

# KOSCIUSKO REMC BYLAWS

MISSION AND CORE VALUES STATEMENT (adopted 2006): Kosciusko REMC is dedicated to safely providing quality electric energy and services to customers at a competitive cost. We value integrity, accountability, innovation and commitment to community above all else.

NOTE: References to "him" or "her" throughout this booklet shall be inclusive of both sexes.

## ARTICLE I – MEMBERSHIP

### Article I, Section 1. Conditions of Membership

The corporate purpose of this Cooperative shall be to render service to its members only and no person shall become or remain a member of the Cooperative, unless such person shall purchase electric energy supplied by the Cooperative and shall have complied with the terms and conditions in respect to membership contained in these Bylaws.

Any person, firm, association, corporation or body politic may become a member in the Cooperative by:

- (a) Filing a written application for membership therein;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Paying the membership fee, as hereinafter specified;
- (d) Agreeing to comply with and be bound by the Articles of Incorporation and the Bylaws of the Cooperative and such Rules and Regulations as may be adopted from time to time by the Board of Directors.

### Article I, Section 2. Application for Membership

- (a) Any person who desires to purchase electric energy from the Cooperative shall file with the Cooperative a written application for membership which shall contain:
  - (1) an agreement that electric energy will be purchased from the Cooperative at a service connection, the location of which shall be designated in the application for membership,
  - (2) an agreement that the applicant will comply with and be bound by the Articles of Incorporation of the Cooperative, the Bylaws of the Cooperative and any amendments thereto and such Rules and Regulations as may be adopted from time to time by the Board of Directors, and
  - (3) an agreement that the applicant will make payment of such other fees designated in the Rules and Regulations which are incidental to providing electric energy at the service connection.
- (b) Such fee as is designated herein in respect to membership in the Cooperative shall accompany the application for membership, unless it shall have theretofore been paid.

### Article I, Section 3. Purchase of Electric Energy

The Board of Directors shall not permit the sale of electric energy from any service connection unless the purchaser of the energy has filed with the Cooperative a written application for membership and has complied with the terms and conditions of the Bylaws of the Cooperative and amendments thereto and such Rules and Regulations as may be adopted from time to time by the Board of Directors. Except for any qualified distribution generation facilities, each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy that is purchased for use on the premises referred to in the application of such member for membership, and shall therefore pay monthly at rates which shall be fixed from time to time by resolution of the Board of Directors in accordance with the provisions of Article XII, Section 4 hereof; provided, however, the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board of Directors from time to time regardless of the amount of electric energy consumed. Each member shall pay also all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable. The Cooperative shall provide reasonably adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement and shall pay therefore at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect in accordance with the provision of any supplemental contract. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which are interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by him, for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and pro-rata. Payment for electricity

shall include for each member a subscription to the Electric Consumer or its successor publication at an annual cost calculated in compliance with current U.S. Post Office regulations.

**Article I, Section 4. Membership Fee**

- (a) On and after October 1, 1977, membership fee shall be \$25.00. The whole or any part of such fee may be applied without notice to the account of the member for electric service.
- (b) The part of the membership fee not so applied shall be refunded to the original payer or his or its administrator, executor, legatee or assigns or successor in interest, upon the withdrawal or termination of the membership as set forth in the following sections.
- (c) No non-refundable membership fees shall be issued after October 1, 1977. All of the non-refundable membership fees theretofore paid under former provisions of these Bylaws shall remain non-refundable upon termination of the membership.
- (d) No membership fee heretofore or thereafter paid shall bear any interest.
- (e) A record of such fees shall be maintained.

**Article I, Section 5. Acceptance to Membership**

An applicant for membership in the Cooperative shall not become a member until she has complied with all the provisions of the Articles of Incorporation and of these Bylaws and such compliance has been determined by any employee of this Cooperative hereafter designated by the Board of Directors to make such determination from time to time.

**Article I, Section 6. Term of Membership**

Membership in the Cooperative and all rights, privileges and liabilities thereto shall continue as long as the member:

- (a) purchases electric energy from the service connection designated in said person's application for membership and
- (b) complies with the terms and conditions in respect to membership contained in the Bylaws of the Cooperative and any amendments thereto and such Rules and Regulations which may be adopted from time to time by the Board of Directors.

