

**BYLAWS**  
**OF**  
**CARROLL WHITE**  
**RURAL ELECTRIC**  
**MEMBERSHIP CORPORATION**

A Touchstone Energy<sup>SM</sup> Cooperative   
*The power of human connections*

July 26, 2018

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OF  
CARROLL WHITE RURAL ELECTRIC MEMBERSHIP CORPORATION**

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**MEMBERSHIP CORPORATION**

**ARTICLE I**  
**Members**

**Section 1. Qualifications and Obligations**

Any person or Entity may become a member in the cooperative by:

- a. making written application;
- b. paying the membership fee hereinafter specified;
- c. agreeing to purchase from the cooperative electric energy as hereinafter specified; and
- d. agreeing to comply with and be bound by the articles of consolidation of the cooperative and these bylaws and any amendments thereto and such rules, regulations and policies as may from time to time be adopted by the board of directors.

An "Entity" includes a domestic or foreign: cooperative, business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; limited liability partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government.

**Section 2. Membership**

Membership certificates are not required.

**Section 3. Membership Fee**

No membership fee is required in order to become a member in the corporation.

**Section 4. Purchase of Electric Energy**

Each member shall, as soon as electric energy shall be available, purchase from the cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the board of directors. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these bylaws. Each member shall pay to the cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board of directors from time to time. Each member shall also pay all amounts owed by him to the cooperative as and when the same shall become due and payable. Payment for electricity shall include for each member a subscription to the *Electric Consumer* or its successor publication published by Indiana Electric Cooperatives.

Production or use of electric energy on such premises from sources other than the Cooperative by means of distributed generation shall be subject to appropriate policies or regulations adopted from time to time by the Cooperative.

**Section 5. Joint Membership**

A married couple may apply for a joint membership and, subject to their compliance with the requirements set forth in Section I of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a married couple 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 of the holders of a joint membership shall be as follows:

- a. The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- b. The vote of either separately or both jointly shall constitute one joint vote;
- c. A waiver of notice signed by either or both shall constitute a joint waiver;
- d. Notice to either shall constitute notice of both;
- e. Expulsion of either shall terminate the joint membership;
- f. Withdrawal of either shall terminate the joint membership.
- g. Either but not both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.

Upon the death of either spouse, membership shall continue to be held solely by the survivor, PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Unless provide otherwise by a decree of separation or divorce, upon the legal separation or divorce, membership shall continue to be held solely by the one who continues directly to occupy or use the premises, PROVIDED FURTHER, that the other spouse shall not be released from any debts due the Cooperative at the time of the legal separation or divorce.

#### **Section 6. Conversion of Membership**

- a. A single membership may be transferred by a member to the member and spouse as a joint membership upon the written request of such member and compliance by such married couple jointly with the provisions of the articles of consolidation, bylaws and rules and regulations adopted by the board of directors. Such transfer shall be made and recorded on the books of the cooperative.
- b. When a membership is held jointly by a married couple, upon death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the cooperative.

#### **Section 7. Withdrawal of Membership**

Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

#### **Section 8. Expulsion of Members**

The board of directors of the cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the articles of consolidation of the cooperative or those bylaws or any rules or regulations adopted from time to time by the board of directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual meeting or special meeting of the members.

#### **Section 9. Transfer and Termination of Membership**

- a. Membership in the cooperative shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation, or existence, expulsion or withdrawal of a member, the membership of such member shall be surrendered forthwith to the cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the cooperative. In case of withdrawal or termination of membership in any manner, the cooperative shall repay to the member the amount of the membership fee paid in cash by him, provided, however, that the cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the cooperative. The cessation of the legal existence of any membership other than that of an individual human member or a joint membership between human members shall automatically terminate such membership, PROVIDED, that upon the dissolution for any reason of a partnership, or 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 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 had never been held by different partners; PROVIDED FURTHER, that neither a withdrawing partner nor the estate of such withdrawing partner shall be released from any debts then due the Cooperative.

## **ARTICLE II Rights and Liabilities of Members**

### **Section 1. Property Interest of Members**

Upon dissolution, after

- a. All debts and liabilities of the cooperative shall have been paid, and
- b. All capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total of all members during the ten years next preceding the date of the filing of the certificate of dissolution, or, if the cooperative shall not have been in existence for such period, during the period of its existence.

