTION OF GUESTS

Director Hageman introduced the current Cooperative board of directors, retired directors and employees, current employees and representatives of the Association of Illinois Electric Cooperatives, as well as representatives of Prairie Power, Inc., the Cooperative's generation and transmission cooperative.

ELECTED OFFICIALS

Director Jay Hageman then recognized Patrick Doggett, aid to Congressman Adam Kinzinger and State Senator Jason Barickman, who were in attendance earlier, and State Representative Thomas Bennett. Representative Bennett spoke briefly to the members.

READING OF NOTICE OF MEETING AND PROOF OF MAILING

Chairman Schlatter indicated that Secretary Bradley J. Ludwig had certified the Official Notice of the meeting and the Affidavit of Mailing of said Notice. The Chairman directed the Secretary to annex to the minutes of this meeting a copy of the Notice together with the Affidavit of Mailing by the Board Secretary.

APPROVAL OF MINUTES – 2014 ANNUAL MEETING

The minutes of the Twenty-Seventh Annual Meeting of Members held June 12, 2014, as printed in the 2015 Annual Report/Annual Meeting program and distributed to all member/owners, were presented for consideration. Member/owner Robert Apperson made a motion that the rules be suspended; that the reading of the minutes of the Annual Meeting held June 12, 2014, be waived; and that the minutes be approved as presented in the official Annual Report of this meeting. His motion was seconded by member/owner Jay Hageman and unanimously approved.

REPORT OF TREASURER

Chairman Thomas Schlatter informed the membership that the Treasurer's Report was contained in the official Annual Report and there would be no oral report describing the amounts and matters set forth therein. A financial summary was also incorporated in the notice of the meeting and is available online at the Cooperative's website. However, questions about the report could be asked. The Treasurer's Report included operating statistics, the balance sheet for the years ending December 31, 2012, December 31, 2013, and December 31, 2014, respectively, consolidated statements of revenues and expenses of the Cooperative and its subsidiaries for those years, as well as other information.

The balance sheet reflected the following information for 2014:

| | |
|-------------------------------------|--------------|
| Net Utility Plant | \$55,652,878 |
| Total Assets | \$78,318,467 |
| Long Term Debt | \$35,295,434 |
| Total Members' Equity & Liabilities | \$78,318,467 |

Thereafter, the financial reporting period was concluded and Chairman Schlatter entertained a motion to accept the Treasurer's Report. A motion to accept the Treasurer's Report was made by member/owner Dennis Mangers. The motion was seconded and unanimously approved.

--Continued on Page 6

2015 Meeting Minutes, cont.

EXECUTIVE REPORT

Chairman Schlatter and President/CEO Hunzinger indicated that the condition of the Cooperative for the prior year was noted in a written Executive Report included as part of the official Annual Report of the Meeting. In addition, that report was mailed to all member/owners. It was indicated that those executives would respond to questions from the floor after the conclusion of further meeting business.

ELECTION OF DIRECTORS

Chairman Schlatter announced that the next item of business would be the election of Directors and called upon Attorney Guy Hall to conduct that election. Mr. Hall announced that all the candidates were shown in the 2015 Annual Meeting program and thanked all those who participated and voted. He indicated that the four candidates had been serving the Cooperative as incumbents and seek reelection. It was noted that Director Moore is currently serving the unexpired term of retired Director Marion Chesnut. Their positions were not contested and the Credentials Committee found all of them to meet the qualifications for election. A brief summary of the candidates' experience was included in the program. Mr. Hall noted that since there were no nominees other than those reviewed and approved by the Credentials Committee, the membership could waive the written ballot and elect the nominees who had filed petitions pursuant to Section 2.5 of the bylaws of the Cooperative. Mr. Hall then entertained a motion to waive the written ballot and elect the nominees approved by the Credentials Committee. Thereafter, there was motion by member/owner Robert Apperson, which was duly seconded by member/owner Joshua Ehmen to waive the written ballot and elect the nominees, Steven Meenen, Bruce Ristow, Kevin Moore and Bradley J. Ludwig. The motion was carried by a voice vote, and the nominees were duly elected by unanimous vote of the membership.

QUESTIONS FROM THE FLOOR AND COMMENTS

Chairman Schlatter and President/CEO Hunzinger entertained questions from the floor regarding the operations of the Cooperative or other matters of concern to the membership, and also commented about various aspects of the Cooperative. Chairman Schlatter reported about the retirement of former director Marion Chesnut and former President/CEO Wm. David Champion, Jr. He noted that Mr. Hunzinger commenced employment as the new President/CEO in 2014.

Mr. Hunzinger thanked the membership and the board. He also expressed thanks to the employees for their dedicated service, as well as the guests and others who stayed to attend the meeting. He noted that 1,040 members were present in person or by proxy. In this context he noted that the seven Cooperative principles, including democratic control, were in evidence at this meeting.

Mr. Hunzinger then addressed the issues of safety and noted that 2014 was a good year. He also noted that the Cooperative is in solid financial condition with a 2014 margin of 1.4 million dollars. He noted that there was bill credit of \$700,000 to members and \$336,000 was prepaid to Prairie Power, Inc.

On the environmental front, Mr. Hunzinger noted that the U.S. EPA is working on final rules regarding greenhouse gases. He noted that the Cooperative supports all forms of energy. It was additionally noted that after the regulations are released, the State of Illinois will have one (1) year in which to develop a state implementation plan. He noted that cooperatives will be seeking equitable treatment under the regulations, and there is the likelihood of legal challenges to the regulations as well as further Congressional action.

It was noted that outage time has decreased due to equipment enhancements. The membership was informed that the Cooperative is building three (3) new substations near St. Joseph, Loda and Tolono, Illinois. These will be the first substations constructed since the 1980s and will enhance service and reliability to member/owners.

Chairman Schlatter and President/CEO Hunzinger then entertained additional questions from the floor. There were no further questions.

UNFINISHED BUSINESS

Chairman Schlatter called for any additional and unfinished business to be presented. There was no unfinished business presented for consideration.

NEW BUSINESS

Chairman Schlatter called for any new business to be presented. There was no new business presented for consideration.

ADJOURNMENT

There being no further business to come before the meeting, upon a motion duly made by member/owner Bradley J. Ludwig and seconded by member/owner Barbara Schlatter and unanimously approved, the meeting was adjourned at 7:35 p.m.