**Article I, Section 7. Transfer of Membership**

A membership may be transferred by any member to any successor in occupancy or ownership of the premises occupied or owned by him and served by the Cooperative. Any such transfer of membership shall not be effective until the transferee (1) shall have complied with the conditions of membership contained in Article I, Section 1 (a) (b) (c) and (d) of the Bylaws. No additional membership fee shall be paid to the Cooperative by a member to whom a membership has been transferred. In the event of a dissolution for any reason of a partnership, upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership has never been held by different partners; provided, that neither a withdrawing partner nor his estate, shall be released from any debts then due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue 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 has never been joint; provided, that the other spouse shall not be released from any debts due the Cooperative. In the event that a membership to be transferred has been based on a fee paid of less than \$25.00, upon acceptance of the transfer by the Cooperative, the difference between the original membership fee paid the sum of \$25.00 will be paid by the transferee.

**Article I, Section 8. Conversion of Memberships**

- (a) A membership may be converted to a joint membership upon the written request of the holder and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, the Bylaws of the Cooperative and any amendments thereto and Rules and Regulations adopted by the Board of Directors. The membership records of the Cooperative shall be revised to indicate the new status of the membership.
- (b) Upon the death of either spouse who is a party to the joint membership such membership shall be held solely by the survivor, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

**Article I, Section 9. Termination of Membership**

Membership in the Cooperative terminates under any one or more of the following conditions:

- (a) The member ceases to purchase electric energy from the Cooperative.
- (b) A member withdraws from the membership upon such uniform terms and conditions as the Board of Directors may prescribe.
- (c) Upon failure, after the expiration of the initial time limit prescribed either in a specific notice, or any notice prescribed by the Cooperative to pay any amounts due to the Cooperative or to cease any other non-compliance with the membership obligations, a membership shall automatically be suspended, and the member shall not, during such suspension, be entitled to receive electric service from the Cooperative or to cast a vote at an election for Director or at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other non-compliance with membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at any meeting of the members.

- (d) Upon failure of a suspended member to be automatically reinstated to membership, as provided in the foregoing subsection, the member may, without further notice, but only after due hearing if such is requested by the member, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the member, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such membership shall be reinstated retroactively to the date of expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefore duly approved as provided in these Bylaws. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all membership obligations.
- (e) Upon the death or cessation of existence of the member.
- (f) Upon the termination in any manner of a person's membership, the member or his estate, as the case may be, shall be entitled to refund of the membership fee (and to any service security deposit theretofore paid the Cooperative), less any amounts due the Cooperative; but neither the member, nor her estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative.
- (g) Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for membership retroactively on the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

**Article I, Section 10. Member Deposits**

- (a) The President/CEO of the Cooperative, in his sole discretion, has the authority (subject to applicable regulatory commission rules) whenever it is deemed necessary for the security of the Cooperative, to require from a member a deposit sufficient to secure the Cooperative.
- (b) Upon presentation of a favorable letter-of-credit from a recently patronized utility company, or through some other means of risk mitigation, the deposit requirement may be waived in part or in full on a case-by-case basis.
- (c) No interest shall be paid on such deposits.

## **Article II—Rights of Members**

**Article II, Rights of Members, Section 1, Property Interest of Members**

Members shall have no individual or separate interest in the property or assets of the Cooperative except that every member shall be eligible to any patronage distribution which may be declared by the Board of Directors in accordance with these Bylaws, and which is distributed among members in proportion to their patronage during the fiscal year in which such revenues and receipts were received; provided, however, that any sum available for distribution to members as aforesaid shall be first applied against such member's indebtedness, if any, to the Cooperative.

**Article II, Section 2. Non-liability for Debts of the Cooperative**

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

**Article II, Section 3. Right to One Vote**

Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members, or election of Directors. If a husband and wife hold a joint membership they shall jointly be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members, and may be required to cast one-half (1/2) vote each if they disagree as to the conduct of any such vote. Voting by members, other than members who are natural persons, shall be allowed upon presentation to the Cooperative, prior to or upon registration at each member meeting or Director election, of satisfactory evidence entitling the person presenting the same vote. Members may not cumulate their votes or vote by proxy or mail.

