



Grundy County REC

A Touchstone Energy® Cooperative



By-Laws

As Approved
6/22/2017

Grundy Center, Iowa

ARTICLE I

SECTION 1. The limitations, conditions, restrictions and rights pertaining to membership, and the privileges, duties and obligations of members are set forth in the Articles of Incorporation of the Association.

SECTION 2. All service lines and all meters, switches and other appliances and equipment constructed or installed by the Association in or on the property of any member, except so much thereof, if any, as shall be explicitly designated as being owned by the member, shall at times be the property of the Association, and the Association shall have the right and privilege to enter upon the premises of any member to repair or service the same, and upon the discontinuance of the service for any reason, to remove the same.

SECTION 3. Joint memberships: A husband and wife may apply for a joint membership, and subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "Member" as used in these Bylaws shall be deemed to include a husband and a wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of such membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of such membership shall be as follows:

- A. The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a waiver of notice of both of the meeting.
- B. The vote of either separately or both jointly shall constitute one vote.
- C. A waiver of notice signed by either or both shall constitute a joint waiver.
- D. Notice to either shall constitute notice to both.
- E. Expulsion of either shall terminate the joint membership.
- F. Withdrawal of either shall terminate the joint membership.
- G. Either, but not both, may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.
- H. Upon the legal separation or divorce of the holder of a joint membership, such membership shall constitute to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint, provided that the other spouse shall not be released from any debts owed to the Cooperative.

ARTICLE II

SECTION 1. The first regular Annual Meeting of the members of the Association shall be held on the date specified in the Articles of Incorporation and thereafter regular Annual Meetings of the members of the Association shall be held at such date between August first and

September fifteenth of each year, beginning with the year 1946, as shall annually be fixed by the Board of Directors at its regular meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting.

SECTION 2. Special Meetings of the members of the Association may be called by the Board of Directors, and the Board shall do so upon written demand of twenty per centum (20%) of the members.

SECTION 3. Each member shall be entitled to receive ten days written notice of the time and place of all meetings and of the purpose of all Special Meetings. Such notice shall be given to the member in person or by mail directed to his/her address as shown on the books of the Association. Any member may waive in writing notice of any meeting of the members. All meetings of the members of the Association shall be held within the general geographic service area of the Cooperative.

SECTION 4. As long as the total number of members does not exceed five hundred (500) at least ten per centum (10%) of the total number of members present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case the total number of members shall exceed five hundred (500) then at least fifty (50) members present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

SECTION 5. No member shall own more than one membership and each member shall be entitled to one vote and no more in the affairs of the Association. At all meetings of the members at which a quorum is present, all elections shall be had and all questions decided by a vote of a majority of the members present. In case of a tie vote in the election of Directors, the Inspectors of election shall place the names of those whose votes are tied in a hat and draw out a name, who shall be declared to be elected as Director; and, in arranging the ticket to be voted for the Directors at the Annual Meeting, the name of the incumbent shall be listed first on the ballot, except in the case of there being no incumbent running, the names shall be listed alphabetically on the ballot.

SECTION 6. The Secretary of the Association shall, at least two (2) days prior to each meeting of the members of the Association, make a complete list arranged in alphabetical order of the members entitled to vote at such meeting and their addresses. Such list shall be produced and kept open at the time and the place of each meeting and shall be subject to the inspection of any member during the time of the meeting.

SECTION 7. The order of business at the regular Annual Meeting of the members of the Association, and, so far as possible at all other meetings of the members of the Association, shall be as follows:

1. Call of the roll.
2. Reading of the notice of the meeting, together with the proof of the due giving thereof or the waiver or waivers of notice of such meeting.

3. Presentation and reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of Directors.
6. Unfinished business.
7. New business.
8. Adjournment.

The members present at the Annual Meeting, may, by motion, approve any modifications to the foregoing order of business.

ARTICLE III: DIRECTORS

SECTION 1. The Directors of the Association shall be elected for the terms and in the manner set forth in the Articles of Incorporation and shall be subject to removal as therein provided.

SECTION 2. Compensation. Fixed fees for the Directors of the Cooperative for attending all Board Meetings, Special Board Meetings, and other meetings of interest to the Cooperative, plus mileage and expenses, shall be fixed from time to time, by resolutions of the Board of Directors of the Cooperative. A Director shall serve only as a Board Member or an officer of the Cooperative and shall not be employed in any capacity by the Cooperative.

SECTION 3. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with the Articles of Incorporation or these By-Laws or the laws of the State of Iowa for the management, administration and regulation of the business and affairs of the Association as the Board of Directors may deem advisable.