Treasurer's Report

This financial information represents Eastern Illini's operations for the fiscal years ended December 31, 2015, 2014 and 2013. These reports were taken directly from the Cooperative's books and records, which have been audited by the firm of Olsen Thielen & Co., LTD. The American Institute of Certified Public Accountants sets the standards and scope of the audit.

Operating Statistics

| | 2015 | 2014 | 2013 |
|--------------------------------|-------------|-------------|-------------|
| Total kWh purchased | 255,342,023 | 268,777,930 | 260,558,090 |
| Total kWh sold | 234,948,109 | 247,462,085 | 240,538,280 |
| Average number of accounts | 13,510 | 13,545 | 13,626 |
| Average monthly kWh use | 1,449 | 1,522 | 1,471 |
| Average revenue per kWh sold | \$0.144 | \$0.141 | \$0.138 |
| Average cost per kWh purchased | \$0.080 | \$0.081 | \$0.076 |

Revenue and Expenses

| | 2015 | 2014 | 2013 |
|-----------------------------------|--------------|--------------|--------------|
| Total operating revenue | \$33,800,521 | \$34,963,250 | \$33,276,659 |
| Operating Expenses | | | |
| Cost of power | \$20,362,091 | \$21,794,595 | \$19,865,426 |
| Operations and maintenance | 3,980,108 | 3,804,814 | 3,606,867 |
| Consumer accounts | 680,488 | 689,395 | 665,610 |
| Customer service and information | 651,192 | 644,626 | 719,721 |
| Administrative and general | 2,010,440 | 1,973,859 | 2,087,961 |
| Depreciation | 2,885,270 | 2,830,730 | 2,761,615 |
| Interest expense | 1,727,027 | 1,754,626 | 1,893,776 |
| Other deductions | 60,090 | 63,748 | 58,815 |
| Total Operating Expense | \$32,356,706 | \$33,556,393 | \$31,659,791 |
| Operating margins | 1,443,815 | 1,406,857 | 1,616,868 |
| Non-operating margins | 1,514,531 | 1,693,153 | 1,925,475 |
| Income or (loss) from investments | (18,497) | (29,120) | 115,426 |
| Net Margins for the Year | \$2,939,849 | \$3,070,890 | \$3,657,769 |

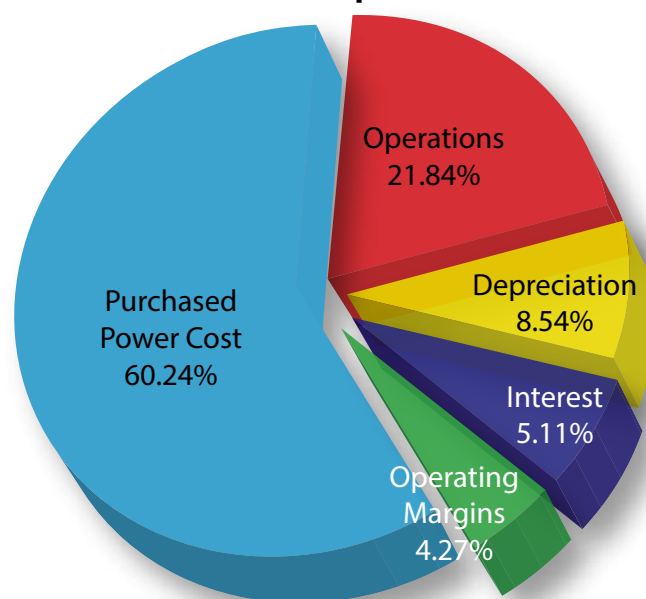
Eastern Illini Services Corporation

| | 2015 | 2014 | 2013 |
|--------------------------------|------------|------------|-----------|
| Operating revenues | \$0 | \$0 | \$40,776 |
| Operating expenses | 45,292 | 19,717 | 19,392 |
| Net Operating Income | \$(45,292) | \$(19,717) | \$21,384 |
| Income from equity investments | \$26,547 | \$(9,427) | \$108,699 |
| Other | 248 | 24 | (14,658) |
| Net Income (Loss) | \$(18,497) | \$(29,120) | \$115,425 |

Balance Sheet

| Assets | 2015 | 2014 | 2013 |
|-------------------------------------|--------------|--------------|--------------|
| Cost of electric plant | \$98,592,187 | \$94,209,393 | \$92,075,867 |
| Less: accumulated depreciation | 39,995,883 | 38,556,515 | 36,783,870 |
| Net Utility Plant | \$58,596,304 | \$55,652,878 | \$55,291,997 |
| Cash - general | \$582,648 | \$346,522 | \$219,803 |
| Investments | 18,396,789 | 18,449,797 | 17,457,264 |
| Accounts receivables, net | 2,281,731 | 2,526,729 | 2,748,010 |
| Materials and supplies | 710,208 | 595,383 | 647,719 |
| Prepaid and other current assets | 779,410 | 747,158 | 648,478 |
| Total Assets | \$81,347,090 | \$78,318,467 | \$77,013,271 |
| Members' Equity and Liabilities | | | |
| Membership fees & other equities | \$3,051,516 | \$2,552,716 | \$2,228,182 |
| Patronage capital | 27,957,019 | 28,165,946 | 28,111,637 |
| Operating margins | 1,443,814 | 1,406,857 | 1,616,868 |
| Non-operating margins | 4,303,343 | 2,807,309 | 1,143,275 |
| Long-term debt | 36,576,918 | 35,295,434 | 36,006,879 |
| Accounts payable | 3,058,952 | 3,251,109 | 3,210,211 |
| Deposits & prepayments | 478,850 | 502,440 | 515,255 |
| Other non-current liabilities | 4,476,678 | 4,336,656 | 4,180,964 |
| Total Members' Equity & Liabilities | \$81,347,090 | \$78,318,467 | \$77,013,271 |

2015 Expenses



Executive Report

Eastern Illini Electric Cooperative's (EIEC) mission is "to provide safe, reliable, premium-quality, economically-priced electricity and other related services to our member/owners."

EIEC, as a member-owned cooperative, has a more than 75 year history of improving the quality of life for you - our member/owners. By forming cooperatives such as EIEC, and providing service to areas where for-profit companies would not, cooperatives have forged a strong bond with their member/owners. We are proud of this heritage and work hard to continue the tradition of service that defines us as a cooperative organization.

