

BYLAWS OF NORTHEASTERN REMC

The mission of Northeastern Rural Electric Membership Corporation (hereinafter called the "Cooperative") is to meet our members' ongoing needs for reliable energy services at a good value while meriting trust and confidence.

ARTICLE I – MEMBERS

Section 1.1 - Qualifications and Obligations. Any person, firm, corporation or body politic may become a member in the Cooperative by:

(a) paying the membership fee specified, except those members on any part of the Larwill distribution system who were taking electric energy at the time of the acquisition of the system from the public utility owning same, if the same is acquired by this Cooperative, and, provided further, that such persons so exempt from paying membership fees shall be exempt only so long as they take electrical energy from this Cooperative at the same meter location they were so taking from said public utility and that they take same continuously and without interruption after the acquisition of said Larwill distribution system, if so acquired;

(b) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and,

(c) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these bylaws, any amendments thereto, and such rules and regulations as may from time-to-time be adopted by its Board of Directors (hereafter: Board): all as evidenced by the member's execution of the membership agreement (card).

Two individuals of legal age may jointly become a member, and their application for joint membership shall be accepted in accordance with the foregoing provisions of this section, provided that both comply jointly with the provisions of the above subdivisions (a), (b) and (c).

Section 1.2 - Membership Fees.

(a) The membership fee shall be \$15; payment of which shall make the member eligible for any number of service connections. This fee shall be refundable after termination of membership. No meter deposit shall be paid by a member who has paid such \$15 refundable membership fee, except as provided in Section 1.8 (b) hereafter. The whole or any part of such \$15 fee may be applied, without notice to the depositor, toward payment of delinquent charges for electricity furnished through the meter. Whenever any such member ceases using electricity through the meter for which such fee shall have been paid, he/she shall be repaid the amount of such fee, minus any part thereof applied as aforesaid.

(b) Such \$15 refundable membership fee shall not bear interest.

(c) The refundable membership fees may be used by the Cooperative for any purpose as the Board may authorize.

(d) All who were members of the Cooperative before May 1, 1952 who had paid a \$5 non-refundable membership fee, or own premises for which such fee had been paid by any prior owner, and who have a \$10 meter deposit with the Cooperative shall, effective May 1, 1952, be credited with the \$15 refundable membership fee provided for in (a) above, and such \$5 membership fee and \$10 deposit are hereby merged into said refundable membership fee.

(e) Any member who was a member of this Cooperative on May 1, 1952 who had paid a \$5 non-refundable membership fee, or own premises for which such fee had been paid by any prior owner, and who is the holder of a \$10 Certificate of Indebtedness heretofore issued by the Cooperative, may at any time thereafter be credited with the \$15 refundable membership fee provided for under (a) above by delivering said Certificate of Indebtedness for redemption by the Cooperative at a value of \$10, in which event said \$5 membership fee and the \$10 redemption value of said certificate shall be merged into said \$15 refundable membership fee, and so credited upon the books of the Cooperative.

Section 1.3 - Purchase of Electric Energy. Except for any qualified distributed generation facilities, each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises referred to in the application of such member for membership, or any other premises subsequently acquired by such member within the Cooperative's territorial limits, and shall pay therefore monthly at rates which shall from time-to-time be fixed by resolution of the Board. Each member shall also pay 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.

Section 1.4 - Non-Liability for Debts of the Cooperative. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative, and no members shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 1.5 - 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 Cooperative at one of more service connections; 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. Any member may withdraw from membership upon payment in full of all liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board may prescribe.

Section 1.6 - Transfer and Termination of Membership.

(a) Membership in the Cooperative shall not, except as hereinafter otherwise provided, be transferable.

(b) A membership may be transferred to a joint membership provided that both members jointly comply with the provisions of subdivisions (b) and (c) of Section 1.1. Such transfer shall be made and recorded on the books of the Cooperative.

