

KOOTENAI ELECTRIC COOPERATIVE, INC.

Policy No. 3-13

I. SUBJECT: Unclaimed Capital Credits

II. OBJECTIVE:

Unclaimed capital credits shall be utilized by the Cooperative to strengthen its financial position to the greatest extent allowed by law.

III. POLICY:

- A. Periodically the General Manager shall certify to the Board of Directors a list of capital credits which have been declared payable by the Board but which have not been claimed. Such certificate shall contain the owner's name, last known address, amount payable but unclaimed, year or years during which the capital credits were earned and date the capital credits became payable. The General Manager shall also certify that the Cooperative has attempted to pay the owner, but that the payment remains unclaimed.
- B. The Board of Directors may act by a resolution to declare that the certified unclaimed capital credit payments are presumed abandoned by the owner(s) thereof. With respect to any such unclaimed capital credit payments presumed abandoned by the Board of Directors, the Cooperative shall maintain a list of such abandoned capital credit payments on its web site and shall update such web site listing on a quarterly basis.
- C. With respect to unclaimed capital credit payments presumed abandoned by the Board of Directors, notice shall be published by the Cooperative on a quarterly basis in a newspaper of general circulation in each county within the Cooperative's service territory. Such notice shall state when and where the Cooperative's web site listing of abandoned property shall be accessible to its members.
- D. A person claiming an interest in the unclaimed capital credits may file a verified claim, in writing, in the format set forth in Appendix "A" to this policy. The Cooperative shall, within ninety (90) days after it is filed, give written notice to the claimant if the claim is denied in whole or in part. If a claim is allowed, the Cooperative shall immediately pay the capital credits to the claimant, but no interest shall be paid.

- E. The Cooperative shall establish and maintain a revolving fund to pay unclaimed capital credits to the owners. There shall be maintained in such fund an amount equal to twenty-five percent of the accumulated capital credits presumed abandoned by the Board of Directors or \$20,000.00, whichever is less. Unclaimed capital credits in excess of the amount required to be maintained in the fund shall be transferred to the general account of the Cooperative to be used for any purpose for which the Cooperative is incorporated. Such fund shall be maintained only with respect to abandoned capital credit payments which have not been claimed, paid over or delivered to a member as an allowed claim for a period of ten (10) years or less.

- F. A member shall forever lose their right to submit a claim seeking payment of a capital credit unless such a claim is fully and properly tendered to the Cooperative within ten (10) years after the date such capital credit payment was first declared abandoned by resolution of the Board of Directors. Upon the expiration of said ten (10) year period, title and ownership of such abandoned capital credit payment shall forever pass to the Cooperative.

- G. The term "owner" means the member, or a person having a legal or equitable interest in the capital credits, or the legal representative of the member. The term "unclaimed" means that the owner has not communicated in writing with KEC regarding the capital credits after the date that the capital credits became payable and distributable. The term "abandoned" shall mean that a capital credit payment has remained unclaimed by the owner for a period of five (5) years after first becoming payable or distributable by the Cooperative.

IV. RESPONSIBILITY:

It shall be the responsibility of the General Manager to certify to the Board the unclaimed capital credits and to cause publication of legal notice after authorization by the Board. The General Manager of the Cooperative shall be responsible for the administration of this policy.

Adopted: 02/20/92
Effective: 02/20/92
Amended: 09/23/92
01/27/11

Attested to: _____
Secretary