Safety

Our driving and continual focus for the cooperative is the safety of our employees, our members, and the general public. The commitment to safety is reflected in the support of our board, management, and our employees. In fact, our employees were recognized for two separate safety awards from our statewide cooperative organization in 2015. Please join us in ensuring you are taking action to remain safe in your daily activities.

Financial Goals

Last year was a good financial year for your cooperative. Employees also did a very good job controlling expenses during the year as compared to budget, which helped to contribute to operating margins. Operating margins totaled slightly above \$1.4 million on total operating revenues of nearly \$33.8 million. These margins are in addition to a \$460,000 margin rebate paid to members for their December billing based on their prior 11 months' electric use. Equity for the year ended at 45.18 percent, which is slightly above our midpoint target. Our debt service coverage was above our lender's requirements. These two factors allow us to optimize our borrowing costs.

Technology

We've all seen advances in technology in recent years. As mentioned last year, we now have an online outage map designed to give you a real-time idea of the location and severity of outages on the EIEC system. You can access the map by visiting our website at www.eiec.coop. We are also utilizing our Facebook page to provide you with interesting stories and timely updates.

SmartHub, our online and mobile device portal to your account, is making your interactions with us much simpler. You can now report outages directly with SmartHub, as well as view and pay your bill online or on your mobile device. You can even view your electric consumption on an hourly basis! Registering for SmartHub is simple, just visit our website at www.eiec.coop.

Power Supply and Reliability

Our main source of power (more than 60 percent) is provided by the Prairie State coal-fired power plant which is located in Washington County, IL. Our wholesale provider, Prairie Power Inc. (PPI), owns 130 MW of this facility, along with various other natural gas fired generation units, and a portion of the wind energy provided by the Pioneer Trail Wind Farm. In 2015, the Prairie State Plant had its best performance since its inception, achieving a combined capacity factor for both units of nearly 78 percent. Also in 2015, PPI began construction of a 43 MW gas turbine at their Alsey generating plant. This unit will be operational in May 2016, and will provide both a physical and economic market hedge.

PPI also contracts for power supply in the Midcontinent Independent System Operator (MISO) market. PPI is continually monitoring existing and future market trends in balancing the decision of owning or contracting for future generation resources, in order to provide supply diversity to our membership. This should help us form a stable, long-term energy portfolio.

Our distribution system performed well this year, resulting in an available reliability of 99.98 percent for those situations within our control (excluding major storms and transmission supply outages). Even with the inclusion of major storm events and transmission supplier outages, our available reliability was a very respectable 99.95 percent. We continue to monitor and upgrade our system to maintain the high level of service you've come to expect.



Executive Report, cont.

Last year we mentioned the planned construction of three new distribution substations, located in the St. Joseph, Loda, and Tolono areas, which are the first new substations we've constructed since the early 1980s. The St. Joseph substation has been completed and is now energized. Loda is anticipated to be completed early this summer. Construction on Tolono began in late spring, with an anticipated completion in the fall 2016. In the last four years, our employees have installed over 5,000 new poles, over half as a replacement of older poles, with the remainder associated with new or rebuilt lines.

Margins, Capital Credits, and Rates

Each year, we review our revenue collected compared to our expenses. This difference is similar to profit, but for a not-for-profit cooperative like EIEC, it is referred to as margins. The margins try to balance internally generated operating cash with capital provided from long term borrowings. These margins are then allocated to you as capital credits to be returned at a future date. Our Board of Directors have set a goal of returning margins back to our member/owners on a 25 year cycle. At this time, this goal is anticipated to be reached in 2020.

In 2015, we were able to retire \$1,467,399 in capital credits to member/owners who received service in the latter half of 1983 and in 1984. For 2016, we are budgeting a retirement of \$1,632,000 in capital credits for 1985 and the first half of 1986. This return of your equity, or prior investment in your cooperative, is one of the unique benefits of membership in a local, not-for-profit co-op.

We have not had a general distribution rate adjustment since April 2013. There is no increase budgeted in our distribution rate for 2016. However, we do pass along any increased costs from PPI, as necessary, in the power cost adjustment portion of your bill. PPI costs reflect the capacity, energy, and transmission portions of electricity pricing delivered to our metering points.

Opportunities

We have been working for some time with a potential new large member load in our southern service territory (near Tuscola). This project remains active. In 2015, we received the exclusive right to provide service to this location. Although these facilities are not certain to ultimately begin operation, their interest in and location within the EIEC service territory is positive, and would be a benefit to all of our membership.

Challenges

The electric utility industry is continually evolving and becoming more complicated. One of our challenges is to maintain our system and service to the standards that you expect and deserve. EIEC has an average system density of only three accounts per mile of line in service, with a total of nearly 4,500 miles of energized service lines. There is only one co-op in the state of Illinois with a lower density. Our service territory also includes a slightly declining membership base.

An area that we, along with PPI, and cooperatives across the nation, continue to watch closely is action by the Environmental Protection Agency (EPA). In the late summer of 2015, the EPA released its final regulatory rule governing carbon emissions of existing fossil based generation sources, commonly known as the Clean Power Plan. This regulatory action was immediately challenged in the courts by various parties. The U.S. Supreme Court issued a stay on implementation and remanded the case back to the lower courts. We will keep you updated on this topic. This action by the EPA has the potential to impact future supply costs of electricity. However, a protracted legal and regulatory battle is expected to delay any immediate or short term impacts.

We have a good track record of success as an electric distribution cooperative, and we appreciate the confidence that you have placed in us and our employees to represent your interests in operating your cooperative.

Thanks for the opportunity to serve you!



*Thomas Schlatter
Chairman of the Board*

*Bob Hunzinger
President/CEO*



Director Election

Eastern Illini Electric Cooperative's Board of Directors is made up of co-op member/owners - just like you. They are tasked with setting the policies and guidelines that Eastern Illini's management team then carries out.

Each year, three of the nine positions on Eastern Illini's Board of Directors are up for election. Board terms are for three years. This year, one incumbent director is running unopposed, and two first-time candidates are running unopposed.



Directorate District 1 Candidate Harold Loy

Member/owner Harold M. Loy resides in Directorate District 1, near Beaverville in Iroquois County. He is a graduate of Donovan High School and received a Bachelor of Science in Agriculture from the University of Illinois. Harold is currently engaged in farming. Harold has been a member of the Cooperative since 1976. He has served on the Eastern Illini Electric Cooperative Board since 1992.

