

BYLAWS

Of

UNITED RURAL ELECTRIC MEMBERSHIP CORPORATION

Article I Membership

Section 1.01. Eligibility

Any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or body politic (each hereafter referred to as “person,” “applicant,” “him” or “his”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from United Rural Electric Membership Corporation (hereafter called “Cooperative”). No person shall hold more than one membership in the Cooperative.

Section 1.02. Application for Membership; Renewal of Prior Application.

To become a Member, an Applicant must: (1) give the Cooperative all information requested by the Cooperative; (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; (3) agree to be bound by the Governing Documents; and (4) pay all dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents.

The “Governing Documents” are the following documents and actions, all as currently existing or as later adopted or amended: (1) all laws regarding or affecting the Cooperative’s property, property rights, and 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.

Any former member of the Cooperative may, by the sole act of paying any outstanding account balance plus accrued interest thereon at the Indiana legal rate of judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

Section 1.03. Service Security and Facilities Extension Deposits; Contributions in Aid of Construction

A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional service requested by him.

Section 1.04. Joint Membership

A husband and wife, 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 a husband and wife 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 either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- b. the vote of either or both 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 either shall constitute, respectively, suspension or termination of the joint membership;
- f. either, but not both concurrently, shall be eligible to serve as a director of the Cooperative, but only if both meet the qualifications required therefore; and
- g. neither will be prohibited from having any additional service connections as an individual member.

Section 1.05. Acceptance into Membership; Membership Agreement

Upon complying with the requirements set forth in Section 1.02, any applicant shall be accepted into membership in, and become eligible to receive electric service from the Cooperative, unless the Board of Directors, upon request of management, shall review and determine that such applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be rejected for other good cause: PROVIDED, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved by the Board of Directors may, by filing written request therefore with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

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.

Section 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to all Accounts

The Cooperative shall use reasonably diligent efforts to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee an uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefore at the times, and in accordance with the rules, regulations and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, and payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

Section 1.07. Excess Payments to be Credited as Member-Furnished Capital

All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these bylaws.

Section 1.08. Wiring of Premises; Responsibility therefore; Responsibility for meter tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.

Each member shall cause all premises receiving electric service pursuant to his membership to become and remain wired in accordance with the specifications or the National Electric Code, and applicable state code or local government ordinances, and of the Cooperative. Each member shall reimburse the Cooperative for its cost of changing its electrical system for a member's convenience and/or so as to eliminate any violation

of applicable government regulations or safety standards. Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents, and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source, for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, or revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures to the extent provided by the rules of the Indiana Utility Regulatory Commission. In no event shall the responsibility of the cooperative for furnishing electric service extend beyond the point of delivery.

Section 1.09. Member to Grant Easements to Cooperative

Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grant of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

Section 1.10. Load Management Programs

Each member shall participate in any required program that may be established by the Cooperative, the Cooperative's power supplier, or the Indiana Utility Regulatory Commission to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

Article II

Membership Suspension and Termination

Section 2.01. Suspension; Reinstatement

Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

Section 2.02. Termination by Expulsion; Renewed Membership

Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may without further notice, but only after due hearing if such is requested by him, be expelled by resolution of two-thirds (2/3) of the members present of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the member, appeal to and be present and heard at such meeting, which may vote approval or such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefore duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

Section 2.03. Termination by Withdrawal or Resignation

A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon (a) ceasing to own or directly occupy or use all premises being furnished electric service pursuant to his membership or (b) except when the Board or Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises, or (c) release or exchange of the premises of such member with another utility.

Section 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners

Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition

of any individual partner, such membership shall continue to be held by such remaining and /or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

Section 2.05. Effect of Termination

Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his service security deposit, if any heretofore paid the Cooperative, less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts, or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Section 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligation as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has therefore been furnished by the Cooperative pursuant to such membership.