### **Section 2. Non-Liability for Debts of the Cooperative**

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

## **ARTICLE III Meetings of Members**

### **Section 1. Annual Meeting**

The annual meeting of the members shall be held at such time between the first day of February and the 31<sup>st</sup> day of August of each year, and at such place within a county served by the cooperative in the State of Indiana as shall be designated by a resolution of the board of directors, adopted not less than sixty (60) days prior to the time of such meeting. The purpose of such meeting shall be the election of directors, passing upon reports covering the previous fiscal year, and the transaction of such business as may come before the meeting.

If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be properly noticed and convened. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the cooperative.

### **Section 2. Special Meetings**

Special meetings of the members may be called by the president, by the board of directors, or upon written request signed by at least five per centum (5%) 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 a county served by the cooperative in the State of Indiana specified in the notice of the special meeting.

### **Section 3. Notice of Members' Meetings**

Written or printed notice 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 ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by mail, or electronically by or at the direction of the Secretary, or 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 such meeting.

#### **Section 4. Quorum**

At least one-fiftieth (1/50th) of the total number of members of the cooperative present in person or who cast a ballot prior to the meeting in the manner specified in Section 5 shall constitute a quorum for the transaction of business at all meetings of the members; provided, that if a quorum is not established for said meeting, a majority of the members present in person may adjourn the meeting from time to time without further notice.

#### **Section 5. Voting**

1. 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 established all questions shall be decided by a vote of a majority of the votes cast, except as otherwise provided by law, the articles of consolidation of the cooperative or these bylaws. Provided, that if more than two (2) persons are running for election as directors from the same district, then the person receiving the most votes shall be elected.
2. A Member may vote in person at the meeting or may cast a ballot provided by the Cooperative prior the meeting in the manner and within the timeframe established by the Board and described on the early ballot. A Member submitting a completed early ballot may not revoke the early ballot and will not be entitled to vote at the Member Meeting regarding a matter described in the early ballot. The Cooperative shall count as a Member's vote a properly completed early ballot received on or before the date and time stated in early ballot. An early ballot must:
  - a. set forth and describe a proposed action, identify a candidate, and include the language of a motion, resolution, or other written statement, upon which a Member is asked to vote or act;
  - b. state the date and time of a Member Meeting at which Members are scheduled to vote or act on the matter;
  - c. provide an opportunity to vote for or against, or to abstain from voting on, the matter;
  - d. instruct the Member how to complete and return the early ballot; and
  - e. state the date and time by which the Cooperative must receive the completed early ballot.
3. A Member's failure to receive an early ballot does not affect or invalidate a vote or action taken by other members. An early ballot may not be procured or cast through fraud or other improper means. As determined by the third-party administrator for early voting, an early ballot procured or cast through fraud or other improper means is invalid.

#### **Section 6. 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. Ascertaining which members are present.
2. Reading of the notice of the meeting and proof of the publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of the previous meeting of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon reports of officers, directors, and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

### **ARTICLE IV Directors**

#### **Section 1. General Powers and Election Districts for Directors**

(Director District map for Districts 1 to 7 is attached as Exhibit 1 and incorporated herein.)

- a. General Powers. The business and affairs of the cooperative shall be governed by a board of no less than seven yet no more than eight directors which shall exercise all of the powers of the cooperative

except such as are by law or by the articles of consolidation of the cooperative or by these bylaws conferred upon or reserved to members.

- b. Election Districts for Directors. The territory served by the cooperative shall be divided into seven (7) districts for the nomination and election of directors as follows:

**District One.** The Townships of Clay, Madison, Monroe, Democrat, Burlington and Carrollton in Carroll County, Indiana, as well as the Townships of Ross and Owen in Clinton County, Indiana. Also, the Townships of Deer Creek and Jackson in Cass County, Indiana, and the Townships of Ervin and Clay in Howard County, Indiana.

**District Two.** The Townships of Deer Creek, Jackson, Rock Creek, Adams and Jefferson in Carroll County, Indiana.

**District Three.** The Township of Prairie in White County, Indiana and Tippecanoe Township in Carroll County, Indiana, as well as the adjacent territory in the Townships of Tippecanoe, Washington, and Perry in Tippecanoe County, Indiana.