Why do you think you would be a good director for Eastern Illini?
I have a strong interest in maintaining services in our rural areas.

What qualifies you to serve on Eastern Illini's Board of Directors?
I have several years of experience on the Eastern Illini Board, as well as several other boards. I have attended regional, state and national classes on board operations.



Directorate District 7 Candidate Steve Gordon

Member/owner Steve Gordon resides near Rantoul, in Champaign County, in Directorate District 7. Steve is a graduate of St. Malachy Catholic School, Rantoul High School, and he attended Parkland College. Steve has been a member/owner of Eastern Illini Electric Cooperative since 1982. Steve is engaged in farming. He farms in Champaign County, as well as southern Illinois.

Why do you think you would be a good director for Eastern Illini?
I have been farming for over 35 years. I've started and sold two successful businesses, so I know how businesses work.

What qualifies you to serve on Eastern Illini's Board of Directors?
My people skills, management experience and 35 years of running companies.



Directorate District 8 Candidate Chad Larimore

Member/owner Chad Larimore resides near Bement, in Piatt County, in Directorate District 8. He has been a member of Eastern Illini Electric Cooperative since 2009. Chad attended Parkland College and received his AutoCAD drafting certificate in 2001. He is currently employed as an engineering technician for Clark Dietz, Inc.

Why do you think you would be a good director for Eastern Illini?
I believe my experience in engineering as well as my background in family farming aligns with the values of Eastern Illini.

What qualifies you to serve on Eastern Illini's Board of Directors?
I have been a member of the co-op since 2009 and my family has been members for over 50 years. I feel that my background in business will bring another perspective to the board.

Bylaw Amendments

Sample Ballot

EASTERN ILLINI ELECTRIC COOPERATIVE
June 9, 2016
Paxton, Illinois

After reviewing the bylaws, petitions, affidavits, and qualifications of the potential candidates, the Eastern Illini Electric Cooperative 2016 Credentials Committee has determined that the candidates listed below are eligible to serve as directors of Eastern Illini Electric Cooperative.

DIRECTOR ELECTION

For Director from Directorate District 1 (3-year term) (vote for one) Harold Loy Beaverville

For Director from Directorate District 7 (3-year term) (vote for one) Steve Gordon Rantoul

For Director from Directorate District 8 (3-year term) (vote for one) Chad Larimore Bement

BYLAW AMENDMENT

Do you approve of the bylaw amendments as proposed by EIEC's Board of Directors? Yes No

Eastern Illini's Board of Directors has approved proposed amendments to the Cooperative's bylaws and recommends adoption of those amendments by the membership.

Bylaw Amendment Vote

During the annual meeting member/owners will be able to vote to approve or not approve the suggested amendments to the bylaws.

Bylaw Amendment Summary

The proposed amendments enable two people to hold a joint membership regardless of their marital status, combine the office of Secretary/Treasurer, and allow non-operating margins to be allocated to member/owners. Additional amendments throughout the bylaws are designed to remove outdated language and clarify the bylaws.

Complete Bylaw Revision

A complete review of the proposed bylaws, with changes, can be found on pages 12-19 of this publication. You can also find the complete bylaw revisions at www.eiec.coop.

Proxy Ballot

2016 Annual Meeting of Eastern Illini Electric Cooperative

As a member/owner of Eastern Illini Electric Cooperative, an Illinois Corporation, I, the undersigned, hereby assign to member (insert name) _____ my proxy to vote in my stead at the 2016 Annual Meeting of Members to be held at the Paxton-Buckley-Loda Junior/Senior High School, Paxton, Illinois, on June 9, 2016. This proxy is unlimited as to matters on which it may be voted.

_____ Date

_____ Signature of member/owner assigning proxy

Name: _____

Address: _____

Under the bylaws, no member/owner may vote as a proxy for more than three member/owners and the presence of a member/owner at the meeting revokes a proxy heretofore given. A proxy shall not be valid nor voted at any meeting of members unless it shall designate the name of the member to whom the proxy is assigned.

Bylaw Amendments

BYLAWS OF
EASTERN ILLINI ELECTRIC COOPERATIVE, INC.

**ARTICLE I
MEMBERS**

Section 1.1: Requirements for Membership. Any natural person, firm, association, corporation, partnership, ~~company, trust, estate,~~ or body politic or subdivision thereof shall be eligible to become a member of Eastern Illini Electric Cooperative, Inc. (hereinafter called the "Cooperative"), upon receipt of electric service from the Cooperative provided that he, she or it has first:

- (a) Submitted an application for membership in the Cooperative;
- (b) Agreed to purchase from the Cooperative electric energy, all electric energy distribution services and all associated electric services as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Consolidation and Bylaws of the Cooperative and by any of its rules, regulations or policies adopted by its Board of Directors; and
- (d) Paid the membership fee hereinafter specified; provided that no application for membership shall be disapproved except for good cause shown and such shall not be unreasonably withheld. Any applicant whose application has been disapproved may, by filing a written request with the Cooperative at least thirty (30) days prior to the next meeting of members, have such application submitted to and approved or disapproved by the vote of the members at such meeting at which the applicant shall be entitled to be present and be heard.

~~(e) No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.~~

~~(e) The membership of one spouse may not be reissued to the other, to his or her spouse nor shall the other spouse be entitled to a new membership in his or her name, unless and until all debts due the Cooperative from the original member spouse have been paid in full.~~

Section 1.2: Membership Fee. Unless waived by the Board of Directors under policies of general application, the membership fee shall be as fixed, from time to time, by the Board of Directors. The issuance of a membership certificate shall make the member eligible for ~~one-service, connection.~~

Section 1.3: Acceptance into Membership. Upon complying with the requirements for membership set forth herein, any applicant for membership shall be accepted into membership in the Cooperative by Board resolution unless the Board of Directors 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 has been submitted to but not approved by the Board of Directors for sixty (60) days or longer may, by filing a written request therefor with the Cooperative, at least thirty (30) days prior to the next meeting of members, have his or her application submitted to and approved or disapproved by the vote of the members at such meeting at which the applicant shall be entitled to be present and ~~be~~ heard.