(c) When a membership is held jointly, upon the death of either individual, 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/her as the case may be. Upon recording of such death on the books of the Cooperative, the membership shall be transferred to such survivor; provided- - that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

(d) Any transfer of membership shall not be effective until the transferee shall have complied with the conditions of membership contained in Section 1.1 (b) and (c) of the bylaws.

Section 1.7 - Removal of Directors by Membership. 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 less than five percent (5%) of the 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 is recalled, to elect their successor(s). The petition shall specify the place, time and date thereof not less than forty (40) days nor more than seventy (70) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) days after the 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 he/she is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Verbatim notice of such charge(s), the identity of the director(s) against whom the charge(s) are made, and the purpose of the meeting shall be contained in the notice of the meeting at which 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 charge(s) 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. At such meeting the members bringing the charges(s) shall first have the duty to present evidence supporting the charge(s) in person, by calling witnesses, and by counsel, and thereafter the director(s) so charged shall have an opportunity to be heard in person, by witnesses, and by counsel. The question of the removal shall be determined by a vote of the members at such meeting; 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/her shall have been presented during the meeting through oral statements, documents or otherwise. If a director is removed from office, the members shall elect a successor by nomination from the floor. A newly elected director shall possess all of the qualifications of a director set forth herein, shall be from the same directorate district as was the director

whose office he/she succeeds and shall serve the unexpired portion of the removed director's terms.

Section 1.8 - Meter Deposits.

(a) Each member who has not established a \$15 refundable membership fee with the Cooperative shall retain a meter deposit with the Cooperative in the same amount as he/she had deposited at the time, such refundable membership fees were authorized by these bylaws, except as provided in paragraph (b) of this section.

(b) The President and CEO of this Cooperative shall have the power and authority, whenever he/she deems it necessary for the security of the Cooperative, to require from any member an additional meter deposit not to exceed the maximum amount allowed by Board Policy.

(c) The whole or any part of any deposit may be applied, without prior notice to the depositor, toward the payment of delinquent charges for current furnished through the meter, whenever any depositor ceases using current through the meter for which such deposit shall have been made, he/she shall be repaid the amount of such deposit, minus any part thereof applied as aforesaid.

(d) Such deposits shall be deposited in the general funds of the Cooperative and used for any proper corporate purpose.

(e) The Cooperative shall pay interest on meter deposits pursuant to Board Policy.

Section 1.9 - Right of Member 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 the proper operational 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 of the Board for an opportunity to present his/her case to the Board. The chairperson shall arrange for the member's appearance before a regular meeting of the Board. Following the member's appearance, the Board will inform the member in writing of its decision in the case. The Board's decision will be final in all cases unless revised or amended by any court with jurisdiction of the issue and the parties.

Section 1.10 – A member may inspect, copy, or receive a copy of the Membership List only as permitted by law, and only upon certification that any use thereof will be limited to use authorized by law, which certification shall be in the form required by the Board.

ARTICLE II – MEETING OF MEMBERS

Section 2.1 – Annual Member Meeting. Not later than the 31st day of March of each year, the Board shall determine the date of the annual members meeting (Annual Meeting) during the inclusive period of August 1 to October 31 of each year. Failure to hold the annual meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative.

Section 2.2 - Special Member Meeting. Special meetings of the members may be called by the chairperson, by the Board, or upon a written request signed by at least five percent (5%) of all 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 counties of Allen and Whitley, in the state of Indiana, specified in the notice of the special meeting.

Section 2.3 - Notice of Member Meetings. Written or printed notice stating the place, date and hour of the meeting and, in case of a special meeting, the purpose(s) for which the meeting is called, shall be delivered to each member not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally, by mail, or by electronic means, by or at the direction of the secretary, or by the persons calling the meeting. If mailed, such notices shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of any 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.

