

RUSHSHELBY ENERGY BYLAWS

Last Amended August 2011

Article I - Membership

Section 1 - Requirements for Membership

Any person, firm, association, corporation, limited liability company, partnership, business trust, body politic or subdivision thereof will become a member of the Corporation (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he, she, or it has first:

- (a) Made application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and bylaws of the Cooperative and any Rules, Regulations or policies adopted by the Board of Directors.

Section 2 - Joint Memberships

Unless specified as an individual membership by the person applying for membership, all membership applications shall be construed, if signed by the husband, as a Joint membership application with the wife, and if signed by the wife, shall be construed to be a joint membership application with the husband. Upon acceptance of such application by the Cooperative, either the husband or wife, but not both, shall be entitled to all privileges of such membership. A married person may apply for an individual membership only for a single meter or, if more than one meter is involved, the married person's spouse may apply for an individual membership for any additional meter, but there may not be two memberships for one meter.

Upon the death of either spouse who is a party to such joint membership, the membership shall be held solely by the survivor.

Where there is a joint membership, upon the dissolution of the marriage by divorce, the membership shall be held by the party continuing to use the electric service at the applicable meter.

When a joint membership exists, notice given to either spouse pursuant to these bylaws shall constitute notice to both spouses; however, if each spouse is a member by virtue of having an individual membership, each spouse shall receive all notices required by these bylaws.

Nothing in this section is meant to remove or reduce any individual's rights under the Red Flag Privacy Regulations of the United States Government.

Section 3 - Transfer of Membership

A membership in the Cooperative cannot be transferred by a member to any other person, firm, association, corporation, body politic or subdivision thereof, except that an individual membership shall be transferred to a joint membership if the individual marries after applying for membership.

Section 4 - Sale or Purchase of Electric Energy

No member shall sell electric energy from any service connection except to the Cooperative or its power provider. A member shall not purchase electric energy that is to be used on the premises for which such member has made application for membership from any source other than the Cooperative.

Section 5 - Termination of Membership

Any membership in the Cooperative shall be terminated under any one or more of the following conditions:

- (a) A member ceases to purchase electric energy from the Cooperative.
- (b) A member withdraws from membership, upon such terms and conditions as the Board of Directors may prescribe.
- (c) Termination of membership in any manner shall not release a member or the member's estate from any debts due the Cooperative.
- (d) Filing of a bankruptcy or receivership shall not terminate membership.

Article II - Rights and Liabilities of Members

Section 1 - Property Interest of Members

Upon dissolution of the Cooperative, after

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these bylaws, unless otherwise provided by the laws of the State of Indiana; the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the Certificate of Dissolution.

Section 2 - Non-liability for Debts of the Cooperative

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 3 - Right to One Vote

Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. If a husband and wife hold joint membership, either, but not both, shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. If a husband or wife holds an individual membership as provided in Article I, Section 2, such spouse may vote such individual membership in addition to the joint membership, if any. If a partnership is a member, any one partner may cast the vote of the member. A corporation, limited liability company or business trust may designate a person to cast the vote of the corporate, limited liability company or business trust member.

Section 4 - Duties of Members

(a) Each member shall make available to the Cooperative a suitable site, as determined by the cooperative, to place the Cooperative's physical facilities for the furnishing and metering of electric service to any member and shall permit the Cooperative's authorized employees, agents, and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof 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 not interfere with, impair the operation of, or cause damage to such facilities, and shall use his or her best efforts to prevent others from so doing. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any person when the member's care and surveillance could have prevented such, the member shall indemnify the Cooperative and any other person 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, of revenues resulting from the failure or defective functioning of its metering equipment caused by the action or inaction of the member. Evidence that access to services obtained without authority from the cooperative or that a member's metering device has been altered, removed or bypassed without the knowledge of or notification to the Cooperative is conclusive evidence that the member has utilized the device or scheme to avoid being assessed for the full amount of services received from the Cooperative. In no event shall the responsibility of the Cooperative extend beyond the point at which its service wires are attached to the meter loop provided for measuring electricity used on

such premises, or beyond the combination circuit breaker-meter base panel if such is owned and maintained by the Cooperative, except that the Cooperative shall, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges from a malfunctioning of its metering equipment.

(b) The member will pay all charges assessed by the cooperative for all services provided the member in accordance with these bylaws and by the rate tariff of the cooperative.