**District Four.** The Townships of Round Grove, West Point, Princeton, Big Creek and Union in White County, Indiana, and Gilboa Township in Benton County, Indiana.

**District Five.** The Townships of Carpenter, Jordan and Milroy in Jasper County, Indiana and Honey Creek and Monon Townships of White County, Indiana. Also, that portion of Liberty Township in White County, Indiana South of County Road 500 North.

**District Six.** The Townships of Lincoln, Jackson and Cass in White County, Indiana and the Jefferson, Boone, Clinton, and Washington Townships of Cass County, Indiana. Also, the Townships of Liberty and Washington of Carroll County, Indiana and the Indian Creek and Van Buren Townships in Pulaski County, Indiana.

**District Seven.** The Townships of White Post, Jefferson, Monroe, Salem and Beaver of Pulaski County, Indiana. Also, that portion of Liberty Township Liberty Township in White County, Indiana North of County Road 500 North.

The initial directors assigned to Districts 1 through 7 who shall hold office until their successors are elected are as follows: District 1 – Milton D. Rodgers, District 2 – Kevin M. Bender, District 3 – Kent P. Zimpfer, District 4 – Margaret E. Foutch, District 5 – Ralph H. Zarse, District 6 – Gary E. Gerlach, District 7 – Tina L. Davis.

**Section 2. Qualification and Tenure**

The number of directors to be elected each year shall be determined by the number of terms expiring or vacancies occurring. The district and the year in which the terms of the directors expire are as follows:

<u>District</u>	<u>Year</u>
1 & 6	2018
2 & 4	2019
3, 5 & 7	2020

Thereafter, each director shall serve for a term of three years or until a successor has been elected and qualified and the terms shall be staggered.

Directors must be a member in good standing of the cooperative and reside within the service territory of the cooperative. No member shall be eligible to become or remain a director of the cooperative who is not a member in good standing of the cooperative, and receiving service therefrom at their primary residential

abode in the district in which the director serves; PROVIDED, that the operating officer or chief executive of any member which is not a natural person, such corporation, church, limited liability company, partnership or limited partnership, or their designee, shall, notwithstanding that they do not receive service from the cooperative at their primary residential abode, be eligible to become a director from the district in which the member is located, if the officer or designee is in substantial permanent occupancy, direction or use of the premises served by the cooperative but no more than one such officer or designee may serve on the board at the same time. Nothing contained in this section shall affect in any manner whatsoever, the validity of the action taken at any meeting of the board of directors.

No Person shall be eligible to become or remain a Director of the Cooperative who:

- a. Is not a member and bona fide resident in the district from which he/she is nominated; or
- b. Is or their spouse is, in the opinion of the board, employed by or holds a voting interest in an enterprise the board reasonably believes to be competing with the Cooperative in providing services to the Cooperative or members of the Cooperative. Notwithstanding the foregoing, the board may find that such interest is nominal and is of minimal impact on the Cooperative. In such case, the board may waive the conflict of interest. Further, a Director's election to the Board of Directors of the Indiana Electric Cooperatives or to Wabash Valley Power Association, Inc. does not make such Director ineligible and does not constitute any conflict of interest.
- c. Fails to attend two (2) consecutive meetings of the Board of Directors, including regular and special meetings, or fails to attend three (3) regular or special Board meetings during the twelve (12) month period commencing the first meeting following the Cooperative's Annual Meeting of the Members, unless such absences are attributable to illness, injury, or other just cause as determined by the board of directors.
- d. Has been an employee of the cooperative or a subsidiary of the Cooperative within the last three (3) years.

Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board of Directors shall remove such Board member from the office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

### **Section 3. Nominations**

It shall be the duty of each director to call a meeting of the members of their district during the year in which a director is to be elected for their district at least 75 days prior to the annual meeting, and during such meeting and by the vote of the members present from such district, one person from such district shall be nominated for director for such district and shall be certified by the Member Teller of such meeting to the Board of the Cooperative within five days after such meeting. Persons seeking nomination at a district meeting shall declare their intent to seek nomination by providing a petition with the signatures of at least fifteen (15) members at least three (3) weeks before the designated date for the district meeting. Such petitions shall be presented to the Cooperative headquarters. No nominations from the floor will be received at the district meetings. Each candidate seeking nomination shall be permitted to speak at a district meeting for the candidate's district. The Board of Directors shall determine the maximum time to be allowed for each candidate's comments. All nominations and voting at such meeting shall be by secret ballot, and each member present shall cast only one ballot. If two members are candidates, then member with a majority of the votes shall be certified by the Board. If more than two members are candidates for nomination, the member receiving a plurality of the votes shall be certified by the Board. In addition to the district meeting nomination process, any twenty-five (25) or more members may make other nominations in writing over their signatures not more than three (3) weeks after the district meeting and the Secretary shall post the same at the same place where the list of nominations is posted. Nominees and members making such nominations must be from the district in which a director is to be elected. Nominations from the floor at the annual meeting of the members will not be accepted. The Secretary shall be responsible for

mailing to each member of the Cooperative at least ten days prior to annual meeting, a statement of the number of Directors to be elected and showing separately the nominations made by the several districts.

At each member meeting at which a director position is scheduled for election by the members, the members shall elect the director by a plurality of votes cast by members with a quorum Established.

At an annual member meeting in which directors are to be elected, in the case of a tie vote, a second ballot shall be cast by the members present in person. If the second ballot results in a tie, the director elected shall be determined by a drawing by lot.

The members may, at any general member meeting at which a director or directors shall be removed as heretofore provided, elect a successor or successors thereto without compliance with foregoing provisions with respect to nominations. Notwithstanding anything in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever, the validity of any official action thereafter taken by the Board.

#### **Section 4. Vacancies**

Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the board of directors may be filled by a majority of the remaining directors and a new director thus elected shall be elected for the remaining unexpired term of such director being replaced or until the director's successor has been elected and qualified.

#### **Section 5. Compensation**

Directors may receive fair remuneration in accordance with the limitations of Ind. Code 8-1-13-6 by the Corporation for serving as Director. Such compensation shall be established by a Resolution of the Board of Directors or a policy duly adopted by the Board of Directors. Further, directors shall be reimbursed for reasonable and necessary expenses incurred by them in the performance of their duties as a Director.

#### **Section 6. Removal of Directors and Officers**

Any member may bring written charges against a director by filing them in writing with the secretary, together with a petition signed by ten percent (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

#### **Section 7. Indemnification of Directors, Officers and Managers**

No person or their heirs, executors or administrators shall be liable to the cooperative for any loss or damage suffered by it on account of any action taken or omitted to be taken as a director, officer, employee or agent of the cooperative in good faith, if the person exercised or used the same degree of care and skill as a prudent person would have exercised or used under the same circumstances in the conduct of their own affairs or took or omitted to take action in reliance upon advice of counsel for the cooperative or upon statements made or information furnished by officers or employees of the cooperative which there were reasonable grounds to believe.

Each director, officer, employee or agent of this cooperative and their heirs, executors and administrators shall be indemnified and held harmless by this cooperative against all costs, expenses, judgments or settlements, including attorney's fees, reasonably incurred or imposed in connection with or resulting from any action, suit, proceeding or claim to which the individual may have been made a party by reason of being or having been a director, officer, employee or agent whether or not they continue to be a director, officer, employee or agent at the time of incurring the cost, expense or amounts, and whether or not the

action or omission, which is the basis of the suit, action, proceeding or claim, occurred before or after adoption of this bylaw, except in relation to matters as to which the individual shall have been finally adjudged in the action, suit or proceeding, or, if there being no action, suit or proceeding, then determined in conjunction with the settlement of any such claim, by a majority of the board of directors of this cooperative, which is unaffected by self-interest, to have been liable for gross negligence or gross misconduct in the performance of duties as a director, officer, employee or agent.

The provision of this Article shall be in addition to and not a limitation of any other rights, indemnities or limitations of liability. The cooperative may also purchase insurance to cover the indemnification.

## **ARTICLE V Meetings of Directors**

### **Section 1. Regular Meetings**

Regular meetings of the board of directors shall be held monthly at such time and place in a county served by the cooperative, in the State of Indiana, as the board of directors may provide by resolution. Such regular monthly meeting may be held without notice other than resolution fixing the time and place thereof.