Section 2.4 - Quorum. A quorum shall be present for the transaction of business at all meetings of the members if at least two percent (2%) of all the members of the Cooperative are present in person at such meeting; provided that, if less than such quorum is present at a meeting, a majority of the members so present may adjourn the meeting from time-to-time without further notice.

Section 2.5 - Voting. Each member shall be entitled to one vote and not more upon each matter submitted to a vote at a meeting of the members. On the issue of sale, lease, or otherwise disposing of all, or substantially all, the property of the Cooperative, the resolution must receive the affirmative vote of at least a majority of all the members of the Cooperative. On all other issues, a majority of those members who are voting at any regular meeting, or any special meeting of the members called for that purpose, shall be necessary for the taking of any action, adopting any resolution, or the election of any directors, except as otherwise provided by the law, the Articles of Incorporation or by these bylaws; provided, if more than two persons are running for election as director from the same district, the person receiving the most votes shall be elected. Drawing by lots shall resolve, when necessary, any tie votes. A joint membership is entitled to one vote and not more upon each matter submitted to a vote at a meeting of the members.

Section 2.6 - 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 the presence of a quorum;
- (2) approval of unapproved minutes of previous meetings of members;
- (3) presentation of reports of officers, directors and committees;
- (4) election of directors;
- (5) other business;
- (6) adjournment.

Section 2.7 – Lack of a Quorum. If at any annual meeting of the members there is no quorum present, as required by Section 2.4 of these bylaws, the directorship for the districts to be elected at such annual meeting are declared vacant. Thereafter, directors for the vacated districts shall be selected in accordance with State statutes and Board policies, which directors, when selected, shall serve a three (3) year term or until their successors are elected and qualified as provided in, Section 3.3 of these bylaws.

Section 2.8 – Credentials and Election Committee. The Board, at least ten (10) days before any election of directors, appoint a Credentials and Election Committee existing of not less than six (6) nor more than twelve (12) members who are not existing Cooperative employees, agents, officers, directors, or candidates for directors, and who are not close relatives (as defined in Section 3.3 (c) or members of the same household of existing Cooperative employees, agents, officers, directors or candidates for director. In appointing the committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The committee shall elect its own chairperson and secretary prior to the election. It shall be the responsibility of the committee to establish or approve the manner of conducting the balloting, to pass upon all questions that may arise with respect to the member eligibility to cast a ballot, to count all ballots, to rule upon the effect of any irregular or indecisively cast ballot, or rule upon all other questions that may arise relating to member voting and the election of directors (including, but not limited to, the validity of petitions of nomination or the qualifications of candidates and the regularity of nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the election. The committee shall thereupon be reconvened, upon notice from its chairperson, not less than seven (7) days after such protest or objection is filed. The committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the committee, by a vote of a majority of those present and voting, shall, within a reasonable time, but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The committee's decision (as reflected by a majority of those actually present and voting) on all matters covered in this section shall be final, the committee may not affirmatively act on any matter unless a majority of the committee is present.

ARTICLE III – BOARD OF DIRECTORS

Section 3.1 - 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.

Section 3.2 - Director Districts. The territory in which members of the Cooperative reside in is hereby apportioned into nine districts, numbers 1, 2, 3, 4, 5, 6, 7, 8 and 9, described as follows:

- (1) Eel River Township in Allen County, Indiana, and that part of Swan Township in Noble County, Indiana, which is served by this Cooperative;
- (2) Union Township and Columbia Township in Whitley County, Indiana;
- (3) Washington, Jefferson and Cleveland Townships in Whitley County, Indiana; that part of Chester Township in Wabash County, Indiana, which is served by the Cooperative, and that part of Jackson and Clearcreek Townships in Huntington County, Indiana, which is served by this Cooperative;
- (4) Richland Township in Whitley County, Indiana; that part of Etna-Troy Township in Whitley County, Indiana, which is served by this Cooperative, and that part of Washington Township in Kosciusko County, Indiana, which is served by this Cooperative;
- (5) Smith Township in Whitley County, Indiana, and that part of Green Township in Noble County, Indiana, which is served by this Cooperative;
- (6) That portion of Aboite Township in Allen County, Indiana, lying south of Aboite Center Road, which is served by this Cooperative;
- (7) Thorncreek Township in Whitley County, Indiana, and that part of Noble Township in Noble County, Indiana, which is served by this Cooperative;
- (8) St. Joseph and Lake townships and that part of Aboite Township in Allen County, Indiana, which lies north of Aboite Center Road, and that portion of Washington Township in Allen County, Indiana, which is served by this Cooperative;
- (9) Perry Township in Allen County, Indiana, the parts of which are included in the franchise area of this Cooperative.