Section 2.06. Effect of Death, Legal Separation or Divorce Upon a Joint Membership

Upon death of either spouse, legal separation, or divorce of the parties to a joint membership, such membership shall continue to be held solely by the survivor or member remaining in the service location in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the same effect as though such membership had never been joint: PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

Section 2.07. Acknowledgment of Membership Termination; Acceptance of Membership Retroactively

Upon the termination of a person's membership for any reason, the Cooperative, as soon as practicable after such termination is made, shall record such fact upon its records, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member it shall cease furnishing such service unless such person applies for, and meets the requirements of Article I for membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

Article III

Meeting of Members

Section 3.01. 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 as designated by the Board of Directors or the Cooperative in the notice of the meeting. 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 3.02. 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 to cause notice of such meeting to be given as hereafter provided in section 3.03. 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 3.03. 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 thirty (30) 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, and the attendance in person of a member at any meeting

of the members unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making objections shall notify the Secretary prior to or at the beginning of the meeting of his objection.

Section 3.04. Quorum

Business may not be transacted at any meeting of the members unless there are present, in person, 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 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 3.03. 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 3.05. Voting

Each member who is not in a status of suspension, as provided in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at 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 or mail.

Section 3.06. Election Protest Committee

The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint an Election Protest Committee. The Committee shall consist of an equal number of members corresponding to the number of directors of the Cooperative who are not existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives (as hereafter defined in the By-laws) or members of the same household of an existing Cooperative employee, agent, officer, director or known candidates for director. In appointing the Committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative.

If a protest or challenge to an election is filed, the Committee shall elect its own chairman and secretary prior to the members meeting. It shall be the responsibility of the Committee to pass upon any protest or objection filed with respect to any election or the conduct affecting the results of any election.

In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest of object is filed, it must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such a protest or objection is filed. The Committee shall hear such evidence as it is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of majority of those present and voting, shall, within a reasonable time, but not later than thirty (30) days after such hearing, render its decision, the results of which may be to affirm the election, to change the outcome thereof, or set it aside. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this section shall be final. The Committee may not affirmatively act on any matter unless a majority of the Committee is present and voting.

Section 3.07. 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 number of members present in person in order to determine the existence of quorum;
2. Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
4. Presentation and consideration or reports of officers, directors and committees;
5. Election of directors;
6. Unfinished business;
7. New business; and
8. 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 4.01. Number and General Powers.

The business and affairs of the Cooperative shall be managed by a Board of at least three (3) 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 Incorporation or Bylaws conferred upon or reserved to the members.

Section 4.02. Director Qualifications.

Any Director or Director candidate must comply with this bylaw.

A. General Director Qualifications. A Director or Director candidate must: (i) have the capacity to enter legally binding contracts; (ii) while a Director, and during the five (5) years immediately prior to becoming a Director, not be, nor have been, convicted of a felony; or plead, nor have pled guilty to a felony nor a misdemeanor involving moral turpitude which is sexual crimes of any nature or dishonesty; (iii) unless excused for good cause by the Board of all members, shall attend all of the Board meetings during the fiscal year; (iv) if not a natural person, be designated by the legal entity elected to serve for the entire term; (v) not serve in more than one capacity, i.e. designee of corporate member and as an individual member; and (vi) comply with any other reasonable qualifications determined by the Board (collectively the “General Director Qualifications”).

B. Membership Director Qualifications. While a Director, and during the one (1) year immediately prior to becoming Director, a Director or Director candidate must: (I) be a Member in good standing; and (ii) use, receive, or purchase electricity at a location within the Director District from which the Director is elected or chosen; (iii) nor have been employed as a employee of the Cooperative within five (5) consecutive years immediately prior thereto. (collectively the “Membership Director Qualifications”).

C. Conflict of Interest Director Qualifications. While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director candidate must not be nor have been: (I) a Close Relative of any existing Director, other than an existing Director who will cease being a director within one (1) year; (ii) an existing, or a Close Relative of an existing, non-Director Cooperative Officer, employee, agent, or representative; (iii) employed by, materially affiliated with, or share a material financial interest with, any other Director; (iv) employed by the Cooperative; or (v) engaged in, nor employed by, materially affiliated with, or have a material financial interest in, any individual or entity:

