

BYLAWS  
OF  
HEARTLAND RURAL ELECTRIC  
MEMBERSHIP CORPORATION

**Article I  
General**

These Bylaws are subject to Law and the Articles of Consolidation of Heartland Rural Electric Membership Corporation (“Articles”). If, and to the extent that, a Bylaw conflicts with Law or the Articles, then the Law or Articles control. “Law” includes applicable:

- (1) local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial; and
- (2) legally binding contracts enforceable by or against the Cooperative, including legally binding contracts between the Cooperative and an Applicant or Member.

**Article II  
Membership**

**Section 2.1. Member Qualifications.** Except as otherwise provided in these Bylaws, an individual or Entity may become and remain a member of the Cooperative only if: (1) the individual or Entity is a person with the capacity to enter legally binding contracts (“Person”); and (2) the Person consumes, receives, purchases, or otherwise uses (“Uses”), or requests or agrees to Use a Cooperative Service generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided (“Provided”) by the Cooperative. A “Cooperative Service” is: (1) electric energy Provided by the Cooperative; and (2) as determined by the Cooperative’s Board of Directors (“Board”), a good or service Provided by the Cooperative.

An “Entity” includes a domestic or foreign: cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; 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.

Except as otherwise provided in these Bylaws, a Person may not become or remain a member of the Cooperative if the Person resides at, engages in a business at, owns, controls, or otherwise occupies (“Occupies”) a residence, office, building, premise, structure, facility, or other location (“Location”), the Provision of a Cooperative Service to which Location is the basis of membership, and which Location is or was:

- (1) Occupied by a second Person, other than a landlord, tenant, or similarly related Person, who: (A) is a Member, other than a Joint Member; or (B) owes the Cooperative for a Cooperative Service Provided to or for the Location, if the first Person Occupied the Location when the Cooperative Provided the Cooperative Service; or
- (2) Previously Occupied by an Entity owned or controlled by the Person, which Entity owes the Cooperative for a Cooperative Service Provided to or for the Location.

A Person, either individually or through an Entity not considered legally separate from the Person, may not hold more than one membership in the Cooperative. Persons Occupying a Location to or for which the Cooperative Provides a Cooperative Service may not hold more than one membership in the Cooperative.

### **Section 2.2. Application for Membership**

Except as otherwise provided in these Bylaws or by the Board, a qualified Person seeking to become or remain a Member (“Applicant”) must complete the procedures stated in this Bylaw to the Cooperative’s satisfaction (“Membership Procedures”) within a reasonable time of initially Using, or requesting or agreeing to Use, the first Cooperative Service Used or to be Used by the Applicant.

To become or remain a Member, an Applicant must agree to:

- (1) comply with the Governing Documents;
- (2) ensure that Member Equipment connected to Cooperative Equipment, and any act or omission involving Member Equipment connected to Cooperative Equipment, complies with the Governing Documents;
- (3) be a Member; and
- (4) at prices, rates, or amounts determined by the Board, pursuant to the terms, conditions, time, and manner specified by the Cooperative, and regardless of the amount or time billed, pay the Cooperative for: (A) Cooperative Services Provided to the Applicant or Provided to or for a Location Occupied by the Applicant; (B) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (C) interest, late payment fees, and collection costs, including attorney and collection fees, related to amounts owed, but not timely paid, to the Cooperative; and

The “Governing Documents” are the following documents and actions, all as currently existing or as later adopted or amended: (1) all Law regarding or affecting the

Cooperative's property, property rights, and assets ("Assets"), the Cooperative's operation, the Cooperative's Members and Patrons, the Provision and Use of Cooperative Services, Cooperative Equipment, and Member Equipment connected to Cooperative Equipment; (2) the Articles; (3) these Bylaws; (4) the Cooperative's service rules and regulations; (5) the Cooperative's rate or price schedules; and (6) all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board.

"Cooperative Equipment" is a product, equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative. "Member Equipment" is a product, equipment, structure, facility, or other good: (1) owned, controlled, operated, or furnished by an Applicant or Member; and (2) located on property owned, controlled, operated, or furnished by an Applicant or Member.

To become or remain a Member, an Applicant must: (1) give the Cooperative all information requested by the Cooperative, including the Applicant's photographic identification satisfactory to the Cooperative and the Applicant's federal tax identification number; and (2) complete any additional or supplemental document, contract, or action required by the Board for the Cooperative Service which the Applicant is Using or requesting or agreeing to Use. Except as required by Law or otherwise provided in these Bylaws, the Cooperative will not release, disclose, or disseminate personally identifiable, proprietary, or confidential information regarding a Member.

Except as otherwise provided in these Bylaws or by the Board, an Applicant shall pay the Cooperative: (1) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (2) outstanding amounts owed to the Cooperative by the Applicant. An Applicant shall provide prior express consent to the Cooperative using an automatic telephone dialing system, or an artificial or prerecorded voice, to address the Cooperative's Provision of a Cooperative Service or the Member's Use of a Cooperative Service.

### **Section 2.3. Membership Agreement**

A Member shall: (1) comply with the Governing Documents; (2) provide and maintain a current mailing address and telephone number with the Cooperative; and (3) pay the Cooperative for the Cooperative's damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member's failure to comply with the Governing Documents. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative Service Provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (2) bring and maintain a legal action to order the Member to comply with the Governing Documents.

The Articles and these Bylaws are contracts between the Cooperative and a Member. By becoming a Member, the Member acknowledges that: (1) Every Member is a vital and integral part of the Cooperative; (2) the Cooperative's successful operation depends upon

each Member complying with the Governing Documents; and (3) Members are united in an interdependent relationship.

As requested by the Cooperative, a Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, liabilities, damages, costs, or expenses, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative Director, Officer, employee, agent, or representative (“Cooperative Official”), and caused by the negligence, gross negligence, or willful misconduct of the Member or a non-Member Occupying the same Location as the Member, or by the unsafe or defective condition of a Location Occupied by the Member.

In general, a Member is not liable to third parties for the Cooperative’s acts, debts, liabilities, or obligations solely because of membership in the Cooperative. A Member may become liable to the Cooperative as provided in the Governing Documents or as otherwise agreed to by the Cooperative and the Member.

A Member agrees to provide prior express consent to the Cooperative using an automatic telephone dialing system, or an artificial or prerecorded voice, to address the Cooperative’s Provision of a Cooperative Service or the Member’s Use of a Cooperative Service.