Section 3.3 – Director Qualifications, Conflict of Interest.

(a) All directors shall be members of the Cooperative, shall be at least eighteen (18) years of age and shall have earned a high school diploma or GED. In addition, no former employee or spouse of a former employee of the Cooperative or an employee of an entity controlled by the Cooperative shall be eligible to become a candidate for director until the director election held three (3) years subsequent to the actual date of such former employee's termination of employment with the Cooperative.

(b) No member shall be eligible to become or remain a director, or to hold any position of trust in the Cooperative who fails to meet the requirements set forth in the following subsections 1 and 2:

- 1): the member must be a bona fide resident of territory served by the

Cooperative. The term “bona fide resident” is defined as follows: To qualify as a “resident” for the purposes of this Section 3.3(b), the director must (i) reside at a physical location that is within the boundaries of the director’s district for at least 6 months of the calendar year prior to election, and for each calendar year during such director’s term; and (ii) file an Indiana Full Year Resident Income Tax Return, Form IT-40, for the calendar year prior to election and for each calendar year during such director’s term, and:

2): the member has no “conflict of interest”, defined as follows: within one (1) year prior to his/her nomination, being employed by or in any manner financially interested in: (a) any enterprise which competes with the cooperative in any manner, or (b) any enterprise engaged in selling electricity, supplies of any kind, equipment, fixtures, or service, to the cooperative.

(c) No member shall be eligible for nomination as a candidate or election as a director, or to serve as a director of the Cooperative, if any employee of the Cooperative 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 Cooperative, specific relationships representing a conflict of interest include, but are not limited to, the spouse of such prospective director, any child of such prospective director, any grandchild of such prospective director, any child, grandchild, parent, brother or sister of the prospective director’s spouse, or the spouse of any other of the above named people.

No one shall be employed by the Cooperative who is related to a director in such a manner that would hinder the director in exercising fair and independent judgment in the affairs of the Cooperative. Specific relationships representing a conflict of interest include but are not limited to, the spouse of such director, any child of such director, any grandchild of such director, a parent of such director, any brother or sister of such director, any child, grandchild, parent or brother or sister of the director’s spouse, or the spouse of any of the above named people.

(d) When a membership is held jointly one, but not both, may be elected a director, provided 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 hereinabove in this section set forth. 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.

No director shall be nominated from or elected to represent, or continue to serve as a director of the district which he/she represents unless he/she is a resident of that district as defined by the general election laws of the State of Indiana.

In addition to the other requirements for eligibility set forth herein, commencing with the Director election in 2010 and thereafter, any Director elected to the Board who has not previously served as a Director of the Cooperative shall obtain the status of Credentialed Cooperative Director (CCD) through the educational program sponsored by the National Rural Electric Cooperative Association (NRECA), or any similar successor educational program approved by the Board, before the end of such Director’s first three year term. A Director failing to acquire such certification shall be ineligible for re-election to the Board,

unless due to the occurrence of an exigent circumstance beyond the control of such Director, he or she shall have failed to complete the course of study necessary to obtain the certification, but has no more than one (1) course remaining to attain certification. In such case, the Director shall complete the certification requirement within the first year of his or her second term as a Director. In the event a Director shall fail to obtain the certification within the first year of the second term, the Director shall be ineligible to continue serving as a Director, and the Board shall declare such Director district vacant. In such case the vacancy shall be filled at the expiration of such Director's term as provided in the bylaws. No director shall commence further director certification prior to such director's second term in office.