**Article II, Section 4. Right of Members to Hearing on Grievance.**

Any member who has a complaint arising from any service by the cooperative to that member who feels his/her complaint is not satisfactorily settled by discussion with proper personnel of the cooperative, may ask the president and CEO to review the facts of the case. If the member is still not satisfied, he/she may submit a request in writing to the chairperson for an opportunity to present their case to the board (in accordance with rules set in KREMC Policy 103 – which will be provided in the event a request is granted).

## **Article III—Meetings of Members**

**Article III, Section 1. Annual Meetings**

The annual meeting of the members shall be held on such day between the 1<sup>st</sup> day of March and the 30<sup>th</sup> day of June each year, beginning with the year of 1991, at such place in the County of Kosciusko, State of Indiana, as shall be designated in the notice of the meeting for the purpose of electing Directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Individual members may participate in the

meeting by submitting no more than two written questions or comments to the Chairman of the Board or the President-CEO at least seven (7) days and not more than thirty (30) days prior to the date the meeting is to be held.

Failure to hold the annual meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative.

#### **Article III, Section 2. Special Meetings**

Special meetings of the members may be called upon resolution of the Board of Directors, or upon a written request signed by at least ten percent (10%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Kosciusko, in the State of Indiana, specified in the notice of the special meeting.

#### **Article III, Section 3. Notice of Members' Meetings**

Written or printed notice stating the place, day and hours of the meeting and, in case of a special meeting or an annual meeting at which business other than that listed in Section 1 of this Article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The 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 any such annual or special meeting.

#### **Article III, Section 4. Waiver of Notice**

Any member may waive in writing, any notice of a meeting required to be given by these Bylaws. The attendance of a member at any meeting shall constitute a waiver of notice of such meeting by such member, except in case a member 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.

Any member attending any meeting for the purpose of making such objection shall notify the secretary prior to or at the beginning of the meeting of his objections.

#### **Article III, Section 5. Quorum**

At least two percent (2%) of the total number of members of the Cooperative being present in person shall constitute a quorum for the transaction of business at all meetings of the members; provided that if less than two percent (2%) of the total number of members are present at said meeting, a majority of the members so present may adjourn the meeting from time to time without further notice, provided that the Secretary shall notify any absent members of the time and place of such adjourned meetings. For the purpose of determining a quorum any member who holds two or more memberships shall be counted as one member, and joint members who have two or more other joint memberships shall be counted only as one member.

#### **Article III, Section 6. Voting**

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 the members at which a quorum is present all questions shall be decided by a vote of a majority of the members who are present in person, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws.

#### **Article III, Section 7. 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:

- (a) Call to order
- (b) Certification of quorum
- (c) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be
- (d) Reading of unapproved minutes of previous meetings of the members and taking of necessary action thereon
- (e) Election of directors
- (f) Presentation and consideration of, and acting upon, reports of officers, directors and committees
- (g) Other business
- (h) Adjournment

## **ARTICLE IV - DIRECTORS**

#### **Article IV, Section 1. General Powers**

The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors which shall exercise all the powers of the Cooperative except such as are by law, or by the Articles of Incorporation or by these Bylaws, conferred upon or reserved to the members.

#### **Article IV, Section 2. Qualifications and Tenure**

At each annual meeting of the members, beginning with the year 1978, directors shall be elected, by ballot, by and from the members as follows, and shall serve the following terms:

- (a) Three (3) shall be elected to fill those terms which have expired and they shall serve for three (3) years until the annual meeting of the members in the third year after their election.
- (b) A director shall be elected to replace each office of director which may have been vacated by death, resignation, removal or other cause and each such director so elected shall serve from the time of his election and qualification

for the remainder of the respective term of the respective director whose office has been vacated. (As provided by Section 5 of this Article IV, vacancies are filled by appointment of the Board of Directors only to the time of the next succeeding annual meeting of the members.)

All directors hereafter elected shall serve until their successors shall have been elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of directors.

Tie votes shall be settled and resolved by lot, whenever material to the determination of election or of the length for which the director is elected.