#### **Section 2.4. Joint Membership**

Spouses or the individual persons comprising an Entity, by specifically so requesting, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership. The words “member,” “applicant,” “person,” “his” and “him,” as used in these bylaws, shall include spouses and individual persons comprising an Entity applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing –

- a. the presence at a meeting of any or all individual persons shall constitute the presence of one member and a joint waiver of notice of the meeting;
- b. the vote of any or all individual persons shall constitute, respectively, one joint vote;
- c. if only one joint member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the joint membership and constitutes one vote, signature, or action;
- d. if more than one joint member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the joint membership and constitutes one vote, signature or action;
- e. suspension or termination in any manner of any individual person shall constitute, respectively, suspension or termination of the joint membership;
- f. any individual, but not more than one concurrently, shall be eligible to serve as a director of the Cooperative, but only if all meet the qualifications required therefore; and
- g. no individual person will be prohibited from having any additional service connections as an individual member.

### **Section 2.5. Provision of Cooperative Service.**

A Member shall comply with any reasonable procedure required by the Cooperative regarding the Provision of a Cooperative Service. Based upon different costs of Providing a Cooperative Service to different groups of Members, the Cooperative may charge each group a different rate or price for Providing the Cooperative Service.

(a) Interruption of Cooperative Service. The Cooperative shall Provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative Providing inadequate, noncontinuous, or fluctuating electric energy or other Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for Providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member. In case of emergency, or as requested by government or emergency officials or representatives, the Cooperative may interrupt the Provision of Cooperative Services to Members.

(b) Safe and Protected Operation of Cooperative. A Member shall take or omit any act required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, which act involves: (1) a Location Occupied by the Member and to or for which the Cooperative Provides or will Provide a Cooperative Service; (2) real or personal property in which the Member possesses a legal or equitable right or interest ("Member Property"); (3) Cooperative Equipment; or (4) Member Equipment connected to Cooperative Equipment. As required by the Cooperative, a Member shall correct or remedy a violation of a safety, reliability, efficiency, or similar statute, regulation, ordinance, or other requirement. A Member shall: (1) protect Cooperative Equipment and Member Equipment connected to Cooperative Equipment; and (2) install and maintain any protective device, and implement and follow any protective procedure, required by the Cooperative. As necessary to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, the Cooperative may temporarily suspend or terminate Provision of a Cooperative Service. A Member shall not tamper with, alter, interfere with, damage, or impair Cooperative Equipment. Except as otherwise provided by the Board, the Cooperative owns all Cooperative Equipment.

(c) Member Equipment Connected to Cooperative Equipment. Except as otherwise provided by the Board, before Member Equipment is connected to Cooperative Equipment, the Cooperative must approve the connection in writing. Before and while Member Equipment is connected to Cooperative Equipment, the Member:

- (1) shall comply with, and shall ensure that the Member Equipment, the connection, and any act or omission regarding the Member Equipment and the connection comply with the Governing Documents, including terms, conditions,

- requirements, and procedures required by the Cooperative regarding the Member Equipment and the connection;
- (2) shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
  - (3) grants the Cooperative the right to inspect the Member Equipment and the connection to determine whether the Member Equipment and connection comply with the Governing Documents;
  - (4) grants the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with the Governing Documents or that adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service; and
  - (5) shall pay the Cooperative for income not received or accrued because of the connection.

If Member Equipment is connected to Cooperative Equipment, then: (1) the Member is, but the Cooperative is not, responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment; (2) the Cooperative is not liable for damage to, or for the performance of, the Member Equipment; (3) the Cooperative is not liable for damage to Member Property; (4) the Member is responsible for knowing the concerns, risks, and issues associated with operating the Member Equipment and connecting the Member Equipment to Cooperative Equipment; (5) the Member is liable for damage to, and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection; and (6) the Member is liable for, and must indemnify the Cooperative against, injury or death to any Person and damage to any property caused by, or resulting from, the Member Equipment or the connection.

(d) Suspension or Termination of Cooperative Service. After providing a Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member for a Suspension Reason. Without providing a Member notice or an opportunity to comment, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member upon determining or discovering:

- (1) that Cooperative Equipment used to Provide the Cooperative Service has been tampered with, altered, interfered with, damaged, or impaired;
- (2) that Member Equipment connected to Cooperative Equipment adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
- (3) the unsafe condition of Cooperative Equipment or Member Equipment connected to Cooperative Equipment; or
- (4) an imminent hazard or danger posed by Cooperative Equipment or Member Equipment connected to Cooperative Equipment.

(e) Usage Information. Cooperative may use Cooperative Equipment to measure, collect, maintain, transmit, communicate, and store the aggregate or incremental amount, quantity, or quality of a Cooperative Service Used by a Member, and other data

or information regarding the Member's use of the Cooperative Service (collectively, "Usage Information"). Cooperative may use, disclose, and transfer Usage Information if reasonably related to Providing a Cooperative Service or if reasonably related to protecting against, or responding to, death, personal injury, or property damage. Cooperative shall reasonably protect Usage Information.

**Section 2.6. Use of Cooperative Service.** Except as otherwise provided in these Bylaws or by the Board: (1) a Member shall Use electric energy Provided by the Cooperative for substantially all of the electric energy Used by the Member; and (2) a Member shall not participate in a program, activity, or event regarding the Member's Use of a Cooperative Service or the value or quantity of a Cooperative Service Used by the Member. In Using a Cooperative Service, a Member shall comply with the Governing Documents.

(a) Payment for Cooperative Service. At prices, rates, or amounts determined by the Board, pursuant to terms, conditions, time, and manner specified by the Cooperative, and regardless of the amount or time billed, a Member shall pay the Cooperative for: (1) Cooperative Services Provided to the Member or Provided to or for a Location Occupied by the Member; and (2) dues, assessments, fees, deposits, contributions, or other amounts required by the Governing Documents. Dues, assessments, contributions, or other amounts paid by a Member to the Cooperative may pay for periodical subscriptions received by the Member from the Cooperative or from an Entity in which the Cooperative is a member or owner.

If the Cooperative sends a Member a bill, invoice, or similar document reflecting an incorrect or inaccurate amount owed, then: (1) the Cooperative may send the Member another bill, invoice, or similar document reflecting the correct and accurate amount owed and (2) the Member shall pay the correct and accurate amount owed. The Cooperative may require a Member to pay for a Cooperative Service in advance of Using the Cooperative Service.

If another Person Provides a Member a good or service related to a Cooperative Service Provided to the Member, then, before paying the other Person: (1) the Member shall pay the Cooperative; and (2) the Cooperative shall apply amounts received from or on behalf of the Member for or toward Cooperative Services Provided to the Member or Provided to or for a Location Occupied by the Member.