Section 3.4 - Nominations.

(a) Nominations by Nominating Committee. Each year, not less than one hundred twenty (120) days before the date of the meeting of the members, it shall be the duty of the Board to appoint a committee on nominations consisting of no less than six (6) nor more than twelve (12) members, who shall be residents of the districts electing directors at the annual meeting that year with an equal number of nominating committee members from each such district. However, if in any year there exists a vacant director district for which a new director is being elected, the Board shall select two (2) additional nominating committee members from the other districts whose directors are standing for election, instead of appointing nominating committee members from the vacant district. No officer or member of the Board shall be appointed a member of such committee, and no such appointee shall be eligible to stand for election as a Director at such annual meeting. In addition to the other qualifications for a director, the nominating committee shall not select any nominee who is a spouse, parent, descendant, or brother or sister of a member of that nominating committee. At least seventy-five (75) days before the meeting such committee shall prepare and post at the principal office of the Cooperative a list of nominations for director consisting of at least one or more nominee(s) from each district in which the present director's term has expired. In case any committee person shall resign or fail to act, the remaining committee persons, not less than a majority of the number originally appointed, shall make such nominations. The names of all nominees and the respective district of his/her residence shall be sent to each member of this Cooperative, along with the notice of such meeting.

(b) Nominations by Petition. Any fifty (50) or more members shall 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 same place where the list of nominations made by the committee is posted noting that such candidate(s) has been nominated by Petition. The secretary shall send to each member at least ten (10) days before the meeting a statement of the number of directors to be elected and showing separately the nominations made by the petition, if any.

(c) Nominations Following Removal of Director. The members may, at any meeting at which a director or directors shall be removed, as hereinabove provided, elect a successor thereto without compliance with the foregoing provisions with respect to nominations.

Notwithstanding anything in section 3.3 contained, failure to comply with any of the provisions of this section 3.4 shall not affect in any manner whatsoever the validity of any election of directors.

Nominations as provided in this section 3.4 shall be the exclusive method for the nomination of directors, and nominations from the floor are specifically prohibited.

Section 3.5 - Director Terms. At each annual meeting there shall be elected directors to succeed all directors whose terms of office shall expire or shall have expired at the time of holding such election. All directors elected shall serve for the term of three (3) years or until their successors are elected and qualified, subject to the provisions of these bylaws with respect to the removal of directors.

Section 3.6 - Vacancies. Subject to the provisions of these bylaws with respect to removal of directors, vacancies occurring on the Board may, at the discretion of the Board, be filled in accordance with State statutes and Board policies; and directors thus selected shall serve the unexpired term of the director whom he/she replaces.

Section 3.7 - Director Compensation.

(a) A director shall not receive any salary as such for their services, but by resolution of the Board, may be paid for attendance at each meeting of the Board. Directors may, in addition, by resolution of the Board, be paid for any other meeting attended while in performance of their duties as directors.

(b) Directors may receive the following insurance coverage as provided by written policy adopted by the Board from time-to-time:

- i. Directors serving as of January 1, 2011 may receive medical insurance coverage; and
- ii. Accidental death and dismemberment insurance coverage.

(c) Except in emergencies, so declared by the Board, no director shall receive compensation for serving the Corporation in any other capacity.

ARTICLE IV – MEETING OF DIRECTORS

Section 4.1 - Regular Meetings. A regular meeting of the Board shall be held monthly or semi-monthly at such time and place as the Board may provide by resolution. Such regular monthly or semi-monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 4.2 - Special Meetings. Special meetings of the Board may be called by the chairperson or any three (3) directors. The person or persons authorized to call special meetings of the Board may fix the time and place for the holding of any special meeting of the Board so called in accordance with the provisions of Section 4.3 hereof.

