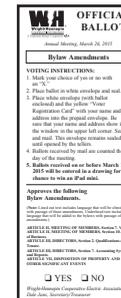


Board recommends approval of five bylaw revisions

The Board of Directors is proposing revisions to WH's Bylaws and Articles of Incorporation. The sentences with lines under them are recommended additions. The sentences with strikeouts indicate recommended deletions. The right hand margin provides a brief explanation of the Board of Director's recommendations. The Bylaws were originally written in 1937 when the cooperative was formed. Since then, steps have been taken to keep the Bylaws up to date.



Members are asked to approve the articles with one vote. Ballots will be mailed to all members March 9. Voting will conclude March 26 at the annual meeting, with the results provided during the business meeting.

RECOMMENDATIONS:

ARTICLE II, MEETING OF MEMBERS, Section 7. Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the articles of incorporation of the Cooperative or these bylaws. Joint members shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Whenever a vote of the members is required or provided for on any matter, including a petition to regulate the Cooperative under the Minnesota Public Utilities Commission or deregulate the Cooperative, as the case may be, the spouse of a member may vote on behalf of the member unless the member has indicated otherwise to the Cooperative. A member shall be entitled to vote by electronic means in accordance with procedures authorized by the Board of Directors on any election, motion, resolution, amendment or any other matter which is submitted to members for a vote.

ARTICLE II, MEETINGS OF MEMBERS, Section 10. Order of Business. ~~The order of business at the annual meeting of the members, and so far as possible, at all other meetings of the members shall be essentially as follows:-~~

1. Call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and action upon, reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournments.

The order of business at the annual meeting of the members shall be determined by the Board of Directors.

ARTICLE III, DIRECTORS, Section 2. Qualifications and Tenure. Members shall be eligible to be nominated or elected or to remain a Director provided that:

(a) They are a natural person and are purchasing and taking delivery of electric energy at their legal residence from the Cooperative or from an organization furnishing electric power to the Cooperative,

(b) They have the capacity to enter legally binding contracts;

(c) They have not been convicted of a felony.

(d) They are not employed by, materially affiliated with or have a material financial interest in any individual or entity which is:

1. Directly and substantially competing with the Cooperative, or any subsidiaries; or
2. Selling goods and services in substantial quantity to the Cooperative or its subsidiaries; or
3. Possessing a substantial conflict of interest with the Cooperative or its subsidiaries.

(e) They are not in any way employed by the Cooperative or any of its subsidiaries nor have they been employed by the Cooperative or its subsidiaries within three (3) years of the director's nomination.

(f) They are not a close relative of any existing Director or existing employee of the Cooperative or its subsidiaries. For the purpose of this section only "close relative" shall mean a person who is either a spouse, child, grandchild, step-child, parent, grandparent, step-parent, brother or sister, by blood or in-law, of the principal.

The Cooperative shall be divided into nine Director Districts with one director elected from each district.

~~At the 2004 Annual Meeting, directors shall be elected for three-year terms from District Nos. 4, 6 and 8; at the 2005 Annual Meeting, directors shall be elected for three-year terms from District Nos. 2, 5 and 7; and at the 2006 Annual Meeting, directors shall be elected for three-year terms from District Nos. 1, 3 and 9. At subsequent annual meetings, directors shall be elected from those districts where the term of office of a director has expired.~~

The Cooperative shall stagger Director terms by dividing the total number of authorized Directors into groups of approximately equal number. Members must annually elect an approximately equal number of Directors. Except as otherwise provided in these Bylaws, a Director's term is three (3) years or until a successor Director is elected or appointed and takes office. A Director's term begins: (1) after the individual consents to being elected or appointed as a Director; and (2) immediately after adjournment of the Member meeting at which elected, or if appointed, at the end of the Board Meeting at which the Director is appointed. A Director's term ends after: (1) a successor Director consents to being elected or appointed as a Director; and (2) immediately after adjournment of the Member meeting at which a successor is elected, or if appointed, at the end of the Board Meeting at which the successor Director is appointed.