### **Section 2. Special Meetings**

Special meetings of the board of directors may be called by the president or any four (4) directors. The person or persons authorized to call special meetings of the board of directors shall fix the time and place for the holding of any special meeting of the board of directors called by them.

### **Section 3. Notice**

Notice of the date, time, place and purpose of any special meeting of the board of directors shall be given at least five (5) days previous thereto, by written notice, delivered personally, sent through electronic communication 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.

### **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 without further notice.

### **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. If a director abstains from voting due to a conflict of interest, he or she will be considered absent for that vote.

### **Section 6. Participation in Board of Director Meetings**

Directors may participate in and act at any meeting of the Board of Directors while physically present or through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other simultaneously. Any director participating in a meeting through the use of a conference telephone or other communications equipment by which all persons participating in the meeting can hear and speak with each other simultaneously, is deemed to be present at the meeting. The board may adopt reasonable policies for the implementation and use of alternative means of participation in a board meeting including an annual limit on the number of times a director may make use of such alternative means of participation without specific consent by a majority of the remaining board members.

## **ARTICLE VI Officers**

### **Section 1. Number**

The officers of the cooperative shall be a president, vice-president, 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.

### **Section 2. Election and Term of Office**

The officers shall be elected, by ballot, annually by and from the board of directors at the first meeting of the board of directors held after each annual meeting of the members. If there be only one candidate for the office for which the election is held, the election of that officer may be made by motion and voice vote. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

### **Section 3. Removal of Officers and Agents by the Board**

Any officer or agent elected or appointed by the board of directors may be removed by the board whenever in its judgment the best interests of the cooperative will be served thereby.

### **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.

### **Section 5. President**

- a. shall be the principal executive officer of the cooperative and shall preside at all meetings of the members and board of directors.
- b. shall 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 president and such other duties as may be prescribed by the board of directors from time to time.

### **Section 6. Vice-President**

In the absence of the president, or in the event of his inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president and shall perform other duties as from time to time may be assigned to him by the board of directors.

### **Section 7. Secretary**

The secretary shall be responsible for:

- a. keeping the minutes of meetings of the members and the board of directors in one or more books provided for that purpose;
- b. seeing that all notices are duly given in accordance with these bylaws or as required by law;
- c. safekeeping of the corporate records and of the seal of the cooperative and seeing 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. keeping a register of the post office address of each member which shall be furnished to the secretary by such member;
- e. having general charge of the books of the cooperative in which a record of the members is kept;
- f. keeping 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 by-laws and all amendments thereto to each member; and

- g. in general performing all duties incident to the office of secretary and other duties as from time to time may be assigned to him by the board of directors.
- h. The director that serves as secretary may also serve as treasurer.

#### **Section 8. Treasurer**

The treasurer shall be responsible for:

- a. custody of all funds and securities of the cooperative;
- b. the receipt of and issuance of receipts for moneys due and payable to the cooperative from any source whatsoever, and the deposit of all moneys 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. the general performance of all duties incident to the office of treasurer and other duties as from time to time may be assigned to him by the board of directors.
- d. The director that serves as treasurer may also serve as secretary.

#### **Section 9. Assistant Secretary**

The assistant secretary shall be responsible for:

- a. performs the duties of the Secretary in his absence and such other duties as are assigned by the board of directors.
- b. The director that serves as assistant secretary may also serve as assistant treasurer.

#### **Section 10. Assistant Treasurer**

The assistant treasurer shall be responsible for:

- a. performs the duties of the treasurer in his absence and such other duties as are assigned by the board of directors.
- b. The director that serves as assistant treasurer may also serve as assistant secretary.

#### **Section 11. Chief Executive Officer**

The board of directors may appoint a chief executive officer who may be, but who shall not be required to be, a member of the cooperative. The chief executive officer shall perform such duties 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.

#### **Section 12. Bonds of Officers**

The board of directors shall require the treasurer or any other officer of the cooperative charged with responsibility for the custody of any of its funds or property, to be bonded in such sum and with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent or employee of the cooperative to be bonded in such amount and with such surety as it shall determine.

#### **Section 13. 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 VII Financial Transactions**

#### **Section 1. Contracts**

Except as 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.