Upon their election, Directors shall, subject to the provisions of these Bylaws with respect to the removal of Directors, serve until the election on the date of the annual meeting of the year in which their terms expire, or until their successors shall have been elected and shall have qualified.

No member shall be eligible to become or remain a Director who:

- (a) Is not a full time resident in the area served by the Cooperative; or
- (b) Is not a "member in good standing" of the Cooperative. "Member in good standing" is defined as not delinquent in the payment of electric bills or other amounts due the Cooperative under the provisions of the Cooperative's rate schedules or of any written agreement with the Cooperative.
- (c) Is not at least 18 years of age; or
- (d) Is a convicted felon; or
- (e) Is not the designated representative of a firm, association, corporation, partnership, body politic or subdivision thereof which is a bona fide member; or
- (f) Is in any way employed by the Cooperative; or
- (g) Has been employed by the Cooperative within two (2) years of being elected a Director; or
- (h) Is in any way employed by, or has a controlling financial interest in a competing enterprise or business that sells or provides a material amount of commodities, products or services to the Cooperative or any subsidiary of the Cooperative; or
- (i) Does not within three (3) years of becoming a director, unless excused by the board for good cause, receive a Credentialed Cooperative Director designation, Director's Certificate or similar certification from NRECA.

When a membership is held jointly by a husband and wife, either one, but not both, may be elected a Director, providing, however, that neither one shall be eligible to become or remain a Director, or to hold a position of trust in the Cooperative, unless both shall meet the qualifications herein set forth. In addition to all other requirements, no member shall be eligible for nomination as a candidate for election as a Director or to serve as a Director of the corporation, if any employee of the corporation is related to the member in a manner that would hinder the member in exercising fair and independent judgment as a Director in the affairs of the corporation. Specific relationships representing a conflict of interest include, but are not limited to, the spouse of such prospective Director, any grandchild of such prospective Director, a parent of such prospective Director, any brother or sister of such prospective Director, any child, grandchild, parent or brother or sister of the prospective Director's spouse, or the spouse of any other above-named people. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

#### **Article IV, Section 3. Nominations**

It shall be the duty of the Board of Directors to appoint no less than thirty (30) nor more than one hundred twenty (120) days before the date of the meeting of members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. No officer or member of the Board of Directors shall be appointed a member of such committee. By direction of the Board of Directors, the President/CEO can be asked to attend the nominating committee meeting. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting a list of nominations of at least two (2) nominees to be elected.

Any thirty (30) or more members may make other nominations in writing, over their signatures, not less than sixty (60) days prior to the meeting; and the Secretary shall post the same at the place where the list of nominations made by the committee is posted. Nominations made by petition, if any, received at least (60) days before the meeting shall be included on the official ballot.

The Secretary shall mail to each member, at least ten (10) days before the meeting, a statement of the number of directors to be elected and showing the nominations made by the committee on nominations and the nominations made by petition if any.

No nominations will be allowed from the floor at the meeting of the members.

Directors shall be elected by a plurality of the votes cast, and drawing by lot shall resolve, where necessary, any tie votes. In the event the total number of ballots cast in such election, regardless of whether valid or invalid, shall not equal or exceed the number of members required for a quorum at a meeting of the members, such election shall be void and the Directors whose terms are expiring shall hold over only until the next election, which may be held on a specially scheduled date or the date of the next annual meeting of the members, at the discretion of the Board of Directors.

#### **Article IV, Section 4. Removal of Directors or Officers by Members**

Any member may bring one or more charges for cause against any one or more Directors and may request the removal of such Director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not fewer than ten percent (10%) of a total membership of the Cooperative, 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 successor(s). The petition shall specify the place, time and date thereof no less than forty (40) days nor more than seventy (70) days after filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the Director(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as she is billed by the Cooperative and shall state the signatory's address as the same appears on such billings.

Notice of such charge(s) verbatim of the Director(s) against whom the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which time the matter will be acted upon; provided, that the notice shall set forth only twenty (20) of the names (in alphabetical order) of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same Director(s). Such Director(s) shall be informed in writing of the charges after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing of the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such Director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor; provided that the question of the removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected Director shall serve the unexpired portion of the removed Director's term.

#### **Article IV, Section 5. Vacancies**

Subject to the provisions of the Bylaws with respect to the removal of Directors, vacancies occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors and Directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified.