1. Directly and substantially competing with the Cooperative or its subsidiaries or affiliated companies; or
2. Selling goods or services in substantial quantity to the Cooperative, or to a substantial number of Members; or
3. Possessing a substantial conflict of interest with the Cooperative such as being the holder or having access to confidential pricing policies of a major power supplier to the Cooperative, or being the holder or having access to confidential pricing polices of a major power purchaser from Cooperative;

D. Continuing Director Qualifications. Only Directors or Director candidates complying with the General Director Qualifications, the Membership Director Qualifications, and the Conflict of Interest Director Qualifications (collectively the

“Director Qualifications”) may serve, or continue to serve, as Director. After being elected or appointed a Director, if any Director fails to comply with any Director Qualification, as reasonably determined by the Board, then it is the duty of the Board to withhold such position or remove the Director. If an existing Director is charged with a felony or crime of moral turpitude as outlined above, the Board Member may be suspended as a voting member of the Board until such matter has been resolved. Such suspension shall be with pay, but in the event resolution is not accomplished within one (1) year from the commencement of such allegations, the Board may remove the Director and declare a vacancy to be filled by the Board. Continued service as a Director after such violation(s) would constitute an undesirable public image of the Cooperative and reflect unfavorably upon its members. Resignation would be expected under this subparagraph, if applicable.

E. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee.

F. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause the person to be removed therefrom, as the case may be.

G. If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and approve a Board Action, then the failure of any Director to comply with all Director Qualifications shall not affect the Board action.

H. “Close relative” means a person who is related to the principal person such as a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece by blood or in law. “In law” shall mean not only such persons as, for example, brother-in-law, but shall also include “step” relatives and adoptive ones. This restriction shall also apply to more distant relatives who are living in the same household of an existing employee or director. However, no incumbent Director will lose eligibility to remain a Director or to be re-elected as a Director if he/she becomes a close relative of another Director or an employee because of a marriage to which he/she was not a party. A nominee must be at least eighteen (18) years of age.

Section 4.03. Election.

At each annual meeting of the members, directors shall be elected by secret written ballot by the members and from among those members who are natural persons. Directors shall be elected by a plurality of the votes cast. PROVIDED, that when the number of nominees does not exceed the number of directors to be elected from a particular Directorate District, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any

other proper manner. Director nominees shall be listed on the secret written ballot in alphabetical order.

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.

Section 4.04. Tenure.

Directors shall be so nominated and elected from their Directorate District of residence, and shall be elected for three-year terms at the next succeeding annual member meeting, and so forth. Upon their elections, directors shall, subject to the provisions of these bylaws with respect to the removal of directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election is not held at the annual meeting, an election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

Section 4.05. 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 affectively 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 4.06. 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 with 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. 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 4.07. Election Committee

The Board shall annually elect an election committee from within its membership consisting of three (3) or four (4) directors who were elected at the last prior annual meeting. It shall be the Committee's responsibility to review and validate petitions of nominations or qualifications of candidates for the office of director of the Cooperative, to establish approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members and persons, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors. The Cooperative counsel shall be available to provide advice to the Committee. In addition, the Election Committee shall count the ballots at the members meeting, using Cooperative employees to assist.

Section 4.08. Voting for Directors; Validity of Board Action

In the election of directors, each member shall be entitled to cast the number of votes (but not cumulatively), which corresponds to the total number of directors to be elected, but no member may vote for more nominees than the number of directors that are to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such Directorate Districts. Notwithstanding the provisions contained in this Section, failure to comply with any such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

Section 4.09. Removal of Directors by Members

Any member may bring one or more charges for cause against any one or more directors and may request the removal of such director (s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less then five percent (5%) of the total membership of the Cooperative, which petition calls for a special member meeting, the stated purpose of which shall be to hear and act on such charges and, if one or more directors are recalled, to elect their successors(s) and specify the place, time and date thereof not less than forty (40) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual meeting if such meeting will be held no sooner then forty (40) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the names(s) and address(s) of the member(s) filing such charge(s) a verbatim statement of such charge(s) is (are) being made. Each member in the same name shall sign the petition as he is billed by the Cooperative and shall state the signatory's address as it appears on such billings. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the member not less than twenty (20) days prior to the member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth only twenty (20) or more of the names (in alphabetical order) of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s). Such directors shall be informed in writing of the charges after they have been validly filed and at least twenty

(20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: PROVIDED, that the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected director shall be from or with respect to the same Directorate District as was the director whose office he succeeds and shall serve the unexpired portion of the removed director's term.