**Section 2. Checks, Drafts, etc.**

All checks, drafts or other orders for the payment of money, and all notes or other evidences 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.

**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.

**Section 4. Fiscal Year**

The fiscal year of the cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

**ARTICLE VIII  
Cooperative Operations**

**Section 1. Nonprofit and Cooperative Operations**

The Cooperative: (1) shall operate on a nonprofit and cooperative basis for the mutual benefit of all Members; and (2) may not pay interest or dividends on capital furnished by Patrons.

**Section 2. Allocating Capital Credits**

In order to induce patronage and 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 from the furnishing of electric energy 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 furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron. The Cooperative shall allocate Capital Credits as provided in this Bylaw. The Cooperative must allocate Capital Credits in a Patron's name as shown on the Cooperative's records, regardless of the Patron's marital status.

- a. Patron. The term "Patron" means, during a fiscal year: (1) a Member; and (2) any other Person or Entity using a cooperative service to whom the Cooperative is obligated to allocate Capital Credits, which obligation existed before the Cooperative received payment for the cooperative service.
- b. Allocating Earnings. For each cooperative service provided during a fiscal year, the Cooperative shall equitably allocate to each Patron, in proportion to the business done with the Cooperative by the Patron during the fiscal year, the Cooperative's patronage earnings from providing the cooperative service during the fiscal year. Patronage earnings mean the amount by which the Cooperative's patronage sourced revenues from providing a cooperative service exceed the Cooperative's patronage sourced costs of providing the cooperative service, all as determined under federal cooperative tax law. For each fiscal year, the Cooperative shall allocate to each Patron, in proportion to the business done with the Cooperative by the Patron during the fiscal year, the Cooperative's nonpatronage earnings may, as determined by the Board, use retain or equitably allocate the nonpatronage earnings. Nonpatronage earnings mean the amount by which the Cooperative's revenues during a fiscal year exceed the Cooperative's nonpatronage sourced expenses during a fiscal year, less any amount needed to offset a patronage loss.
- c. Allocating Losses. For each cooperative service provided during a fiscal year, the Cooperative shall: (1) equitably allocate to each Patron, in proportion to the quantity or value of the cooperative service used by the Patron during the fiscal year, the Cooperative's patronage loss from providing the cooperative service during the fiscal year; or (2) offset the Cooperative's patronage loss from providing the cooperative service during the fiscal year: (A) against the Cooperative's patronage

earnings from providing the cooperative service during the most recent past fiscal year(s) or the next succeeding future fiscal year(s); or (B) first against the Cooperative's nonpatronage earnings during the current fiscal year, second against the Cooperative's unallocated nonpatronage earnings during any past fiscal year(s), and third against the Cooperative's nonpatronage earnings during any future fiscal year(s). Patronage loss means the amount by which the Cooperative's patronage sourced expenses of providing a cooperative service during a fiscal year exceed the Cooperative's patronage sourced revenues during the fiscal year.

- d. **Capital Credits.** For each amount allocated a Patron, the Patron shall contribute a corresponding amount to the Cooperative as capital. The Cooperative must credit all capital contributions from a Patron to a capital account for the Patron. At the time of receipt by the Cooperative, each capital contribution is treated as though the Cooperative paid the amount allocated to the Patron in cash pursuant to a pre-existing legal obligation and the Patron contributed the corresponding amount to the Cooperative as capital. The term "Capital Credits" means the amounts allocated to a Patron and contributed by the Patron to the Cooperative as capital.
- e. **Different and Separate Allocations.** As reasonable and fair, the Cooperative may allocate Capital Credits to classes of similarly situated Patrons under different manners, methods, and timing, provided the Cooperative allocates Capital Credits to similarly situated Patrons under the same manner, method and timing. If the Cooperative is a member, patron or owner of an Entity from which the Cooperative uses a good or service in providing a cooperative service and from which the Cooperative is allocated a capital credit or similar amount, then, as determined by the board of directors and consistent with this Bylaw, the Cooperative may separately identify and allocate to the Cooperative's Patrons this capital credit or similar amount allocated by the Entity.
- f. **Joint Memberships.** Upon receiving written notice and sufficient proof of the termination, conversion or alteration of a Joint Membership: (1) through the death of a Joint Member, the Cooperative shall assign and transfer to each surviving Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership; or (2) other than through death of a Joint Member, and except as otherwise provided by a court or administrative body of competent jurisdiction, and except as otherwise provided by the Joint Members, the Cooperative shall assign and transfer to each Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership.