Except as otherwise provided by the Board: (1) a Member shall pay interest, compounded periodically, and late payment fees for amounts owed, but not timely paid, to the Cooperative; (2) a Member shall pay all costs, including reasonable attorney and collection fees, required to collect or obtain payment of amounts owed, but not timely paid, to the Cooperative; (3) the Cooperative may transfer an amount owed, but not timely paid, on a Member's account to another account of the Member; and (4) regardless of the Cooperative's accounting procedures, the Cooperative may apply amounts paid by a Member to all of the Member's accounts on a pro rata basis.

(b) Sale of Cooperative Service. Except as otherwise provided by the Board, a Member may not sell, lease, or otherwise transfer a Cooperative Service Provided by the Cooperative or a right to a Cooperative Service Provided by Cooperative.

**Section 2.7. Grant of Property Rights.** As required by the Cooperative for a Cooperative Purpose, a Member shall: (1) provide the Cooperative safe and reliable access to or use of Member Property; and (2) pursuant to terms and condition specified by the Cooperative, and without compensation from the Cooperative, grant or convey to the Cooperative a written or oral easement, right-of-way, license, or other right or interest in Member Property, and execute a document regarding this grant or conveyance.

A “Cooperative Purpose” is at any time, and in a manner determined by the Cooperative: (1) purchasing, installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading, or replacing Cooperative Equipment or Member Equipment connected to Cooperative Equipment; (2) through physical, chemical, herbicide, or other means, clearing, trimming, removing, or managing any trees, bushes, brush, or other vegetation; (3) Providing a Cooperative Service to a Member or one or more other Members; (4) monitoring, measuring, or maintaining a Cooperative Service Provided to a Member or one or more other Members; (5) Providing electric energy to a Person or one or more other Persons; (6) monitoring, measuring, or maintaining electric energy Provided to a Person or one or more other Persons; (7) authorizing, permitting, satisfying, or facilitating an obligation incurred, or right granted, by the Cooperative regarding use of Cooperative Equipment; or (8) safely, reliably, and efficiently operating the Cooperative or Providing a Cooperative Service. If reasonably needed for safety, reliability, efficiency, or similar reasons, a Cooperative Purpose includes clearing, trimming, removing, or managing any trees, bushes, brush, or other vegetation located outside an easement, right-of-way, license, or other right or interest in Member Property.

**Section 2.8. Member Suspension.** The Cooperative may suspend a Member for the following reasons (“Suspension Reasons”):

- 1) as provided in the Governing Documents;
- 2) as determined by the Board for good cause;
- 3) the Member is no longer qualified to be a Member;
- 4) the Member does not timely pay an undisputed amount due the Cooperative;
- 5) the Member violates or does not timely comply with the Governing Documents;
- or
- 6) the Member requests suspension.

Except as otherwise provided in these Bylaws or by the Board, a Member is suspended upon:

- (1) the Member’s request for suspension; or



- (2) the Cooperative: (A) providing the Member written notice of the Member's possible suspension and the applicable Suspension Reason at least ten (10) days before the possible suspension; (B) notifying the Member that the Member has a right to, and allowing the Member an opportunity to, comment upon the Suspension Reason orally or in writing at least ten (10) days after the Cooperative provides the notice; and (C) determining to suspend the Member.

The Cooperative must provide any written suspension notice to the Member's most current address shown on the Membership List.

Upon a Member's suspension:

- (1) other than the Cooperative's obligation to retire and pay Capital Credits, and other than the Cooperative's obligations regarding dissolution, the Cooperative's duties, obligations, and liabilities imposed by the Governing Documents for the Member cease and the Cooperative may cease Providing a Cooperative Service to the Member; and
- (2) other than the Member's right to receive retired and paid Capital Credits, and other than the Member's rights upon the Cooperative's dissolution, the Member forfeits and relinquishes rights provided in the Governing Documents but remains subject to obligations imposed by the Governing Documents. In particular, a suspended Member may not receive notice, nominate, vote, remove, demand, request, petition, consent, or otherwise act as provided in the Governing Documents.

Unless the Cooperative determines otherwise, a Member's suspension is lifted upon the Member rectifying the applicable Suspension Reason within thirty (30) days of the suspension. The Cooperative may lift a Member suspension for good cause determined by the Board.

### **Section 2.9. Member Termination.**

Except as otherwise provided in these Bylaws, a Member is terminated upon: (1) the Member's death, legal dissolution, or legal cessation of existence; (2) the Member requesting termination; or (3) the Cooperative learning that the Member has permanently ceased Using a Cooperative Service. Except as otherwise provided by the Board, a partnership Member continuing to Use a Cooperative Service is not terminated upon the death of a partner or following any other alteration in the partnership. A partner departing a partnership Member remains liable to the Cooperative for Cooperative Services Provided to or for the Member before, and amounts owed to the Cooperative by the Member at the time of, the partner's departure.

Termination of a Member does not: (1) release the Member from debts, liabilities, or obligations owed to the Cooperative; or (2) release the Cooperative from the obligation to retire and pay Capital Credits to the former Member or obligations to the former Member regarding the Cooperative's dissolution. Upon a Member's termination

from the Cooperative, and after deducting amounts owed to the Cooperative, the Cooperative must return to the Member any amount provided in the Governing Documents.

## **Article III**

### **Meeting of Members**

#### **Section 3.1. Annual Meeting**

For the purposes of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the Annual Meeting of the members shall be held in one of the counties in Indiana within which the Cooperative serves and on a date and time as designated by the Board of Directors. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for and to encourage member attendance at the Annual Meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

#### **Section 3.2. Special Meetings**

A special meeting of the members may be called by a majority of the Board of Directors, or by petition signed by not less than five percent (5%) of the members, and it shall thereupon be the duty of the Secretary/Treasurer to cause notice of such meeting to be given as hereafter provided in section 3.3. Such a meeting shall be held at such place in one of counties in Indiana within which the Cooperative serves, on such date, not sooner than forty (40) days after the call for such meeting is made or a petition therefore is filed, and beginning at such hour as shall be designated by him or those calling or petitioning for the same.

#### **Section 3.3. Notice of Member Meetings**

Written, printed, or electronic notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than forty-five (45) days prior to the date of the meeting, either personally, by mail, or by electronic transmission by or at the direction of the President or the Secretary (and, in the case of a special meeting, at the direction of him or those calling the meeting). Any such notice delivered by mail or electronic transmission may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter if, in either case, the notice is mailed in a sealed envelope or sent or posted to the electronic mail or account of the member. No matter, the carrying of which, as provided by law, requires the affirmative votes of at least a majority of all the Cooperative's members, shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least ten (10) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member

to receive a notice deposited in the mail addressed to the member at his address shown on the Cooperative's books shall not invalidate any action which may be taken by the members at any such meeting.