#### **Article IV, Section 6. Compensation**

The Board of Directors of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent by Directors on Cooperative business, including, but not limited to attendance at meetings, conferences, and training programs or performing committee assignments, when authorized by the Board. If authorized by the Board, board members may also be reimbursed for expenses actually incurred in carrying out such Cooperative business, or may be granted reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of a majority of the Board of Directors of the Cooperative that such service of the board member or his close relative is required as an emergency measure. A close relative of a board member in consanguinity of the first or second degree, and that any and all disbursements heretofore made in accordance with the above provisions be and they are hereby approved and ratified.

## **Article V—Meetings of Directors**

#### **Article V, Section 1. Regular Meetings**

A regular meeting of the Board of Directors shall be held monthly at such time and place within the State of Indiana, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

#### **Article V, Section 2. Special Meeting**

Special meetings of the Board of Directors may be called by the Chairman, the President-CEO, or upon written request of any three (3) Directors, and it shall be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place within the State of Indiana or may be held via electronic conference call, without regard to the actual location of the Directors at the time of such an electronic conference meeting.

#### **Article V, Section 3. Notice**

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least three (3) days previous thereto, by written notice, delivered personally or mailed, to each Director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail 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.

#### **Article V, Section 4. Quorum**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting.

## **Article V, Section 5. Manner of Acting**

The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

## **Article VI—Officers**

### **Article VI, Section 1. Number**

The officers of the Cooperative shall be Chairman, Vice Chairman, Secretary, Treasurer and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

### **Article VI, Section 2. Election and Term of Office**

The four officers named in Section 1 shall be elected by ballot, annually by and from the Board of Directors at the first regular meeting of the Board of Directors held after each annual election of Directors, unless a special meeting of the Board of Directors has been called as provided for in these Bylaws. Each officer shall hold office until the meeting of the Board of Directors following each annual election of Directors, or until the new officer is duly elected and qualified, subject to the provisions of these Bylaws with respect to the removal of officers. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

### **Article VI, Section 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 judgment the best interest of the Cooperative will be served thereby.

### **Article VI, Section 4. Vacancies**

Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

### **Article VI, Section 5. Chairman**

The Chairman:

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

### **Article VI, Section 6. Vice Chairman**

In the absence of the Chairman, or in the event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

### **Article VI, Section 7. Secretary**

The Secretary shall:

- (a) see that the minutes of meetings of the members and the Board of Directors are recorded 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 see that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) see that a register of the post office address of each member is kept in the Cooperative's files;
- (e) have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) keep on file at all times a complete copy of the Articles of Incorporation and 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, see that a copy of the Bylaws and all amendments is forwarded to any member upon her written request; and
- (g) 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 by the Board of Directors.

### **Article VI, Section 8. Treasurer**

The Treasurer shall:

- (a) oversee and be responsible for all funds and securities of the Cooperative;
- (b) oversee the collection of monies due and payable to the Cooperative from any source whatsoever, and see that all such monies are deposited in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

#### **Article VI, Section 9. President-CEO**

The Board of Directors may appoint a President-CEO who may be, but who shall not be required to be, a member of the Cooperative. The President-CEO shall perform such duties and shall exercise such authority as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

#### **Article VI, Section 10. Bonds of Officers**

The Board of Directors may require the Treasurer or any other officer of the Cooperative charged with the responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as deemed prudent. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine necessary.

#### **Article VI, Section 11. Compensation**

The compensation, if any, of any officer, agent or employee of the Cooperative who is also a Director or close relative of a Director, shall be as determined by the Board of Directors under the conditions and provision of Section 6 of Article IV of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be determined and fixed by the Board of Directors.

#### **Article VI, Section 12. Reports**

The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

#### **Article VI, Section 13. Assistant Officers**

The Board of Directors from time to time may appoint an Assistant Secretary and/or an Assistant Treasurer. Such assistant officer(s) shall not be (a) member(s) of the Board of Directors but shall be (an) employee(s) of the Cooperative. Such assistant officer(s) shall serve at the pleasure of the Board of Directors.