Section 1.8: Termination of Membership. The Board of Directors may further, by a vote of not less than two-thirds (2/3) ~~of the members thereof,~~ terminate the membership of any member who has not received electric service from the Cooperative, or who, having received such service, has discontinued the use thereof and is not using electric service from the Cooperative. Membership in the Cooperative and the certificate representing the same shall not be transferable, and upon the death, cessation of existence, or withdrawal of a member, or upon the expulsion of a member or termination of a membership by the Board of Directors, the membership of such member shall thereupon terminate and ~~his, her or its~~ the certificate of membership shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in and to the property and assets of the Cooperative, except such rights, if any, as ~~he or she~~ such member may be entitled to under the provisions of Article XIII of these Bylaws; provided, however, that such termination of membership shall not constitute a release ~~the member~~ from the debts or liabilities of such member to the Cooperative.

Section 1.9: Joint Membership.

(A) ~~A husband and wife~~ Two persons may apply for joint membership and, subject to ~~their~~ compliance with the requirements set forth in Section 1.1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include ~~a husband and wife~~ two people holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (2) The vote of either separately or both jointly shall constitute one vote;
- (3) A proxy executed by either or both shall constitute one proxy; provided that if both file proxies which are in conflict, neither proxy shall be deemed valid;
- (4) A waiver of notice signed by either or both shall constitute a joint waiver and notice to either shall constitute notice to both;
- (5) Termination of membership of either shall constitute termination of the joint membership and withdrawal of either from membership shall terminate the joint membership;

(6) Either, but not both, concurrently, shall be eligible to serve as a director of the Cooperative, ~~but only if both meet the qualifications required therefor;~~

~~(7) Neither will be permitted to have any additional service connections except through their one, joint membership.~~

(B) A membership may be converted to a joint membership upon the written request of the holder thereof and ~~the agreement by such holder and his or her spouse to upon conversion the joint members shall~~ comply with the Articles of Consolidation, Bylaws of the Cooperative and the rules, regulations and policies adopted by the Board of Directors. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

(C) Upon the death of either ~~spouse-person holding~~ of a joint membership, such membership shall continue to be held solely by the surviving ~~spouse~~, in the same manner and to the same effect as though such membership had never been joint; provided, that the estate of the deceased ~~spouse-joint member~~ shall not be released from any debts due to the Cooperative. ~~Upon the legal separation or dissolution of marriage of the holders of a joint membership, such membership shall be continued to be held solely by the one who continues directly to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint; provided, that the other spouse shall not be released from any debts due to the Cooperative from the holders of such joint membership; and further provided that such legal separation or dissolution of marriage notwithstanding, each of said joint members shall retain his or her proportionate share of any capital credits standing to the credit of said joint membership account at the same time of such legal separation or dissolution of marriage.~~

~~(D) Upon the withdrawal of either party of a joint membership, the outstanding joint membership certificate shall be surrendered and a new membership certificate shall be issued to the member who continues to occupy the premises in such manner as shall indicate the changed membership status, provided that the other joint member shall not be released from any debts due to the Cooperative from the holders of such joint membership.~~

ARTICLE II MEETINGS OF MEMBERS

Section 2.1: Annual Meeting. The annual meeting of members of the Cooperative shall be held on ~~the second Saturday in the month of March at the hour of 1:00 p.m. a date and at a time in the month of June~~ at such place in one of the counties within which the Cooperative serves, as the Board of Directors shall from year to year fix, unless some other place, date and/or time shall be designated by resolution of the Board of Directors adopted at a meeting thereof held not less than one month nor more than three months prior to the regular date of said annual meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may properly come before said meeting. If the election of directors shall not be held on the date fixed for such annual meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of members as soon thereafter as such meeting may reasonably and conveniently be held. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

Section 2.2: Special Meetings. A special meeting of members may be called by a majority vote of the Board of Directors, by the Chairman of the Board, or by petition signed by not less than ten percent (10%) of the members of the Cooperative and it shall thereupon be the duty of the Secretary/~~Treasurer~~ to cause notice of such meeting to be given as hereinafter provided in Section 2.3 of this Article II. Such special meeting shall be held at such time and place in the city of Paxton, Illinois, or as may be otherwise specified in the notice of such meeting.

Section 2.3: Notice of Members' Meeting. ~~Electronic, W~~ritten, ~~or~~ printed notice of meetings of members, stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ~~10~~seven (7) days nor more than ~~30- forty-five (45)~~ days before the date of such meeting, either personally or by mail, by or at the direction of the Secretary/~~Treasurer~~, or by the persons calling the meeting, to each member of the Cooperative. ~~If delivered electronically, such notice shall be deemed delivered at the time the notice is sent.~~ If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the members at his, her or its address as it appears on the records of the Cooperative, with postage thereon prepaid. Failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at such annual or special meeting.

Section 2.4: Quorum. Business may not be transacted at any meeting of the members unless there are present in person or by proxy at least 100 members of the Cooperative except that, if less than a quorum is present at any meeting, a majority of those present in person or by proxy may, without further notice, adjourn the meeting to another time, not earlier than 9:00 a.m. nor later than 8:00 p.m., and date, not less than 40 days thereafter, to any place in one of the counties in which the Cooperative serves. At all meetings of the members, whether a quorum be present or not, the Secretary/~~Treasurer~~ shall annex to the minutes of such meeting, or incorporate therein by reference, a list of those members who were registered as being present in person or by proxy.

Section 2.5: Voting Rights. Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of members at which a quorum is present, all questions shall be decided by a vote of the majority of the members present in person or represented by proxy, except as otherwise provided by law, the Articles of Consolidation or these Bylaws. The election of directors shall be by ballot and each member shall have the right to cast one vote for each director to be elected; provided, ~~however,~~ that if no more than one candidate has been nominated for each director to be elected, so that there is no contest for any directorship up for election, then the election of directors may be by voice vote if a majority of the members present in

person or by proxy at said meeting shall so determine. The candidate to be elected from each directorate district, as specified elsewhere in these Bylaws, receiving the highest number of valid votes shall be elected for the term of office for which he or she has been nominated.

At all elections determined by ballot, spoiled or blank ballots shall not be counted as ballots "voted" in determining the total number of votes cast at such election. In the event of a tie vote for any election, it shall be resolved by drawing of lots.