### **Section 3.4. Quorum**

Business may not be transacted at any meeting of the members unless there are present, in person or as authorized under Section 3.6 to cast a vote before the date of the meeting, at least two percent (2%) of the Cooperative's members, PROVIDED HOWEVER a member who has registered and cast his ballot in a secured ballot box at or before the meeting shall be counted for the purpose of determining a quorum to establish the validity of election of directors and his vote shall be counted if validly cast but as to all other issues to be presented at any meeting of the members, if less than a quorum is present in person at any such meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date not less than forty (40) days later but not later than the next regular meeting, and to any place in one of the counties in Indiana within which the Cooperative serves: PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof, as provided in Section 3.3. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

### **Section 3.5. Member Waiver of Notice**

A Member may waive notice of a Member Meeting, or of a matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written or Electronic waiver of notice.

Unless a Member objects to holding a Member Meeting, or to transacting business at the Member Meeting, the Member's attendance in person at the Member Meeting waives the Member's objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering, or voting or acting upon, a matter at a Member Meeting, the Member's attendance in person at the Member Meeting waives the Member's objection to considering, or voting or acting upon, the matter at the Member Meeting.

### **Section 3.6. Voting**

Each member who is not in a status of suspension, as provided in Section 2.8, shall be entitled to only one vote upon each matter submitted to a vote at or before any meeting of the members. Voting by members shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the member, all question shall be decided by a majority of the members voting thereon, except as otherwise provided by law. Members may not cumulate their votes or vote by proxy. Any member who desires to cast a vote before the date of the meeting must do so in person, at any business office of the Cooperative, not more than sixty (60) calendar days before the

meeting, or as otherwise determined by the Board, and not later than the close of business on the last business day immediately preceding the meeting.

### **Section 3.7. Election Committee**

Before a Member Meeting, the Board shall appoint an Election Committee (“Election Committee”) for the Member Meeting consisting of a number of unsuspending Members equal to the number of Directors.

(a) Election Committee Members. An Election Committee member must not be an existing, or a Close Relative of an existing, Cooperative Official, Director, or known Director Candidate. As determined by the Board, the Cooperative may reasonably compensate or reimburse Election Committee members.

(b) Election Committee Duties. During, or within a reasonable time before or after, the Member Meeting for which the Election Committee was appointed, the Election Committee shall:

- (1) elect a chairperson and secretary;
- (2) establish, or approve, the manner or method of Member registration and voting;
- (3) oversee or supervise Member registration and voting, and the tabulation of Member votes; and
- (4) except as otherwise provided in this Bylaw, consider and decide all questions, issues, or disputes regarding: (A) Member registration and voting, including the determination of Members present; (B) the tabulation or count of Member votes, including the determination of vote results; (C) Director nominations; and (D) whether a Director nominee or newly elected Director satisfies the Director Qualifications (collectively, “Member Meeting Issues”).

The Election Committee may meet, consider, or decide Member Meeting Issues, or otherwise act, only if a majority of the Election Committee members are present. An Election Committee decision or action requires a vote of at least a majority of the Election Committee members present. Except as otherwise provided in this Bylaw, Election Committee decisions or actions during, or within a reasonable time before or after, a Member Meeting are final. At the Cooperative’s expense, the Cooperative shall make available legal counsel to the Election Committee. The Election Committee shall have no authority to alter or create exceptions for the Director Qualifications set forth in these Bylaws or any Cooperative policies currently in effect. The Election Committee also shall have no authority to alter or extend the Member Petition Nominations deadlines contained in Section 4.5 of these Bylaws. The Cooperative’s legal counsel, in conjunction with designated Cooperative employees, shall review and decide all issues related to application and documentation requirements for candidates seeking election to the Board of Directors. The Cooperative’s legal counsel may utilize the Election Committee to help review and decide issues related to application and documentation requirements for candidates seeking election to the Board of Directors.

(c) Member Challenge. A Member entitled to vote at a Member Meeting may comment upon a Member Meeting Issue, or challenge the Election Committee’s decision or action regarding a Member Meeting Issue, by filing a written description of the Member’s comment or challenge (“Member Challenge”) with the Cooperative

within three business days following the Member Meeting addressed by the Member Challenge.

Within thirty days of receiving a Member Challenge, the Election Committee shall:

- (1) as determined by the Election Committee, meet and receive oral or written evidence from a Member, or legal counsel representing a Member, directly and substantially implicated in, or affected by, the Member Challenge; and
- (2) consider, decide, and rule on the Member Challenge.

The Election Committee's decision regarding a Member Challenge is final. Upon written request by a Member received by the Election Committee within thirty days of an Election Committee decision or action, the Election Committee shall prepare a written report summarizing and explaining the Election Committee's decision or action. The failure of the Cooperative or the Election Committee to act as required by this Bylaw shall not, by itself, affect a vote, Director election, or other action taken at a Member Meeting.

### **Section 3.8. Order of Business**

The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

1. Report on the notice of the meeting, the number of members present, and the existence of quorum;
2. Approval of the minutes of previous meeting of the members and the taking of necessary action thereon;
3. Presentation and consideration of reports of officers, directors and committees;
4. Election of directors;
5. Unfinished business;
6. New business; and
7. Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business: PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

## **Article IV Directors**

### **Section 4.1. Number and General Powers.**

The business and affairs of the Cooperative shall be managed by a Board of at least five (5) Directors and not more than sixteen (16) Directors. The board shall exercise all of the powers of the Cooperative except such as are by Law or by the Cooperative's Articles of Consolidation or Bylaws conferred upon or reserved to the members.

## **Section 4.2. Director Qualifications.**

A Director or Director candidate must comply with this Bylaw.

a) General Director Qualifications. To become and remain a Director, a Person must comply with the following general qualifications (“General Director Qualifications”):

- (1) be an individual no less than eighteen years of age;
- (2) have the capacity to enter legally binding contracts;
- (3) while a Director, and at any time prior to becoming a Director, not be convicted of, or plead guilty to, a felony;
- (4) while a Director, and during the five years immediately before becoming a Director, not be convicted of, or plead guilty to, a Class A misdemeanor;
- (5) while a Director, agree to attend a national, regional, or statewide meeting at least once every two years;
- (6) except as excused by the Board for good cause, attend at least nine Board Meetings during each calendar year, and not miss more than two consecutive Board meetings;
- (7) except as excused by the Board for good cause, attend all Board strategic planning sessions;
- (8) except as excused by the Board for good cause, attend at least eighty percent (80%) of all committee and special meetings;
- (9) except as authorized by the Board for good cause, not stay overnight outside the service territory more than twenty-one (21) days per month or a total of nine (9) weeks per calendar year;
- (10) Annually agree to be bound by and sign an acknowledgement of the Standard of Conduct policy; and
- (11) comply with any other reasonable qualifications determined by the Board.