### **Section 3. Notification and Assignment of Capital Credits**

Within a reasonable time after the end of each fiscal year, the Cooperative shall notify each Patron in writing or electronically of the stated aggregate dollar amount of Capital Credits allocated to the Patron for the preceding fiscal year and usage data sufficient to allow a Patron to calculate the allocation of his patronage for the year. Except as otherwise provided by the Board or these Bylaws, to assign or transfer a Patron's Capital Credits: (1) the Cooperative must receive a written or electronic request signed by the Patron to assign or transfer the Capital Credits; (2) the Patron and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and (3) the Board must approve the assignment or transfer.

### **Section 4. Retiring Capital Credits**

The Cooperative may retire and pay Capital Credits allocated to Patrons and former Patrons as provided by this bylaw. If the Cooperative retires and pays Capital Credits, then the Cooperative must retire and pay Capital Credits in a Patron's name as shown in the Cooperative's records, regardless of the Patron's marital status.

- a. **General Capital Credit Retirements.** At any time before the Cooperative's dissolution, liquidation or other cessation of existence, the Cooperative may generally retire and pay some or all Capital Credits allocated to Patrons or former Patrons.
- b. **Special Capital Credit Retirements.** The Cooperative may specially retire and pay some or all Capital Credits allocated to an individual Patron or former Patron: (1) after the death of the Individual; (2) after receiving a written or electronic request from the deceased individual's legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the deceased individual's legal representative. The Cooperative may not specially retire and pay Capital Credits

allocated to an Entity Patron or former Entity Patron during or after the Entity's dissolution, liquidation, or other cessation of existence.

- c. **Capital Credit Recoupment and Offset.** Regardless of a statute of limitation or other time limitation, at the time of or after retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or set off an amount owed to the Cooperative by the Patron or former Patron, including any compounded interest and late payment fee, by reducing the allocated amount of retired Capital Credits paid to the Patron or former Patron by the amount owed to the Cooperative.
- d. **Capital Credit Retirement Discretion.** The Cooperative may retire and pay Capital Credits only if the Board determines that the retirement and payment will not adversely impact the Cooperative's financial condition. Consistent with this Bylaw, the retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments. The manner, method and timing of retiring and paying Capital Credits may be determined only by the Board.
- e. **Different and Separate Capital Credit Retirements.** As reasonable and fair, the Cooperative may retire and pay Capital Credits to classes of similarly situated Patrons and former Patrons under different manners, methods and timing, provided the Cooperative retires and pays Capital Credits to similarly situated Patrons and former Patrons under the same manner, method and timing. If the Cooperative separately identified and allocated Capital Credits representing capital credits or similar amounts allocated to the Cooperative by an Entity in which the Cooperative is or was a member, patron or owner, then the Cooperative may retire and pay these Capital Credits only after the Entity retires and pays the capital credits or similar amounts to the Cooperative.

#### **Section 5. Patron Agreement Regarding Patronage and Capital Credits**

Each Patron and former Patron agrees that:

1. Capital Credits are not securities under state or federal law;
2. The Patron's right to Capital Credits vests, accrues, becomes redeemable, and becomes payable only upon the Cooperative retiring the Capital Credits as provided in these Bylaws, and not upon the Cooperative allocating the Capital Credits; and
3. As required by law, each Patron will: (A) report to the appropriate Entity all allocated or retired Capital Credits; and (B) pay the appropriate Entity any tax or similar amount on allocated or retired Capital Credits.

#### **Section 6. Non-Member Patrons and Non-Member Non-Patrons**

As a condition of using a cooperative service, and except as otherwise provided by the Board:

1. To the same extent as a Member, a Patron who is not a Member ("Non-Member Patron") and a person using a cooperative service who is not a Member or Patron ("Non-Member Non-Patron") must abide by and be bound to the duties, obligations, liabilities, and responsibilities imposed by the governing documents upon Members.
2. A Non-Member Patron or a Non-Member former Patron has none of the rights granted by the governing documents to Members, other than rights to: (A) be allocated Capital Credits; and (B) be paid retired Capital Credits; and
3. A Non-Member Non-Patron has none of the rights granted by the governing documents to Members.