Section 2.6: Proxies. At all meetings of members, a member may vote by proxy upon executing such proxy in writing, provided such proxy may be given only to another member of the Cooperative. Such proxy shall be filed with the Secretary/Treasurer of the Cooperative or his or her duly designated registrar before or at the time of commencement of the meeting as designated in the notice of such meeting. ~~No A~~ proxy shall not be valid nor voted at any meeting of members unless it shall designate the name of the member to whom the proxy is given assigned and the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated in the proxy or any adjournment of such meeting. ~~No A~~ member shall not be permitted to vote as proxy for more than three (3) members at any meeting of the members and no proxy shall be valid after 60 days from the date of its execution. A proxy may be unlimited as to the matters on which it may be voted or it may be restricted, and a proxy containing no restrictions shall deem to be unlimited. In the event a member executes two or more proxies for the same meeting, the most recently dated proxy shall revoke all others. If such proxies carry the same date and are held by different persons, none of them will be valid or recognized. The presence in person of a member at a meeting shall revoke any proxy theretofore executed by such member, and such member shall be entitled to vote in the same manner and with the same effect as if said member had not executed a proxy.

ARTICLE III DIRECTORS

Section 3.1: Numbers and General Powers. The business and affairs of the Cooperative shall be managed by a Board of Directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Consolidation or bylaws conferred upon or reserved to the members.

Such Board shall be comprised of not more than ~~eleven (11) members in 2010 until the annual meeting that year and not more than nine (9) members after the 2010 Directorate election and thereafter,~~ who shall be elected by the membership of the Cooperative following fair and equitable rules and procedures to be established by the Board of Directors but subject to the following requirements. The Board shall establish nine (9) Directorate Districts numbered one (1) through nine (9) and shall determine the geographical boundaries of each of said Districts; provided that all Districts shall contain approximately the same number of members of the Cooperative residing therein so that all members shall have fair and substantially equal representation on the Board of Directors. The boundaries of such Districts may be changed from time to time by the Board of Directors when it deems it necessary to accommodate population changes to equalize member representation by the Board; provided the membership shall be given reasonable notice of any such change at least sixty (60) days prior to the next annual meeting of members.

One director shall be elected from each Directorate District by vote of members of the Cooperative voting in said election held at the Cooperative's annual meeting. Candidates standing for election must reside in ~~that District.~~ the District from which they seek election and receive Cooperative electric service at their principal residential abode. ~~At the election of directors held at the 2010 annual meeting of members, two (2) directors shall be elected by all members of the Cooperative voting in said election and t~~ Three (3) directors shall be elected by all members of the Cooperative voting in said election at the annual meeting each year. ~~in the election at the annual meeting of members each year thereafter so that, following the election in the year 2010 and thereafter, the Board of Directors shall be comprised of nine (9) directors.~~ Except as provided in these bylaws, all other rules and regulations governing the election of directors, shall be determined by the Directors, whose decision in such matter shall control and be final.

Section 3.3: Qualifications. ~~No A~~ person shall not be eligible to become or remain a director of the Cooperative unless he or she who is not a bona fide member of the Cooperative receiving service from the Cooperative at his or her primary principal residential abode. In addition, a person cannot become a director if he or she or who is or whose spouse either in his or her own right or through a joint membership is in any way employed by, or has more than a minor financial interest in, any enterprise which operates electrical facilities, competes to a material degree with the Cooperative, or a business selling electric energy or merchandise to the Cooperative, or a business substantially engaged in selling electrical facilities, fixtures or supplies to the members of the Cooperative. Further, so long as the National Rural Electric Cooperative Association shall provide a director training and certification program, no director shall be eligible to be re-elected to the Board of Directors after having served three full terms on the Board, commencing with the election of directors in 1989, or thereafter, unless he or she has been certified by said National Rural Electric Cooperative Association as having successfully completed its course of training for rural electric cooperative directors. Upon establishment of the fact that a director is holding office in violation of any of the foregoing qualification requirements, the Board may remove such director from office by the affirmative vote of the majority of the total membership of the Board. Nothing contained in this section shall affect, in any manner, any action taken at any meeting of the Board of Directors.

Section 3.4: Election. At each annual meeting of the members, commencing with the annual meeting in 1989, directors shall be elected by secret written ballot by the members present in person or represented by proxy except as provided in Section 2.5 of Article II of these Bylaws permitting election by a voice vote under the conditions therein prescribed. One director, and one only, shall be elected from each directorate district. Candidates must have their principal residential abode in the directorate district from which they seek to be elected. Voting for directors shall be from the membership of the entire Cooperative at large and shall not be

restricted to districts.

Section 3.5: Nominations. Any member of the ~~cooperative~~ Cooperative in good standing who desires to be elected to its Board of Directors may be nominated by petition signed by not less than twenty-five (25) members and filed with the Secretary/Treasurer of the Cooperative not less than ~~forty-five (45)~~ sixty (60) days prior to the annual meeting of members. Nominations from the floor shall not be permitted. The Secretary/Treasurer of the Cooperative shall cause to be prepared and posted at the principal office of the Cooperative at least ~~thirty (30)~~ forty-five (45) days before the annual meeting, a list of the nominations for Directors thus filed with him or her.

A specimen ballot marked "Ballot for Directors" containing the names and addresses of all nominees listed in the order determined by lot conducted by the Board of Directors of the Cooperative shall be printed in or mailed with the notice of the meeting. The Secretary/Treasurer shall also have printed in or mailed with the said notice of the meeting or separately not less than ~~ten (10)~~ seven (7) days prior to said annual meeting, a statement of the number of directors to be elected and the district from which they are to be elected.

Section 3.6: Credentials Committee. The Board of Directors shall appoint a Credentials Committee comprised of five (5) members to be selected by the Board of Directors of the Cooperative whose duty shall be to review the qualifications of all candidates who have filed nominating petitions, to determine their eligibility to serve as Directors of the Cooperative.

Section 3.7: Vacancies. ~~Vacancies on the Board of Directors occurring prior to the 1991 annual meeting of members shall not be filled unless such vacancy would result in one or more districts being without representation on the Board. In such event, such vacancy shall be filled by a majority vote of the Board of Directors from among members residing in the district from which such vacancy has occurred.~~

In the event of any vacancy on the Board of Directors through death, resignation or otherwise ~~(but not if a director has been removed or if the number of directors has been increased), occurring after the 1991 annual meeting of members,~~ the remaining directors may, by a majority vote, elect a successor to fill such vacancy to hold office until the election of directors at the next annual meeting of members, at which time a director to fill such vacancy shall be elected by the members voting at large, for the remainder of the term of the director whose position is vacant. Any director appointed or elected to fill a vacancy on the Board of Directors must reside receive service at his or her principal residential abode in the same directorate district as the director whose position he or she has been appointed or elected to fill.