b) Membership Director Qualifications. To become and remain a Director, an individual must comply with the following membership qualifications (“Membership Director Qualifications”) while a Director and during the one year immediately before becoming a Director:

- (1) be a Member in good standing and not suspended, regardless of the reason for suspension;
- (2) Occupy and Use electric energy Provided by the Cooperative, at the individual’s principal residence as defined under federal tax law within the Director District from which the Director is nominated or elected; and

c) Independence Director Qualifications. To become and remain a Director, an individual must comply with the following independence qualifications (“Independence Director Qualifications”):

- (1) annually complete and sign a Conflict of Interest Certification and disclosure form approved by the Board;
- (2) while a Director and during the five years immediately before becoming a Director, not be an employee of the Cooperative or any other electric utility;

- (3) while a Director and during the five years immediately before becoming a Director, not advance or have a Close Relative that advances the individual's pecuniary interest by competing with or Providing a good or service similar to a good or service Provided by the Cooperative;
  - (4) while a Director, not be a Close Relative of a Director or Cooperative employee; and
  - (5) agree not to become an employee of the Cooperative during the one year immediately after ceasing to be a Director.
- d) Director Disqualification. After being elected, if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications") existing when the Director was elected, then, except as otherwise provided by the Board for good cause, the Board may by two-thirds vote disqualify the Director and the individual is no longer a Director if:
- (1) the Board notifies the Director in writing of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and
  - (2) within ten (10) days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.

### **Section 4.3. Tenure.**

Except as otherwise provided in these Bylaws, a Director's term is three years or until a successor Director is elected and takes office ("Director Term"). The initial term of the initial Directors shall conclude in the same year as that Director's term would have concluded as a Director of Wabash County REMC or United REMC. Thereafter, a Director's Term begins: (1) after the individual consents to being elected as a Director; and (2) at the beginning of the first Board Meeting held after the Director is elected. A Director's term ends after: (1) a successor Director consents to being elected as a Director; and (2) at the beginning of the first Board Meeting held after a successor Director is elected.

The Cooperative shall stagger Director Terms by dividing the total number of authorized Directors into groups of approximately equal number. Members must annually elect an approximately equal number of Directors. Subject to a Director's consent, decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director's Director Term.

#### **Section 4.4. Directorate Districts.**

The territory served by the Cooperative shall be divided into Directorate Districts.

Every year the Board of Directors, not less than ninety (90) days prior to the earliest date on which the annual member meeting may be scheduled by these bylaws to be held, shall review the Districts and, if determining that they should be altered so as to correct any substantially inequitable factors regarding the residence of members, or the geographic location of Districts, and/or the number of directors to be elected from or with respect to such Districts, shall change and re-describe one or more Districts and/or the number of directors to be elected from or with respect to such Districts accordingly, in which event all districts as so changed shall be noticed in writing precisely to the members not later than five (5) days prior to the date on which the Petitions for Nomination are eligible to be filed. After such notice, these Bylaws shall have been effectively amended accordingly: PROVIDED, that no such change shall be so effectuated by the Board as to compel the vacancy of any director's office prior to the time such director's term would normally expire unless such directors consents thereto in writing.

#### **Section 4.5. Member Petition Nominations**

Any twenty (20) Members of the Cooperative, by signing a petition with their names, addresses, and telephone numbers may nominate a qualified candidate from any district of the Cooperative for which there is to be elected a member of the Board of Directors at the next election of Directors. Such petition ("Member Petition Nominations") shall be on a form provided by the Cooperative and shall be filed at the principal office of the Cooperative on or between the 1st day of the month three (3) months prior to the date of the election and the 10th day of the month two (2) months prior to the date of the election. The timing requirements set forth in this Bylaw and the Cooperative's policies shall be strictly enforced. Failure to comply with the timing requirements set forth in this Bylaw or the Cooperative's policies shall result in automatic disqualification of the candidate. Except in the case of a removal of a Director, this procedure shall be the only meeting by which candidates for the position of Director of the Cooperative shall be nominated.

#### **Section 4.6. Voting for Directors; Validity of Board Action**

At each Member Meeting at which a Director position is scheduled for election by Members Using a Cooperative Service at a Location within the Cooperative Service Area ("Electing Members"), the Electing Members shall elect the Director from the Member Petition Nominations by a plurality of votes cast by Electing Members with a Member Quorum present in person. Electing Members may not vote for write-in candidates. As determined by the individual presiding at the Member Meeting, the number of votes received by each nominee will or will not be announced. If only one individual is nominated to run for election for a Director position scheduled for election by Members at the Member Meeting, then the individual presiding at the Member Meeting may announce that the nominated individual is elected by acclamation and no vote is required.

Names must be listed randomly on a Written Ballot in a manner that each Director Candidate is listed in each position on a substantially equal number of Written Ballots.



Any tie vote by the Members shall be resolved by a vote of the current Board of Directors, with the President of the Board of Directors resolving any further tie vote.

In campaigning or soliciting support for nomination or election as a Director, an individual shall comply with any reasonable rules, requirements, or procedures prescribed by the Board, which rules, requirements, and procedures must apply equally to all nominated individuals.

#### **Section 4.7. Removal of Directors by Members**

As provided in this Bylaw, and for cause, the Members Using a Cooperative Service at a Location within the Cooperative Service Area ("Removing Members") may remove a Director for whom the Removing Members may have voted.

(a) Director Removal Petition. For a Director for whom removal is requested, the Removing Members must deliver to the President or Secretary a dated written petition ("Director Removal Petition"):

- (1) identifying the Director on each page;
- (2) explaining, on each page, the basis for the Director's removal; and
- (3) containing the printed names, printed addresses, and original and dated signatures obtained within sixty days of the Director Removal Petition date, of at least five percent of the Members.

Within thirty days after the President or Secretary receives a Director Removal Petition:

(1) the Cooperative shall forward a copy of the Director Removal Petition to the implicated Director; and (2) the Board shall meet to review the Director Removal Petition.

(b) Member Meeting. If the Election Committee determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty days following the Election Committee's determination. Notice of the Member Meeting must state that: (1) a purpose of the Member Meeting is to consider removing a Director; (2) evidence may be presented, and a Member vote taken, regarding removing the Director; and (3) Members may elect a successor Director.

If a Member Quorum is present in person at the Member Meeting, then for the Director named in a Director Removal Petition:

- (1) before a Member vote, evidence must be presented supporting the basis for removing the Director;
- (2) the Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and
- (3) after the Director's presentation and Member discussion, the Members must vote whether to remove the Director.