Section 4.3 - Notice. Notice of the time, place and purpose of any special meeting of the Board shall be given at least two (2) days previous thereto, by written notice, delivered personally, mailed, and/or sent electronically to each director at his/her 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 in person or by telecommunication at any meeting shall constitute waiver of notice of such meeting, except when a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4.4 - Quorum. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board; provided that if less than a majority of the directors are present at said meeting, a majority of directors present may adjourn the meeting from time-to-time without further notice.

Section 4.5 - 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, except as herein otherwise provided.

Section 4.6 - Removal of Director by the Board of Directors. Any director may request the removal of another director, for cause, by written charge which is signed, under oath, by such director. The allegations of cause for removal of a director shall be conduct, either by act, omission or impairment, which amounts to:

- a. gross negligence in the performance of the director's duties;
- b. fraud;
- c. a felony or misdemeanor, as defined by Indiana statutes (whether convicted by a court of law or not);
- d. a violation of the fiduciary obligations imposed upon directors by law;
- e. maliciously filing a charge for removal of a fellow director, which charge has no merit;
- f. the commission of a material breach of any policy applicable to the Board;
- g. becoming physically or mentally impaired in a manner which compromises the ability of the director to carry out his/her duties and responsibilities as a director.

if such conduct, omission or impairment adversely affects the business and affairs of NREMC, including its general reputation and standing in the community.

Such charge shall be delivered to the Chairperson of the Board, or the Vice Chairperson if the allegations pertain to the Chairperson. Such officer shall direct the matter to be included as an agenda item at the next regular meeting of the Board in the event such meeting date shall be more than ten (10) days following the delivery of the charge, or at a special meeting of the Board to be held not less than seven (7) days or more than fifteen (15) days following the next regular meeting if the charge is delivered within ten (10) days of such regular meeting date.

At the meeting, the Board shall consider the evidence supporting the charge and any defense thereto made by the Director charged, or a representative of his/her choosing. Following the submission of such proof and any defense, the Board shall consider and vote on the removal of the Director so charged in an Executive Session. The Director charged shall be removed from the Board immediately upon affirmative vote of a majority of the Directors voting on said issue.

ARTICLE V – OFFICERS

Section 5.1 – Required Officers. The officers of the Cooperative shall be a Chairperson, Vice-Chairperson, Secretary and Treasurer, who shall be members of the Board, an Assistant Secretary and an Assistant Treasurer, who shall be employees of the Cooperative, but who shall not be members of the Board. In addition thereto, a President and Chief Executive Officer may be named as provided in Section 5.9, below. The offices of secretary and treasurer may be held by the same person.

Section 5.2 - Election and Term of Office. All officers, except the President and CEO, the assistant secretary and the assistant treasurer, shall be elected annually by the Board at the first regular or special meeting of the Board held after each annual meeting of the members. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office through the first meeting of the Board following the next succeeding annual meeting of the members or until his/her successor shall have been duly elected and shall have qualified, subject to the provisions of the bylaws with respect to the removal of officers. No director may serve more than three (3) consecutive terms in any one office.

Section 5.3 - Removal. Any officer or agent elected or appointed by the Board may be removed by the Board if, in its judgment, the best interests of the Cooperative would be served thereby.

Section 5.4 - Vacancies. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board for the unexpired portion of the term.

Section 5.5 - Chairperson. The chairperson of the Board:

(a) shall preside at all meetings of the Board;

(b) shall sign, with the secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the execution thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Cooperative or shall be required by law to be otherwise executed; and

(c) in general shall perform all duties incident to the office and such other duties as may be prescribed by the Board from time-to-time, specifically appointing all committees, and acting as liaison between the Board and the President and CEO.