Section 3.8: Removal of Directors. Any member may bring one or more charges for cause against any one or more Directors and may request the removal of such Director or Directors by reason thereof by filing with the Secretary/Treasurer, in writing, a detailed and specific statement of such charges together with a petition signed by not less than ten percent of the total membership of the Cooperative requesting the removal of such Director or Directors, which petition calls for a special member meeting the stated purpose of which shall be to hear and act on such charges and, if one or more Directors are recalled, to elect their successors. Such petition shall specify the place, time (between 9:00 a.m. and 8:00 p.m.) and date of such special meeting not less than forty (40) days after the filing of such petition and the Secretary/Treasurer shall give notice of such special meeting as provided for elsewhere in these Bylaws.

The Director or Directors against whom such shall have been filed shall be informed in writing of the charges set forth in such petition immediately after such petition has been filed and no less than thirty (30) days prior to the meeting of members at which the charges are to be considered. He, she or they shall have an opportunity at such meeting to be heard in person, by witnesses, by counsel or any combination of such and to present evidence in respect to the charges. The person or persons bringing the charges shall have the same opportunity but must be heard first.

The question of the removal of such Director or Directors shall, separately for each, if more than one has been charged, be considered and voted upon at such meeting, provided that the question of the removal of a Director shall not be voted upon at all unless some substantial evidence in support of the charges against him or her shall have been presented during the meeting. Any vacancy created by such removal shall be filled by a majority vote of the members present at such meeting in person or by proxy without compliance with the other provisions of these Bylaws with respect to nominations, except that nominations shall be made from the floor. Any newly-elected Director at such meeting shall be from and must have his or her principal residential abode in the same directorate district as was the Director whose office he or she succeeds and shall serve for the unexpired portion of the removed Director's term.

ARTICLE IV

MEETINGS OF DIRECTORS

Section 4.2: Special Meetings. Special meetings of the Board of Directors may be called by Board resolution or by the Chairman of the Board or by any three directors. The persons authorized to call special meetings of the Board of Directors may fix the date, time and place which must be in one of the counties in which the Cooperative serves, unless all directors consent, in writing, to its being held in some other place in the State of Illinois or elsewhere.

Section 4.3: Notice of Directors' Meetings. Notice of the date, time, place, and purpose of any special meeting shall be given at least five (5) days previous thereto, by written notice, delivered electronically, personally, or mailed to each director at his or her last known address. If delivered electronically, such notice shall be deemed delivered at the time the notice is sent. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4.4: Quorum. The presence in person of a majority of the directors in office shall be required for the transaction of business of the Board of Directors and the affirmative vote of a majority of the directors present shall be required for any action to be taken; provided that, if less than a quorum ~~be is~~ present at a meeting, a majority of the directors present may adjourn the meeting from time to time but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE V OFFICERS AND DUTIES THEREOF

Section 5.1: Classes, Number and Title. Cooperative officers shall be of two classifications: Board Officers and Staff Officers. Board Officers shall be: Chairman of the Board, Vice Chairman of the Board, Secretary/~~Treasurer~~, Assistant Secretary/~~Treasurer~~, ~~Treasurer~~ and such other Board Officers as may be determined by resolution of the Board of Directors from time to time. ~~The offices of Secretary and Treasurer may be held by the same person.~~

Staff Officers shall be the President and Chief Executive Officer and such other Staff Officers as the Board of Directors may, in its discretion, appoint and designate titles therefor. Staff Officers shall serve at the pleasure of the Board of Directors. Staff Officers, other than the President/CEO of the Cooperative, shall perform such duties as the President/CEO of the Cooperative shall assign to each of them, from time to time.

Section 5.2: Election and Term of Office. The Board Officers of the Cooperative shall be elected, by ballot, annually, at the first meeting of the Board of Directors held after each annual meeting of the members, by and from the Board of Directors, except that the President and Chief Executive Officer may serve as an officer though not a member of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be scheduled. Except as otherwise provided in these Bylaws, each officer shall hold office until the first meeting of the Board of Directors following the next annual meeting of members or until his or her successor shall have been duly elected and shall have qualified.

Section 5.3: Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its ~~judgement~~judgment the best interests of the Cooperative would be served thereby.

Section 5.5: Chairman of the Board. The Chairman of the Board:

- (a) Shall be the principal officer of the Cooperative and shall preside at all meetings of the Board of Directors and, unless determined otherwise by the Board of Directors, at all meetings of the members;
- (b) Shall sign with the Secretary/~~Treasurer~~ certificates of membership of the Cooperative, and may sign any deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) In general shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5.7 (A): Secretary/~~Treasurer~~. The Secretary/~~Treasurer~~ shall:

- (a) Keep or cause to be kept the minutes of meetings of the members and the Board of Directors in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) Keep or cause to be kept a register of the post office address of each member which shall be furnished to the Secretary/~~Treasurer~~ by such member;
- (e) Sign with the Chairman of the Board certificates of membership of the Cooperative, the issuance of which shall have been authorized by resolution of the Board of Directors;
- (f) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) Keep on file at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of the Bylaws and of all amendments thereto to each member;

~~(h) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors.~~

(h) Have charge and custody of and be responsible for all funds and securities of the Cooperative;

(i) Receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in all such banks as shall be selected in accordance with the provisions of these Bylaws; and

(j) In general perform all the duties incident to the office of Secretary/Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 5.7 (B): Assistant Secretary/~~Treasurer~~. In the absence of the Secretary/~~Treasurer~~, or in the event of his or her inability or refusal to act, the Assistant Secretary/~~Treasurer~~ shall perform the duties of the Secretary/~~Treasurer~~, and when so acting, shall have all

the powers of, and be subject to all the restrictions upon, the Secretary/Treasurer, and shall perform such other duties as from time to time assigned to him or her by the Board of Directors.