If a majority of Members present vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members may elect a new Director to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. A successor Director elected by the Removing Members must comply with the Director Qualifications and serves the unexpired Director Term of the removed Director. A Director Removal Petition or Director removal does not affect a Board action.

Removing Members may not remove a Director for lawfully opposing a Transfer of Cooperative Assets or a Cooperative dissolution.

#### **Section 4.8. Director Resignation**

A Director may resign at any time. To resign, a Director must sign and deliver a written notice of resignation to the Board, President, or Secretary. Except as a later date is otherwise provided in a written notice of resignation, a Director's resignation is effective when the Board, President, or Secretary receives the written notice of resignation. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be filled before the effective date of the Director's resignation.

#### **Section 4.9. Vacancies**

Except as otherwise provided in these Bylaws:

- (1) by an affirmative vote of the majority of remaining Directors, and within a reasonable time of a Director position becoming vacant, the Board may fill a vacant Director position, including a vacant Director position resulting from increasing the number of Directors; and
- (2) a Director elected by the Board to fill a vacant Director position serves the unexpired Director Term of the vacant Director position.

If a Director vacancy will occur at a later specified date, then the Board may fill the vacancy before the vacancy occurs and the new Director takes office when the vacancy occurs. An individual elected to fill a vacant Director position must comply with the Director Qualifications. Except as otherwise provided in these Bylaws, and as used in this Bylaw, "vacant Director position" and "Director vacancy" do not include Director positions vacated due to an expired Director Term.

#### **Section 4.10. Compensation; Expenses**

A Director is not an employee of the Cooperative. As determined or approved by the Board, however, the Cooperative may reasonably pay or reimburse Directors a fixed fee and expenses for attending a: (1) Board Meeting; (2) function, meeting, or event involving or relating to the Cooperative; or (3) function, meeting, or event involving, relating to, or reasonably enhancing the Director's ability to serve in, the role of Director. The Board must determine or approve the manner, method, and amount of any Director fee or expense.

#### **Section 4.11. Rules, Regulations, Rate Schedules and Contracts**

The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits, and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Consolidation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

#### **Section 4.12. Accounting System and Reports**

The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, book and records reflecting financial operations during, and financial conditions as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

#### **Section 4.13. Subscription to Cooperative's Newsletter; Subscription to Statewide Publication**

For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Directors shall be empowered, on behalf of and for circulation to the Members periodically, to subscribe to the Cooperative's newsletter, the annual subscription price for which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative. The Board of Directors shall also be empowered, on behalf of and for circulation to the members periodically, to subscribe to the statewide publication, the annual subscription price for which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

#### **Section 4.14. "Close Relative" Defined**

The term "Close Relative" means an individual who:

- (1) is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law, aunt, uncle, niece or nephew, by blood or in-law relationship, grandparents or grandchildren, by blood or in-law relationship; or
- (2) resides in the same residence (collectively, "Close Relative").

An individual qualified and elected, designated, or appointed to a position does not become a Close Relative while serving in the position because of a marriage or legal action shall be subject to the restrictions in Article 4. The determination as to which director or employee shall be required to terminate their position shall be made by the

affected persons. If a decision cannot be made by the persons affected, the person who became a Close Relative by reason of an action to which the individual was not a party shall be entitled to remain.

## **Article V**

### **Meetings of Directors**

#### **Section 5.1. Regular Meeting**

A regular meeting of the Board of Directors shall be held, without notice at the first meeting of the Board fixed by resolution held after the adjournment of the annual meeting of members. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in one of the counties in Indiana within which the Cooperative serves, as the Board shall provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, that any director absent from any meeting of the board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board, as provided in Section 5.3: AND PROVIDED FURTHER, that, if a policy therefore is established by the Board, the President may change the date, time, or place, including its being held in some other place in Indiana or elsewhere, of a regular monthly meeting for good cause and upon not less than three (3) days' notice thereof to all directors, as provided in Section 5.3.

#### **Section 5.2. Special Meetings**

Special meetings of the Board of Directors may be called by Board resolution, by the President, or by any three (3) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereafter provided in Section 5.3. The Board, the President, or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Indiana within which the Cooperative serves, unless all directors consent to its being held in some other place in Indiana or elsewhere. Special meetings, upon proper notice as otherwise provided herein, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such telephone conference meeting, if all the directors consent thereto.

#### **Section 5.3. Notice Directors Meetings**

Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each director not less than three (3) days prior thereto, either personally, by U.S. mail, or by electronic mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any director in the case of a meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the

United States mail, addressed to the director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least three (3) days prior to the meeting date. If electronically mailed, such notice shall be deemed to be delivered when sent to the director's Cooperative email address. The attendance of a director at any meeting of the Board shall constitute a waiver of express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

#### **Section 5.4 Quorum**

The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken: PROVIDED, that a director who by laws or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present; AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting.

#### **Section 5.5. Conduct of Board Meetings**

Except as otherwise provided in these Bylaws, a Regular Board Meeting or Special Board Meeting ("Board Meeting") may be:

- (1) held in, or out of, a state in which the Cooperative Provides a Cooperative Service; and
- (2) conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting.

If a Director Quorum is present at a Board Meeting, then:

- (1) in descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary/Treasurer, and Assistant Secretary/Treasurer; and
- (2) if no Officer is present or desires to preside at a Board Meeting, then the Directors attending the Board Meeting must elect a Director to preside over the Board Meeting.

The Board may promulgate or approve rules, policies, and procedures regarding:

- (1) attendance at, participation in, or presentation during Board Meetings by Persons other than Directors;
- (2) the right to access, inspect, or copy minutes, records, or other documents relating to a Board Meeting by Persons other than Directors; or
- (3) the conduct of Board Meetings.

### **Section 5.6 Standing Committee**

The Executive Committee shall be a standing committee consisting of the President, Vice President, Secretary/Treasurer, Assistant Secretary/Treasurer, and the Immediate Past-President of the Cooperative. The Board of Directors may appoint such other committees, as they may deem necessary from time to time, either as standing committees or temporary committees.

## **Article VI Officers; Miscellaneous**

### **Section 6.1. Number and Title**

The Officers of the Cooperative shall be a President, Vice President, Secretary/Treasurer, and Assistant Secretary/Treasurer (“Required Officers”), and the Board of Directors may from time to time determine other officers (“Other Officers”).

### **Section 6.2. Election and Term of Office**

The Required 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 the election of officers shall not be held at such meetings, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual 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.