Section 5.6 - Vice-Chairperson. In the absence of the chairperson, or in the event of his/her inability or refusal to act, the vice-chairperson shall perform the duties of the chairperson, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairperson and shall perform such other duties as from time-to-time may be as signed to him/her by the Board.

Section 5.7 - Secretary. The secretary or assistant secretary shall:

- (a) record or direct the recordation of the minutes of meetings of the members and of the Board 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 Cooperative's records and of the seal of the Cooperative 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) keep a register of the post office address of each member;
- (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 bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member; 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/her by the Board.

Section 5.8 - Treasurer. The treasurer or assistant treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit all such monies in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these bylaws; and
- (c) in general perform all the duties incident to the office of treasurer and such other duties as from time-to-time may be assigned to him/her by the Board.

Section 5.9 - President and Chief Executive Officer (CEO). The President and CEO shall be appointed by the Board and shall be the administrative officer of the Cooperative. He/she shall have general charge of all business matters of the Cooperative under the control of and subject to the will of the Board and in accordance with the policies adopted by the Board. Such officer shall be known and referred to as President and CEO. Such officer shall devote his/her full time to the business of this Cooperative and shall be compensated for his/her services to the Cooperative in such amounts as may be fixed by

the Board from time-to-time. Such officer shall not be required to be a member of the Cooperative. Such officer shall perform such duties as the Board may from time-to-time require of him/her and shall have such authority as the Board may from time-to-time vest in him/her. The President and CEO shall serve at the Board's discretion.

Section 5.10 - Bonds of Officers. The Board 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 give bond in such sum and with such surety as the Board shall determine. The Board, 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.

Section 5.11 - Compensation. The power, duties and compensation of officers, agents, and employees shall be fixed by the Board.

ARTICLE VI – CONTRACTS, CHECKS AND DEPOSITS

Section 6.1 - Contracts. Except as otherwise provided in these bylaws, the Board 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 instance.

Section 6.2 - Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes or other evidence of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned 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.

Section 6.3 - Deposits. All funds of the Cooperative shall be deposited from time-to-time to the credit of the Cooperative and in such financial institutions as the Board may select.

ARTICLE VII – NON-PROFIT OPERATION

Section 7.1 - 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 members. No interest or dividends shall be paid or payable by the Cooperative on any patronage capital furnished by the patron.

Section 7.2 - Patronage Capital.

(a) The Cooperative's operation shall be so conducted that all patrons (members) will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a cooperative, non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy 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 allocate credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of his/her capital so credited to his/her account.

(b) All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (1) used to offset any losses incurred during the current or any prior fiscal year, and (2) 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, as herein provided.

(c) All such amounts credited to the capital account of any patron shall have the same status as though they have been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of capital.

(d) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding patronage capital shall be retired without priority on a pro rata basis. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patron's accounts may be retired in full or in part. The Board shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

(e) Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or to the patron and his/her spouse with right of survivorship, unless the Board, acting under policies of general application shall determine otherwise.

(f) In case of the death of any person who has furnished such capital credited to his/her account, such credit shall be transferred upon the books of the Cooperative only upon the filing with the Cooperative of a proper assignment by the legal representative of his/her estate or his/her heirs-at-law or legatees in accordance with such policy and procedures as are adopted by the Board.

(g) It is the duty of every patron and of every person who has such capital credited to his/her account to cause the records of the Cooperative at all times to show his/her proper mailing address. At such time as retirement of capital is directed by the Board as provided herein, a check shall be mailed to the mailing address of each such persons as shown on the records of the Cooperative or to any agent designated. All checks returned to the Cooperative as not delivered shall be recovered by the Cooperative pursuant to Indiana Code 8-1-13-11(14) and Indiana Code 8-1-13-17.

(h) The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws shall constitute and be a contract between the Cooperative and each person; and both the Cooperative and the

patrons and their successors in interest are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions.

(i) No payment of capital credited to any member shall be paid to such member when the member owes any delinquent obligation to the Cooperative if the legal principals of set-off or recoupment permit the Cooperative to retain such.