#### **Section 7. Reasonable Reserves**

Regardless of a contrary Bylaw, and to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses ("Reasonable Reserves"). The Cooperative must keep records necessary to determine, at any time, each Patron's rights and interest in Reasonable Reserves.

#### **Section 8. Recovery of Unclaimed Amounts Due Members**

Notwithstanding any provisions herein contained to the contrary and pursuant to the statutes of the State of Indiana (I.C.8-1-13-11) the corporation shall recover after a period of two (2) years any unclaimed stocks, dividends, capital credits, patronage refunds, utility deposits, membership fees, account balances 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 sixty (60) days' notice in a newspaper printed in the English language and published in the county in which the corporation locates its general headquarters. Such notice shall state the owner's interest, and that if not duly claimed within sixty (60) days of said notice, the same shall be turned over to the corporation, which shall reallocate the same to other members. If no provable claim shall have been filed by such member within sixty (60) days after the one-time publication of said notice, the corporation may credit against said account any amounts due and owing the corporation by said member and thereafter allocate to the other members of the corporation on a pro rata basis. Such amounts of said members (the allocation herein contemplated) shall be allocated to those who are members as of the year and on a pro rata basis for the year in which the 60<sup>th</sup> day falls after the circulated notice.

Any member or former member who fails to claim any cash retirement or capital credit or other payment within two (2) years after the payment has been made available to such person; such failure will constitute an irrevocable assignment and gift to the corporation of such capital credits or other payment.

## **ARTICLE IX Disposition of Property**

The corporation may not sell, lease, exchange, mortgage, pledge or otherwise dispose of all, or substantially all, of the property of the corporation unless

- a. the same shall be authorized by a resolution duly adopted at a meeting of its members duly called and held, which resolution shall have received the affirmative vote of at least two thirds (2/3) of all of its members and unless,
- b. the same shall be approved by the Indiana Utility Regulatory Commission; provided, however, that the board of directors of the corporation 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 of or all the property, assets, rights, privileges, licenses, franchises and permits of the corporation, whether acquired or to be acquired and wherever situated, as well as the revenues therefrom, for the purpose of financing the construction or maintenance of the corporation's distribution or transmission system or systems, 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 corporation to any federal agency or to any financial institution which action of the board of directors shall not be subject to the approval of the Indiana Utility Regulatory Commission if the corporation has a mortgage with any federal agency.

## **ARTICLE X Seal**

The corporate seal of the cooperative shall be in the form of a circle and have inscribed thereon the name of the cooperative and the words "Seal, Indiana, 2012."

## **ARTICLE XI Miscellaneous**

### **Section 1. Membership in Other Organizations**

The cooperative will not become a member of or purchase stock in any other organization without an affirmative vote of the board of directors.

### **Section 2. Waiver of Notice**

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws. In case of a joint membership, a waiver of notice signed by either spouse shall be deemed a waiver of notice of such meeting by both joint members.

### **Section 3. Policies, Rules and Regulations**

The board of directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of consolidation of the cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the cooperative.

### **Section 4. 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 regulatory body, shall conform to such accounting systems as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. All accounts of the cooperative shall be reviewed by the board of directors each month at regular meetings of the board of directors.

The board of directors shall also after the close of each fiscal year cause to be made by an independent certified public accountant a full and complete audit of the accounts, books and financial condition of the cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the following annual meeting.

### **Section 5. Area Coverage**

The board of directors shall make a diligent effort to see that electric service is extended to all unserved persons within the cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the cooperative as a condition of such service.

### **Section 6. Rules of Order**

Unless otherwise specifically adopted by the body, parliamentary procedure at all meetings of the members, the board of directors, and any committee of the board or the members 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, the cooperative's Articles of consolidation, or these bylaws.

## **ARTICLE XII Amendments**

These bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds of the members of the board of directors at any regular or special meeting. The notice of the meeting shall contain a notice of the proposed alteration, amendment or repeal to be considered at the meeting.

## **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 [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) 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](mailto:program.intake@usda.gov).

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