The methods of election of officers shall be as follows:

1. A nominating ballot shall be first taken.
2. An electing ballot shall next be taken on the three nominees receiving the highest nominating vote. If a nominee receives a majority on this ballot, he shall be declared elected.
3. If none of the three nominees shall receive a majority, then the nominee receiving the lowest number of votes shall be dropped. A ballot shall then be taken only on the two (2) persons receiving the highest number of votes. The nominee who receives a majority vote shall be declared elected.

The Board may elect any Other Officers or representatives from such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

No Officer shall hold the same office for more than three (3) consecutive years.

### **Section 6.3. Resignation and Removal**

At any time, a Required Officer or Other Officer may resign. To resign, an Officer elected or appointed by the Board must deliver to the Cooperative or Board an oral or written resignation. Except as a later effective date is otherwise provided in the Officer resignation, an Officer resignation is effective when received. If an Officer resignation

states a future effective date, and if, as appropriate, the Board accepts the future effective date, then, as appropriate, the Board may fill the vacant Officer position before the future effective date, but the successor Officer may not take office until the future effective date.

At any time, the Board may remove for any reason an Officer elected or appointed by the Board.

#### **Section 6.4. Vacancies**

The Board, for the unexpired portion of the term, shall fill a vacancy in any Officer elected or appointed by the Board of Directors.

#### **Section 6.5. President**

The President shall –

- a. be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Directors, and the President, or designee of the President, shall preside at all meetings of the members;
- b. sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the Board or Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent if the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c. in general, 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 6.6. 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 power of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

#### **Section 6.7. Secretary/Treasurer**

The Secretary/Treasurer shall –

- a. keep, or cause to be kept, the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose;
- b. see that all notices are duly given in accordance with these Bylaws or as required by law;
- c. be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these bylaws it is required by law;
- d. keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such 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 Cooperative's Articles of Consolidation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documentation and of all amendments thereto upon request to any member; and
- g. have charge and custody of and be responsible for all funds and securities of the Cooperative;
- h. receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these Bylaws; and
- i. 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 by the Board of Directors.

**Section 6.8. Assistant Secretary/Treasurer**

The Assistant Secretary/Treasurer shall assist the Secretary/Treasurer in carrying out the duties outlined in Section 6.7.

**Section 6.9. Delegation of Secretary/Treasurer's Responsibilities**

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer heretofore provided in Sections 6.7 and 6.8, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the cooperative who are not directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

**Section 6.10. Chief Executive Officer**

The Board of Directors may appoint a Chief Executive Officer ("CEO"), who may be, but who shall not be required to be, a member of the Cooperative. Such CEO shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in the CEO.

**Section 6.11. Compensation; Indemnification**

The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined as provided in Section 4.14 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan thereof approved by the Board of Directors. The Cooperative shall indemnify and hold harmless any person made, or threatened to be made, a party to any action, suit, or proceeding (whether civil, criminal, administrative or investigative officer, or employee or agent of the Cooperative, or of any other corporation, partnership, or enterprise for which he served as such at the request of the Cooperative, against all expenses actually and reasonably incurred by him in connection



with the defense of such action, suit, or proceeding, or in connection with any appeal thereof, except in relation to matters as to which it shall finally be adjudged that such person is liable for negligence or misconduct in the performance of his duties to the Cooperative. The term “expense” as used herein shall include, but shall not be limited to, attorney fees, consultant fees, costs, and disbursement paid by or on behalf of a director, officer, employee or agent. If there is a final adjudication in the action suit or proceeding as to the negligence or misconduct of the director, officer, or employee, or agent, then such adjudication shall be binding for purposes of this section. Any such person who has been successful, on the merits or otherwise, with respect to any claim, suit, or proceeding as described herein, shall be entitled to indemnification as a matter of right. If, however, the matter should be settled prior to any final adjudication of such issue, then the question of whether there was negligence or misconduct shall be determined by a majority vote of at least a quorum of the directors who are unaffected by self-interest in connection with the matter in issue. If a quorum of directors unaffected by self-interest does not exist, indemnification may be made upon receipt of a written opinion from independent legal counsel that the person is entitled to indemnification as set forth herein.

In determining whether negligence or misconduct has occurred, the issue shall be whether such person exercised the same degree of judgment as a reasonable director of a similar Cooperative would have exercised under the same or similar circumstances, whether he acted in good faith, and whether he reasonably believed his actions to be in the best interests of the Cooperative. Consideration may be given to whether the person took or omitted to take action in reliance of advice of legal counsel for the Cooperative or upon statements made or information furnished by officers, employees or agents of the Cooperative, which he had reasonable grounds to believe.

If several claims, issues, or matters of action are involved, any such person may be entitled to indemnification as to some matters even though he is not entitled as to other matters.

The Cooperative may advance expenses to or, where appropriate, may at its expense undertake the defense of any such person upon receipt of an undertaking for repayment by or on behalf of the person if it should ultimately be determined that he is not entitled to indemnification hereunder.

The provisions of this section shall be applicable to claims, actions, suits, or proceedings made or commenced after the adoption hereof, whether arising from actions or omissions to act during, before, or after the date of adoption.

The rights of indemnification provided hereunder shall be in addition to any rights to which any person concerned may otherwise be entitled by contract or as a matter of law and shall inure to the benefit of the heirs or personal representative of such person.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Cooperative, or is or was serving at the request of the Cooperative as a director, officer, employee, or agent of another corporation, partnership or enterprise, against any liability arising out of his status as such, whether or not the Cooperative would have the power to indemnify him against liability under the provisions of this section or otherwise.

## **Section 6.12. Reports**

The officers of the Cooperative shall submit at each annual meeting of the member's 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**

### **Contracts, Checks and Deposits**

#### **Section 7.1. Contracts**

Except as otherwise provided by law of these Bylaws, the Board of Directors may authorize any Cooperative officer, agent or employee 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 7.2. Checks, Drafts, etc.**

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution or policy of the Board of Directors.

#### **Section 7.3. Deposits; Investments**

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

## **Article VIII**

### **Membership Certificates**

#### **Section 8.01. Certificate of Membership**

No certificate of membership shall be issued but records of membership thereof shall be maintained at the principal office of the Cooperative.

## **Article IX**

### **Non-Profit Operation**

#### **Section 9.1. Interest on Dividends on Capital Prohibited**

The cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

#### **Section 9.2. Patronage Capital in Connection With Electric Energy**

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. The Cooperative's Board of Directors may classify its patrons and business and allocate the excess, if any, of its receipts over expenses in any years as patronage capital credits to the various patronage classifications. Allocations of patronage capital credits may consider a variety of relevant factors such as the cost of rendering service, the margins produced by such service, the terms of the agreements with patrons, and the obligations of the parties involved. The Cooperative may create a separate classification of business applicable to its patrons receiving service under different rate schedules, and patronage capital credits may accrue at a different rate for that classification of members, compared to other member classes, resulting in some classifications producing no margins and thus receiving no allocation of capital credits in years when other classifications produce margins and receive allocations of capital credits.