ARTICLE VIII – DISPOSITION OF PROPERTY

Section 8.1 - Dispositions and Pledging of Property. Not inconsistent with the provisions of Indiana Code Section 8-1-13-12, the members of the Cooperative may at a duly held meeting of the members, authorize the sale, lease, lease-sale, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Cooperative's property and assets by the affirmative votes of a majority of the total members of the Cooperative. However, the Board, without authorization by the members, shall have full power and authority (1) to borrow monies from any source and in such amounts as the board may from time-to-time determine, (2) to issue the Cooperative's obligations evidencing such borrowing, and (3) to mortgage or otherwise pledge to encumber any or all of the Cooperative's property or assets as security therefor. The board shall also have full power and authority, without requirement of any member authorization or Commission approval, to sell, lease, lease-sale, exchange, transfer or otherwise dispose of merchandise, or of property no longer necessary or useful for the operation of the Cooperative, or of less than substantially all of the Corporation's property and assets.

Section 8.2 - Procedure Upon Disposition of Cooperative Property. Supplemental to Section 8.1 and any other applicable provisions of laws 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 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 should be considered. The three (3) such appraisers shall be designated by the Whitley County Circuit Court Judge. If such judge refuses to make such designations, they shall be made by the Board.

(b) If the Board, after receiving such appraisals (and other terms and conditions which are submitted, if any), determine 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 to them.

(c) If the Board 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 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 meeting if the Board so determines and if such annual meeting is held not less 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 IX – MEMBERSHIP IN OTHER ORGANIZATIONS

The Board shall have the full power and authority on behalf of the cooperative to purchase stock in, or become a member of any corporation or cooperative organized for purposes consistent with the corporate purposes of the Cooperative.

ARTICLE X – MISCELLANEOUS

Section 10.1 – Electronic Documents. Subject to consent by a member or Director, an electronic document sent to or received from a member or Director satisfies a requirement imposed by these bylaws that the underlying signature, contract, record, notice, communication or other document be in writing.

A document electronically sent to a member, Director or former member at the member, Director or former member's last known electronic address is considered received on the date sent by the Cooperative. A document electronically received from a member, Director former member is considered received on the date received by the Cooperative.

Section 10.2 – Bylaw Amendments. The bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board which vote may be taken at any regular or special meeting of the Board; provided that in case of a special meeting, notice of such alteration, amendment or repeal shall have been given with notice of meeting.

Section 10.3 – Rules of Order. Parliamentary procedure at all meetings of the member, of the Board, of any committee provided for in these bylaws and of any other committee of the members or Board 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.

Section 10.4 – Fiscal Year. The fiscal year of the Cooperative shall begin on the first (1st) day of January of each year and end on the thirty-first (31st) day of December in the same year.

Section 10.5 – Seal. The Cooperative seal of the Cooperative shall be in the form of circle and shall have inscribed thereon the name of the Cooperative, the words, "Columbia City, Seal, Indiana" and the figures "1936."

Section 10.6 – Terms and Conditions of Service. The Board shall have power to make and adopt such terms and conditions of service, not inconsistent with law, the Articles of Incorporation or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 10.7 – Accounting Systems and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time-to-time be acceptable under the Generally Accepted Accounting Principles (GAAP). The Board shall cause to be made by a Certified Public Accountant a full and complete independent annual audit of accounts, books and financial condition of the Cooperative as of the end of each fiscal year. Any member shall be entitled to inspect such audit report pursuant to any reasonable procedure adopted by the Board.

A report shall be provided to members prior to or at each annual meeting covering the business of the Cooperative and showing the condition of the Cooperative, which report shall summarize the financial condition of the cooperative at the conclusion of the prior year.

Section 10.8 – Waiver of Notice

Any member, Director or officer may waive, in writing, any notice of meeting required to be given by these bylaws.

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