Section 4.10. Vacancies

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the Board of Directors. A director thus elected shall serve out the unexpired term of the director whose office was vacated: PROVIDED, that such a director shall be from or with respect to the same Directorate District as was the director whose office was vacated.

Section 4.11. Compensation; Expenses

Directors shall, as determined by a resolution of the Board of Directors, receive on a per diem basis a fixed fee, which may include insurance benefits, (a) for attending meetings of the Board of Directors and (b) for the performance of other directors' duties when such has had prior approval of the Board of Directors. The fee fixed under subparagraph (a) needs to be the same as the fee or fees fixed for subparagraph (b). Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in attending such meetings and performing such duties. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure: PROVIDED, that a director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors. The foregoing prohibition of receiving compensation for serving the Cooperative in any manner other than described in this Section shall not apply to the purchase of goods and services on a competitive basis.

Section 4.12. 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 Incorporation or bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 4.13. 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 4.14. 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 4.15. "Close Relative" Defined

As used in these bylaws, "close relative" means a person who, by blood or in-laws, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

Article V Meetings of Directors

Section 5.01. Regular Meeting

A regular meeting of the Board of Directors shall be held, without notice at the first meeting of the Board 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: AND PROVIDED FURTHER, that, if a policy therefore is established by the Board, the President may change the date, time place of regular monthly meeting for good cause and upon not less than five (5) days' notice thereof to all directors.

Section 5.02. 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 5.03. 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 5.03. 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 or by 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. 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 5.04 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 5.05 Standing Committee

The Executive Committee shall be a standing committee consisting of the President, Vice President, Secretary and Treasurer 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. The Executive Committee shall also be the Audit Committee to meet independently with the certified public accountant employed by the Cooperative to perform annual audits.

Article VI

Officers; Miscellaneous

Section 6.01. Number and Title

The officers of the Cooperative shall be a President, Vice President, Secretary, and the Board of Directors may from time to time determine Treasurer, and such other officers. The same person may hold the offices of Secretary and Treasurer.

Section 6.02. Election and term of Office

The officers shall be elected by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If 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.

Section 6.03. Removal

The Board may remove any officer, agent or employee elected or appointed by the Board of Directors, whenever in its judgment the best interests of the Cooperative will thereby be served.

Section 6.04. Vacancies

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

Section 6.05. 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 or 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 6.06. 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 6.07. Secretary

The Secretary 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 Incorporation 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. in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.08. Treasurer

The Treasurer shall –

- a. have charge and custody of and be responsible for all funds and securities of the Cooperative;
- b. receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit 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
- c. in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.09. Delegation of Secretary's and Treasurer's Responsibilities

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer heretofore provided in Sections 6.07 and 6.08, 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. General Manager; Executive Vice President

The Board of Directors may appoint a General Manager, who may be, but who shall not be required to be, a member of the Cooperative, and also may appoint an Executive Vice President. Such officers 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 them.

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 4.11 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 7.01. 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 maybe general or confined to specific instances.

Section 7.02. 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 of the Board of Directors.

Section 7.03. 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 principle office of the Cooperative.

Article IX Non-Profit Operation

Section 9.01. 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 9.02. 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-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 Waiver of Notice

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

Article XII Disposition and Pledging of Property; Distribution of Surplus Assets on Dissolution

Section 12.01 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, subject to approval of the Indiana Utility Regulatory Commission, 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 but subject to approval of the

- Indiana Utility Regulatory Commission if the Cooperative does not have an outstanding mortgage in favor of any federal agency, 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 12.02. 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 XIII 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 XIV Rules of Order/Gender

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or bylaws.

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

Article XV 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 XVI 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 United Rural electric Membership duly adopted the forgoing bylaws on December 17, 1987.

ATTEST: William Ambriole, *Secretary*

Last amended: August 18, 2011

ATTEST: Joh Smith, *Secretary*

(SEAL)

Statement of Non-Discrimination

United 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.”