~~Section 5.8: Treasurer. The Treasurer shall:~~

- ~~(a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;~~
- ~~(b) Receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in all such banks as shall be selected in accordance with the provisions of these Bylaws; and~~
- ~~(c) In general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Board of Directors.~~

Section 5.9: Delegation of Secretary's and /Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary ~~and of the /~~Treasurer hereinbefore provided in Sections 5.7 ~~and 5.8~~, the Board of Directors, by resolution, may, except as otherwise limited by law, delegate wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's duties to one or more agents, other officers, or employees of the Cooperative who are not directors.

Section 5.10: President. The President of the Cooperative shall be its Chief Executive Officer and shall be responsible for the management and operation of the Cooperative and direct and control its business affairs, manage its personnel, be responsible for its financial operations, provide guidance and direction to the Board and, in general, operate, manage, control and direct the business of the Cooperative, performing such other duties and exercising such authority as is consistent with those duties and responsibilities; subject, however, to the approval and control of the Board of Directors to which he or she, at all times, shall be responsible. He or she may sign, with the Secretary/Treasurer, any deeds, mortgages, notes or other written obligations of the Cooperative, security agreements, financing statements, bonds, contracts and other instruments authorized by the Board of Directors except in cases in which the signing thereof shall be expressly delegated by said Board or these Bylaws to some other officer or agent of the Cooperative or shall be required by law to be otherwise signed or executed.

Section 5.11: Bonds of Officers. The Board of Directors shall require the Secretary/Treasurer, or any other officer of the Cooperative charged with responsibility for custody of any of its funds or property, to give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine or as may be required by law. The Board of Directors in its discretion may also require any other officer, agent or employee of this Cooperative to give such bonds in such amounts, with such surety or sureties, and containing such terms and conditions as it shall determine or as may be required by law. The cost of all such bonds shall be paid by the Cooperative.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

Section 6.2: Checks, Drafts, Monetary Transactions, Etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed or approved by such officer ~~r~~ or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

ARTICLE VII MEMBERSHIP CERTIFICATES

Section 7.1: Certificates of Membership. Membership in the Cooperative shall be evidenced by a certificate of membership-ownership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Consolidation or the Bylaws of the Cooperative. Such certificate shall be signed by the President and by the Secretary/Treasurer of the Cooperative and shall be sealed with its corporate seal, provided that the seal and the signatures of the Chairman of the Board and the Secretary/Treasurer may be imprinted thereon by facsimile.

ARTICLE VIII WAIVER OF NOTICE

~~Section 8.1:~~ Any member, director or officer may waive, in writing, any notice of meetings required to be given by these Bylaws.

ARTICLE IX DISPOSITION AND PLEDGING OF PROPERTY

Section 9.1: Sale, Lease, Exchange or Other Disposition of Property. The Cooperative may not sell, lease, exchange or otherwise dispose of any of its property, other than:

- (a) Property which in the ~~judgement~~judgment of the Board of Directors is, or will be, neither necessary nor useful in operating or maintaining the Cooperative's system, provided sales of such property, in any calendar year, shall not exceed fifteen percent (15%) of the value of all of the property, real and personal, of the Cooperative;
- (b) Services of all kinds, including electric energy; and
- (c) ~~Personal~~ property acquired for resale; unless and until such sale, lease, exchange or other disposition has been authorized

by the affirmative vote of two-thirds (2/3) of the votes present and voted, either in person or by proxy, at any regular meeting of members or at a special meeting called for that purpose. The notice of any such meeting, regular or special, shall contain a statement of such purpose and a general description of the terms of the proposed sale, lease, exchange or other disposition of the Cooperative's property. At the election held for such purpose, a spoiled or blank ballot shall not be counted as "voted."

ARTICLE XIII NON-PROFIT OPERATION

Section 13.2: In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the 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 patrons for all amounts received and receivable from the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses.

The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his or her account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses (non-operating margins) shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, ~~shall become permanent equity of the Cooperative.~~ shall may be allocated to the patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided. The allocation of non-operating margins shall be at the discretion of the Board of Directors which shall determine the manner, method and timing of allocating non-operating margins.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired, unless otherwise directed by the Board of Directors acting under the rules of general application consistent with non-profit operation principles. Provided, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion (power supply and other service or supply portion) of capital credited to the accounts of patrons which corresponds to the capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notification to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or for any capital credited to patrons for any prior year.

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

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his or her estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest due thereon as the legal rate on judgments permissible under Illinois law in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Consolidation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the Bylaws shall be ~~called to the attention of~~ available to each patron of the Cooperative ~~by posting in a conspicuous place in the Cooperative's office.~~

EIEC Statement of Nondiscrimination

EIEC is an equal opportunity provider and employer. The person responsible for coordinating EIEC's nondiscrimination compliance efforts is the President/CEO.

Eastern Illini Electric Cooperative, Inc. is an equal opportunity corporation that holds equal opportunity as a management standard and will tolerate nothing less in all aspects of employment or participation in its programs or activities. It is integral to EIEC's Cooperative's core values of respect and integrity. It has been and will continue to be the practice of EIEC to act appropriately in its relations with all of its employees, applicants for employment and customers; and to base all related decisions upon valid role related factors, without regard to race, color, religion, creed, age, sex, national origin or ancestry, status as a disabled or Vietnam era veteran, or status as a qualified individual with a disability. This practice applies to recruitment, hiring, training, promotion, and all other actions and conditions of employment such as compensation, benefits, layoffs, and reinstatements, education assistance, and disciplinary actions; and customer participation in EIEC's programs or activities.

The person responsible for coordinating EIEC's nondiscrimination compliance efforts is Wm. David Champion, Jr., President/CEO. Any individual, or specific class of individuals, who feels that EIEC has subjected them to discrimination may obtain further information and/or file a written complaint with EIEC; or the U.S. Department of Labor, Washington, D.C. 20210. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

USDA Full Statement of Nondiscrimination

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at **How to File a Program Discrimination Complaint** and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.

Special Thanks

We would like to thank our two outgoing board members for their service and dedication to Eastern Illini's member/owners.

Herb Aden, of Newman, has served on both Eastern Illini's Board, and its predecessor, Illini Electric's Board. Aden has served co-op members for almost 37 years.

Kay Horsch, of Fisher, has served on Eastern Illini's Board for 15 years.

THANK YOU!



Eastern Illini Electric Cooperative

A Touchstone Energy® Cooperative 



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