A member shall vote for a director only in the district in which he/she resides. If a member's legal residence is not served by the Cooperative, then the member shall vote in the district where membership is held. The nominee in each district receiving the highest number of votes cast shall be elected, and in the case of a tie vote, the winner shall be determined by a flip of a coin.

Representation on the Board of Directors shall be apportioned equally among the districts in proportion to the number of members residing in each district. The number of members in any one district may not vary by more than ten percent (10%) from the average number of members for the districts. At least once every ten (10) years the Board of Directors shall conduct a survey to determine whether the number of members in a district has changed. If the number of members in a district has changed by fifteen percent (15%) or more, the districts shall be changed so that representation of the Board of Directors continues to be apportioned equally throughout the districts in proportion to the membership.

ARTICLE III, DIRECTORS, Section 7. Accounting System and Reports. ~~The Board of Directors shall cause to be established and maintained a complete accounting system and shall, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books, and financial condition of the Association as of the end of such fiscal year. Such audit report shall be performed by a certified public accountant, and a summary of the report shall be made available to the members for inspection.~~

ARTICLE VII, DISPOSITION OF PROPERTY AND OTHER SIGNIFICANT EVENTS. ~~The Cooperative may at any meeting of its Board of Directors sell, mortgage, lease or exchange its properties and assets facilities, property rights, privileges and franchises upon such terms and conditions as the board of directors may deem expedient and for the best interests of the Cooperative; provided, however, that if such a sale or transfer contemplates a merger, liquidation or dissolution of Cooperative or a sale of more than 25% of the properties or assets facilities, property rights, privileges and franchises of the Cooperative with no offsetting exchange of facilities, authorization therefore must first be obtained by the affirmative vote of three-quarters (3/4) of the members given at a meeting duly called for the purpose, or when authorized by the written consent of three-quarters (3/4) of the members provided that such affirmative vote or written consent of the members shall also represent the affirmative vote or written consent of at least three-quarters (3/4) of the total number of individual members of the Cooperative with voting rights; and provided further, however, that notwithstanding anything herein contained, the board of directors without authorization by the members shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof or from any other lending institution and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidence of indebtedness and to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the properties and assets property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine.~~

Further notwithstanding anything herein contained, any repeal, amendment, or alteration of this Article VII that would result in a change in the member approval requirements for acts described herein must be approved by at least a majority of the total number of members of the Cooperative with voting rights.

BASIS FOR RECOMMENDATIONS:

ARTICLE II, MEETING OF MEMBERS Section 7. Voting.

This proposed bylaw amendment adds the option of electronic voting when authorized by the Board, in addition to the two existing options of voting by mail and voting in-person at a meeting of the members.

ARTICLE II, MEETINGS OF MEMBERS Section 10. Order of Business.

This proposed bylaw amendment is more in line with contemporary business practice. It allows the Board of Directors to set the agenda and order of business at the annual meeting, instead of being required to follow the same agenda and order each year.

ARTICLE III, DIRECTORS Section 2. Qualifications and Tenure.

This proposed bylaw amendment is a housekeeping change. It merely does away with the date-specific nature of the current bylaws but does not contain any changes to the election process or its timing. A past change in the Bylaw process for director elections required a specific order of District elections. As time has now passed, this proposed amendment clarifies the current process for the three-year staggered Director terms. This amendment also clarifies when a Director's term begins and ends.

ARTICLE III, DIRECTORS Section 7. Accounting System and Reports.

This proposed new addition to the Bylaws states that at the end of the business year, a certified public accountant shall perform a full and complete audit of the accounts, books and financial condition of the cooperative. While audits have been completed each year in WH's history as a matter of standard practice, this amendment codifies that an annual audit will be performed. This Bylaw also assures members access to a summary of the audit report.

ARTICLE VII, DISPOSITION OF PROPERTY AND OTHER SIGNIFICANT EVENTS.

This proposed amendment seeks to clarify the existing Article VII and ensures that the sale of any more than 25 percent of the cooperative's assets and other significant events listed will first require approval by a three-fourth vote or consent of all members. The purpose of this suggested revision is to protect the members' control over transfer of assets or other significant events outside the ordinary course of business.