In order to induce patronage and to assure that the Cooperative will operate on a non-for-profit basis, the Cooperative is obliged 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 in accordance with its policies and classifications. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that such amounts are furnished by the patrons as capital.

The Cooperative is obliged to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses as established by its policies and classifications. 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. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations including non-operating margins arising out of investments in subsidiaries in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its members on a patronage basis established by its policies, and any amount so allocated shall be included as part of the capital credited to the accounts of members, as herein provided; however allocated non-operating margins from investments in subsidiaries shall not be retired and distributed to members until such time as such capital has been actually distributed by such subsidiaries of Cooperative to the Cooperative.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members; PROVIDED, that insofar as gains may at the time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as

is practicable, as determined by the Board of Directors before any payments are made on account of property rights of members.

If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part in such order of priority as the Board may determine in the exercise of its discretion, on a LIFO or FIFO basis, or combination thereof, or on a percentage basis of LIFO or FIFO or combination thereof in a manner prescribed by the Board of Directors for capital credits earned in the years subsequent to 1999. Notwithstanding the foregoing, capital credits received from Wabash Valley Power Association, the power supplier of the Cooperative, shall be maintained as a separate capital credit account of the patrons of the Cooperative in the year in which the Cooperative receives official written notice that Wabash Valley Power Association has allocated capital credits to the Cooperative. The separate capital credits received from Wabash Valley Power Association that are credited to the special capital credit accounts of the patrons of the Cooperative shall not be retired or distributed to the patrons until such time as capital has been actually distributed by Wabash Valley Power Association to the Cooperative, and until such time as the Board of Directors of the Cooperative, by appropriate resolution duly adopted and passed, authorize the distribution of these special capital credits to the account of the patrons. No notice of the allocation of these special capital credits shall be given to the patron, but the patron's special capital credits account shall be available for the patrons' inspection.

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

Notwithstanding any other provisions of these bylaws, the Board of Directors shall at its discretion have the power at any time upon the death of any patron, who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon; PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby.

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of

this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's offices.

## **Article X**

### **Unclaimed Funds of Members**

Any provisions contained herein to the contrary notwithstanding and pursuant to the applicable statutes of the State of Indiana, the Cooperative shall recover any capital credits, patronage refunds, utility deposits, membership fees, account balances, or book equity which remain unclaimed for a period of two years following attempted payment by the Cooperative to the member or former member entitled thereto. Prior to the recovery of such unclaimed funds, the Cooperative shall give notice in the Cooperative's newsletter and/or on the Cooperative's website of the name of each member or former member entitled to claim such funds, the approximate amount thereof, and the fact that, if not duly claimed at the office of the Cooperative within sixty (60) days of the notice, such funds shall be forfeited to the cooperative. Failure of any member or former member to claim any cash retirement or capital credit or other payment within two (2) years after payment has been made available to such person will constitute an irrevocable assignment and transfer to the Corporation of such capital credits or other payments. Nothing contained in this section shall be construed to prohibit the Cooperative from crediting any of the above described funds against any amounts owed by the member or former member to the Cooperative prior to any payment to such member or any allocation in favor of other members.

## **Article XI**

### **Disposition and Pledging of Property; Distribution of Surplus Assets on Dissolution**

#### **Section 11.1 Dispositions and Pledging of Property**

- a. Not inconsistently with the provisions of Indiana Code Section 8-1-13-12 and of subsection (b) hereof, 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, or dissolution of the Cooperative, by the affirmative votes of a majority of the total Members of the Cooperative. However, the Board of Directors, without authorization by 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 or encumber any or all of the Cooperative's property or assets as security therefore. 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 Cooperative's property and assets.

- b. Supplementary to the first sentence of the forgoing subsection (a) and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the Cooperative's property and assets shall be authorized except in conformity with the following:
1. If the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the Circuit Court Judge for the judicial District in Indiana in which the Cooperative's headquarters are located. If such judge refuses to make such designations, the Board of Directors shall make them.
  2. If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the Members, it shall first give every other rural electric cooperative corporately sited and operating in Indiana (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such rural electric cooperatives, which notice shall be attached to a copy of the proposal which the Cooperative had already received and copies of the respective reports of the three (3) appraisers. Such rural electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
  3. 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 nor more than thirty (30) days after the giving of notice thereof to the members; PROVIDED, that consideration and action by the Members may be given at the next Annual Member Meeting if the Board so determines and if such Annual Meeting is held not less nor more than thirty (30) days after the giving of the notice of such meeting.
  4. 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 to any recommendations that the Board has made.

The provisions of this subsection (b) 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 cooperatives.

### **Section 11.2. Distribution of Surplus Assets on Dissolution**

Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, pursuant to Indiana Code 8-1-13-21, pass to and become the property of the state.

## **Article XII Fiscal Year**

The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December following.

## **Article XIII Gender**

The use of the pronouns "he" or "him" or "his" in the Bylaws shall include the female as well as the male.

## **Article XIV Seal**

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

## **Article XV Amendments**

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all members of the Board of Directors at any regular or special Board meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.

The Board of Directors of the Heartland Rural Electric Membership duly adopted the forgoing bylaws on October 29, 2014.

ATTEST: Steven Byerly, *Secretary*

(SEAL)

*Statement of Non-Discrimination*

Heartland REMC had filed with the Federal Government a Compliance Assurance in which it assures the Rural Electrification Administration that it will comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the Rules and Regulations Of the Department of Agriculture issued thereunder, to the end that no person in the United States shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and the operation of it facilities. Under this Assurance, this organization is committed not to discriminate against any person on the ground of race, color or national origin in its policies and practices relating to applications for service or any other policies and practices relating to treatment of beneficiaries and participants including rates, condition and extension of service, use of any of its facilities, attendant at and participation in any meetings of beneficiaries and participants or the exercise of any rights of such beneficiaries and participants in the conduct of the operations of this organization.

“ Any person who believes himself, or any specific class of individuals, to be subjected by this organization to discrimination prohibited by title VI of the Act and the Rules and Regulations issued thereunder may, by himself or a representative file with the Secretary of Agriculture, Washington, D.C. 20250, or the Rural Electrification Administration, Washington D.C. 20250, this organization, or all, a written complaint. Such complaint must be filed no later than 180 days after the alleged discrimination, or by such later date to which the Secretary of Agriculture or the Rural Electrification Administration extends the time for filing. Identity of complaints will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.”