### **Article VII—Seal of Cooperative**

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative, the words, "**Kosciusko Rural Electric Membership Corporation**. Seal, Indiana" and the figures "1937".

### **Article VIII—Fiscal Year**

In general, the fiscal year of the Cooperative shall begin the first day of January and end on the 31<sup>st</sup> day of December in each year. The fiscal year for audited financial statements, however, shall begin in September and end in August of the following year.

### **Article IX—Financial Transactions**

#### **Article IX, Section 1. Contracts**

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

#### **Article IX, Section 2. Checks, Drafts, etc.**

All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer 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 IX, Section 3. Deposits**

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

### **Article X—Disposition of Property**

#### **Article X, Section 1. Disposition and Pledging of Property**

The Cooperative shall not sell, lease, exchange, mortgage, pledge or otherwise dispose of all, or substantially all, the property of the Cooperative unless (a) the same shall be authorized by a resolution duly adopted at a meeting of its members duly called and held as provided by law and these Bylaws, which resolution shall have received the affirmation vote of at least a 2/3 majority of all of its members. The Board of Directors of the Cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust of, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenues there from, for the purpose of financing the construction or maintenance of the Cooperative's distribution system and for general plant as defined in the Uniform System of Accounts prescribed by the Indiana Utility Regulatory Commission,

all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any agency or instrumentality thereof or to any financial institution. Upon dissolution, after (a) 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 in accordance with the applicable provisions of law.

#### **Article X, Section 2. Procedure Upon Resolution of Board of Directors to Dispose of Assets**

Supplementary to Section 1, and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the Cooperative's property and assets shall be authorized except in conformity with the following:

- (a) if the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which such appraisers shall be designated by the Kosciusko County Circuit Court judge. If such judge refuses to make such designations, they shall be made by the Board of Directors.
- (b) if the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every other rural electric cooperative corporately sited and operating in Indiana (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such rural electric cooperatives, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such rural electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (c) If the Board of Directors then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less nor more than thirty (30) days after the giving of notice thereof to the members; provided, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held not less nor more than thirty (30) days after the giving of notice of such meeting.
- (d) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of this Section 2 shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other rural electric cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more rural electric cooperative.

## **Article XI—Non-Profit Operation**

#### **Article XI, 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 be payable by the Cooperative on any capital furnished by its patrons or any other assets a patron might have in any other funds; and to the establishment and maintenance of a general reserve fund for working capital to provide among other things, for insurance, taxes, maintenance, improvements, new construction and contingencies in an amount which the Board of Directors shall deem reasonable; and to the establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes, bonds, or other evidences of indebtedness issued, or the payment of which shall have been assumed, by the Cooperative in an amount which shall not be less than an amount equal to the total of the interest and principal payments required to be made during the next following calendar year in respect of such notes, bonds, or other evidences of indebtedness. Such application shall be made within ninety (90) days after the expiration of each fiscal year, provided the same shall not be made until a certified audit has been made of the books of the Cooperative, as provided elsewhere in the Articles and Bylaws of this organization, and all revenues and receipts for such fiscal year not needed for the foregoing purpose shall, as and when determined by the member, be applied by the Board of Directors for either of or both the following purposes:

- (a) The establishment and maintenance of a reserve fund to be used for education in cooperation and in the effective use of electricity.
- (b) Distribution among the members in proportion to their patronage during the fiscal year in which such revenues and receipts were received; provided, however, that any sum available for distribution to a member as aforesaid shall be first applied against such member's indebtedness, if any, to the Cooperative.

## **Article XI, Section 2. Patronage Capital in Connection with Furnishing Service**

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 is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against 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 each fiscal year give notice to each member that the capital credit accounts of each member are available for inspection in the general offices of the Cooperative. 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 question in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses 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, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons. The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws and all amendments thereto shall constitute and be a contract between 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. Nothing herein contained shall be construed to prohibit the Board of Directors from applying unexpended revenues and receipts for the payment of all or any part of the indebtedness of the Cooperative prior to the date when the same shall become due.

It is the duty of every patron and of every person who has such capital credited to his account to cause the record of the Corporation at all times to show his proper mailing address. At such time as retirement of such capital is directed by the Board of Directors as provided herein, a check shall be mailed to the mailing address of each of such persons shown upon the record of the Corporation.