SECTION 4. Subject to Section 4 of Article IX of the Articles of Incorporation, any vacancy in the Board of Directors shall be filled by a majority vote of the remaining Directors and the Director thus elected shall serve until the next regular Annual Meeting of the members, at which time a director shall be elected for the balance of the term of the Director whose office shall have become vacant and until his or her successor shall have been elected and qualified.

SECTION 5. The territory served or to be served by the Cooperative is divided into seven (7) districts, each of which contain as nearly as possible the same number of members and shall be composed of one or more contiguous townships as defined in Article IX of the Articles of Incorporation. Each district is represented by one (1) Board Member.

SECTION 6. The Directors when elected shall serve until their successors have been duly elected and qualified subject to the provisions of the By-Laws with respect to the removal of Directors.

SECTION 7. Each member of the Cooperative present at the Annual Meeting shall be entitled to vote for one (1) candidate in each district from which Directors are to be elected at the Annual Meeting. The candidate receiving the highest number of votes in each District at the Annual Meeting shall be considered elected as a Board Member for that district.

ARTICLE IV: MEETINGS OF THE DIRECTORS

SECTION 1. A regular meeting of the Board of Directors shall be held without notice other than this By-Law, immediately after, each regular Annual Meeting of the members of the Association. A regular meeting of the Board of Directors shall also be held monthly and at such time and place as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings of the Board of Directors may be called by the President or any three (3) Directors. The President or any three or more Directors who shall, pursuant hereto, call a Special Meeting of the Board of Directors, shall fix the time and place (which shall be within the county in which is located the principal place of business of the Association) for the holding of any such Special Meeting of the Board of Directors called by them.

SECTION 3. Notice of the time, place and purpose of any Special Meeting shall be given at least two (2) days previous thereto by written notice, delivered personally or mailed to the seven (7) Directors at their last known addresses. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in the event that a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; provided, that if less than a majority of the Directors shall be present at any meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 5. The act of the majority of the Directors present at a meeting at which quorum is present shall be the act of the Board of Directors.

SECTION 6. Telephonic Meetings. The Directors may participate in any meeting of the Board of Directors by mean of conference telephone, by other electronic means and provided all persons participating in the meeting may hear one another, or view the transcript of all discussion. Participation at a meeting pursuant to this section, shall constitute presence in person at such meeting.

ARTICLE V: OFFICERS

SECTION 1. The officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer, a Secretary-Treasurer, and an Executive Vice President. The offices of Secretary and Treasurer may, by resolution of the Board of Directors, be combined and when so combined the person filling such office shall be termed the "Secretary-Treasurer".

SECTION 2. The officers of the Association shall be elected, by ballot, annually by the Board of Directors at the first meeting of the Board of Directors held after each regular Annual

Meeting of the members of the Association. The President, Vice President, Secretary, Treasurer, Secretary-Treasurer, and Executive Vice President shall hold office until the next Annual Meeting of the Board of Directors and until their successors shall have been elected and qualified, unless removed as hereinafter provided. The Directors may also choose and may remove such other officers and employees as they deem proper.

SECTION 3. At any meeting called for that purpose, any officer of the Association may be removed by a vote of a majority of all voting members of the Association.

SECTION 4. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. The President:

- (a) shall be the principal executive officer of the Association and shall preside at all meetings of the members of the Association and of the Board of Directors.
- (b) may sign, with the Secretary, or any other proper officer of the Association, authorized by the Board of Directors so to do, certificates for membership in the Association, any deeds, mortgages, 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 these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and
- (c) in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. The Vice President:

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

SECTION 7. The Secretary:

- (a) shall keep the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose.
- (b) shall see that all notices are duly given in accordance with these By-Laws or as required by law.
- (c) shall be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all certificates for membership prior to the issue thereof and to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-Laws.
- (d) shall keep a register of the post office address of each member which shall be furnished to the Secretary by such member.

- (e) shall sign with the President, certificates for membership in the Association, the issue of which shall have been authorized by resolution of the Board of Directors, subject to the provisions of the Articles of Incorporation.
- (f) shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors.

SECTION 8. The Treasurer:

- (a) shall have charge and custody of and be responsible for all funds and securities of the Association.
- (b) shall be responsible for the receipt of and giving receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks as shall be selected in accordance with the provisions of Section 2 of Article VI of these By-Laws; and
- (c) shall 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.
- (d) the Treasurer may delegate the performance of receipt and expenditure of funds and record keeping to employees and agents of the Association. The Treasurer will supervise any such delegation of performance.

SECTION 9. The Secretary-Treasurer:

- (a) shall, in the absence of the Secretary or the Treasurer or their inability or refusal to act, perform the duties of the Secretary or the Treasurer, and when so acting, shall have all the powers of and be subject to the same restrictions and shall perform such duties as may be assigned to him by the Board of Directors.