Notwithstanding any provisions herein contained to the contrary and pursuant to I.C. 8-1-13-11; the Corporation shall recover after a period of two years any unclaimed stocks, dividends, capital credits, patronage refunds, utility deposits, membership fees, account balance, or book equity for which the owner (member or former member) cannot be found and are the result of distributable savings of the Corporation, giving notice in the Cooperative's newsletter and other publications as deemed prudent. Such notice shall state the owner's name and that if not duly claimed within 60 days of said notice, the amount in question shall be turned over to the Corporation, which shall reallocate the same to the other members of the Corporation on a pro rata basis as patronage capital and shall be allocated to those who are members for the year in which the 60<sup>th</sup> day falls after the proposed notice, pursuant to I.C. 8-1-13-17.

## **Article XI, Section 3. Patronage Capital in Connection With Power Supply Cooperatives**

The Board of Directors shall have the power to adopt rules providing for the retirement of capital credits received from Wabash Valley Power Association (WVPA), the power supplier for Kosciusko REMC (KREMC).

Capital credits received from WVPA shall be allocated to the capital credit accounts of the patrons of KREMC in the year in which KREMC receives official written notice that WVPA has allocated capital credits to KREMC. The capital credits received from WVPA that are credited to the capital accounts of the patrons of KREMC shall not be retired or distributed to the patrons until such time as the Board of Directors of KREMC, by appropriate resolution duly adopted and passed, authorize the amount of WVPA capital credits to be retired.

## **Article XII—Miscellaneous**

### **Article XII, Section 1. Rules and Regulations**

The Board of Directors shall have the power to make, adopt, and enforce such Rules and Regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative by these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

### **Article XII, Section 2. Accounting System and Reports**

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any relevant regulatory body, shall conform to such accounting system as may from time to time be required by lending organizations..

The Board of Directors shall also cause to be made by a Certified Public Accountant a full and complete annual audit of the accounts, books and financial conditions of the Cooperative as the end of each fiscal year.

### **Article XII, Section 3. Rules of Order**

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of **Robert's Rules of Order**, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

**Article XII, Section 4. Electric Energy Rate Schedules**

The schedule of rates on electric energy sold to members shall be fixed from time to time by resolution of the Board of Directors, provided, however, that such rate schedules shall be established in accordance with the law and the approval of any relevant regulatory agency.

**Article XIII – Indemnification Provision**

The Cooperative shall indemnify directors, officers, including the President/CEO, agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity, and if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interest of the Cooperative or were not against the best interest of the Cooperative. The Cooperative may purchase insurance to cover such indemnification. The Cooperative shall also furnish said directors, officers, including the President and CEO, agents and employees with skilled and competent legal counsel to represent them against claims of such alleged liability as is described above; and the Cooperative shall make direct payment of such expenses of legal counsel and the reasonable related costs and expenses incurred in connection with such defense. The Cooperative may purchase liability insurance to help fulfill the purposes of these Bylaw provisions.

**Article XIV—Amendments**

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3rds) of all the members of the Board of Directors, which vote may be taken at any regular or special meeting of the Board of Directors; provided that notice of such alteration, amendment or repeal shall have been given with the notice of the meeting.

**Article XV—Superseding of All Former Bylaws and Amendments Thereto**

All Bylaws and amendments previously adopted by the Kosciusko Rural Electric Membership Corporation are hereby superseded by the foregoing Bylaws.

Attest:

Chairman \_\_\_\_\_

Secretary \_\_\_\_\_

We the undersigned directors of the Kosciusko Rural Electric Membership Corporation, and each of us, hereby certify that on March 23, 2015 we had actual notice of the meeting of the Board held on March 23, 2015, for action on the resolution for the adoption of the foregoing Bylaws as compiled and revised which was to be and was considered and acted upon at said meeting; that each of the undersigned was present throughout the said meeting and voted upon said resolution; and the undersigned hereby certify that said Bylaws as so compiled and revised were adopted by the unanimous affirmative vote of all members of the Board of Directors.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 23rd day of March, 2015.  
Being all Directors of KOSCIUSKO RURAL ELECTRIC MEMBERSHIP CORPORATION

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