SECTION 10. The Executive Vice-President:

- (a) shall be the chief operating officer of the Association, and shall be the General Manager of the Association.
- (b) shall have such authorities and perform such duties as the Board of Directors shall authorize from time to time.

SECTION 11. The Board of Directors may appoint a General Manager (Executive VP) who may be, but who shall not be required to be a member of the Association. The General Manager (Executive VP) shall perform such duties as the Board of Directors may from time to time require of him or her and shall have such authority as the Board of Directors may from time to time vest in him or her. The salary of the General Manager (Executive VP) shall be fixed by the Board of Directors.

SECTION 12. The Board of Directors shall require the Treasurer and any General Manager (Executive VP) and any other officer or employee of the Association charged with responsibility for the custody of any of its funds or property to give bonds for the faithful discharge of their duties, in such form and containing such terms and conditions, and with such surety or sureties as the Board of Directors shall determine.

SECTION 13. The officers of the Association shall submit at each regular Annual Meeting of the members, reports covering the business of the Association for the previous fiscal year and showing the condition of the Association at the close of such fiscal year.

ARTICLE VI: DEPOSITS, CHECKS, AND EXECUTION OF INSTRUMENTS

SECTION 1. All checks, drafts, or other orders for payment of money, notes, bonds or other evidence of indebtedness issued in the name of the Association shall be signed by such officer or officers of the Association or by the General Manager (Executive VP), if authorized so to do by the Board of Directors, and in such manner as shall from time to time be determined by a resolution of the Board of Directors.

SECTION 2. All funds of the Association shall be deposited from time to time to the credit of the Association in such bank or banks as the Board of Directors may select.

SECTION 3. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances.

ARTICLE VII: MEMBERSHIP CERTIFICATES

SECTION 1. Certificates representing memberships in the Association shall state the restrictions or limitations upon its ownership, voting, transfer, or cancellation, and shall contain such other provisions and be in such form as shall be determined by the Board of Directors. Such certificate shall be signed by the President and by the Secretary of the Association and shall be sealed with its seal. Each certificate, among other things, shall state in substance:

- (a) that no dividends shall be payable upon the issuing price of membership in the Association, if any, provided, however, that this limitation shall not prohibit the payment of deferred patronage dividends except as herein and in the Articles of Incorporation provided;
- (b) that all members shall have the same rights, privileges, and duties, and shall have one vote and no more; and
- (c) that no membership shall be transferable and all certificates thereof shall be surrendered to the Association upon a member becoming ineligible to membership or upon the death, expulsion or withdrawal of the member holding such certificate.

SECTION 2. No certificate of membership shall be issued until the issuing price of such membership has been fully paid for in cash and such payment has been deposited with the Treasurer of the Association.

ARTICLE VIII: FISCAL YEAR

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

ARTICLE IX: EARNINGS-DISTRIBUTION

The conduct of the business of the Association shall be upon the Cooperative plan and the earnings of the Association shall be distributed among the members in accordance with the Articles of Incorporation of the Association.

1. Each holder, assignee or transferee of deferred patronage dividends shall notify the Association in writing of the address to which any mail or notice should be sent.
2. Payment of deferred patronage dividends allocated as provided in Article X, Section 1 (d) of the Articles of Incorporation of this Association shall be made in the following manner:
 - (a) When such deferred patronage dividends shall be matured or called for payment, the Association shall send notice by United States Mail to the last known address of the holder or transferee entitled to such payment according to the records of the Association.
 - (b) The retirement or payment of deferred patronage dividends shall be completed in such manners as prescribed in policies adopted by the Board of Directors. For current members, the payment may be applied as a credit to the member's account.

ARTICLE X: PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES, OR MEMBERS

Except as otherwise provided by Iowa law, a director, officer, employee, or member of the Cooperative is not liable on the debts or obligations, and a director, officer, member or other volunteer is not personally liable in that capacity for a claim based upon an act or omission of the person performed in the discharge of the person's duties, except for a breach of the duty of loyalty to the Cooperative, for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law, or for a transaction from which the person derives an improper personal benefit.

The Cooperative may indemnify any present or former director, officer, employee, member or volunteer in the manner and in the instances authorized in Section Iowa Code 499.59A (2017), as amended.

ARTICLE XI: SEAL

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

ARTICLE XII:

The Directors by a vote of seventy-five percent (75%) of the Directors may adopt, alter, amend, or repeal By-Laws for the Cooperative, and the same shall remain in force until altered, amended, or repealed by a vote of seventy-five percent (75%) of the members present or represented at any Annual Meeting or Special Meeting of the members.