(c) Members shall guarantee access to the Cooperative for meter reading, tree trimming, and right-of-way clearing and spraying and shall not interfere with the Cooperative or its agents in the performing of these services.

Article III - Meeting of Members

Section 1 - Annual Meeting

The annual meeting of the members shall be held each year between the first day of February and the first day of September, at a place within the area served by the Cooperative selected by the Board of Directors, which shall be designated in the notice of the meeting for the purpose of electing directors and transacting such other business as may come before the meeting.

Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2 - Special Meeting

Special meetings of the members may be called by the Chairman, by the Board of Directors, or upon a written request signed by at least twenty-five per centum (25%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at a place within the area served by the Cooperative selected by the person or persons calling the meeting and shall be specified in the notice of the special meeting.

Section 3 - Notice of Members' Meetings

Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, by mail, by electronic means or personally, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both joint members. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Any member may waive in writing any notice of meeting required to be given by these bylaws. The attendance of a member at any meeting shall constitute a waiver of notice of such meeting by such member unless the member shall, at the beginning of the meeting, publicly announce that he or she is attending for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 4 - Quorum

One fiftieth (1/50th) of the total number of members of the Cooperative present in person and eligible to vote shall constitute a quorum for the transaction of business at all meetings of the members; provided that, if less than one fiftieth (1/50th), a quorum of members, are present at said meeting, a majority of the members so present may adjourn the meeting from time to time without further notice, provided that the Secretary shall notify any absent members of the time and place of such adjourned meeting to reconvene.

Section 5 - Voting

Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a

meeting of the members. Except as otherwise specifically provided by the Articles of Incorporation or the law, a majority vote of those members who are voting at any regular meeting, or at any special meeting of the members called for that purpose, shall be necessary for the taking of any action, adopting of any resolution, or the election of any directors, or otherwise, as the case may be. The foregoing notwithstanding, if more than two (2) persons are running for election as director from the same district, the person receiving the most votes shall be elected.

Article IV - Directors

Section 1 - General Powers

The business affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all powers of the Cooperative, except as are by law or by the Articles of Incorporation, or by these bylaws, conferred upon or reserved to the members.

Section 2 - Election and Tenure of Office

Directors shall be elected by ballot at each annual meeting and shall serve for a term of three years or until their successors have been elected: provided, however, that if there is no more than one candidate for each district in which a director is to be elected, a vote may be taken by voice vote.

Director election rotation shall be districts 1, 4, 7, districts 2, 5, 8, and districts 3, 6, 9.

If the election of directors shall not be held on the date designated hereby for any annual meeting, or at any adjournment thereof, the Board of Directors may call the election to be held at a special meeting of the members of the Cooperative as soon thereafter as convenient.

Section 3 - Qualifications

Any member of the Cooperative is eligible to be a director for the district in which he or she resides and receives electrical service from the Cooperative at said residence, except:

- (a) A member who is not a natural person.
- (b) A member who is employed by or financially interested in a competing enterprise.
- (c) A member who is engaged in the business of selling electrical energy, equipment, material, or supplies to the Cooperative.
- (d) A member who is a full-time employee of the Cooperative, or whose spouse is a full-time employee of the cooperative.
- (e) A member of the immediate family of a board member or full-time employee of the Cooperative or a member of the household of a board member or employee. The term "immediate family" shall mean children, spouse, siblings, parents, foster parents, stepparents, grandparents, parents-in-law, sister or brother-in law, or son or daughter-in-law.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Directors to remove such director from office.

Section 4 - District Representation

The territory served by the Cooperative shall be divided into nine (9) districts. Each district shall be represented by one board member. An at-large director shall serve from any location in the service territory. The districts are as follows:

District 1 - In Shelby County: all of Sugar Creek and Brandywine Townships; the western portion of Moral Township from the county line on the west to county road 600 west on the east.

District 2 - In Hancock County: territory in Sugar Creek, Brandywine, and Blue River Townships. In Shelby County: the eastern portion of Moral Township from county road 600 west on the west to the township

line on the east; the western portion of Van Buren Township from the township line on the west to State Road 9 on the east.

District 3 - In Shelby County: all of Hanover, Marion, and Union Townships; the eastern portion of Van Buren Township from State Road 9 on the west to the township line on the east.

District 4 - In Rush County: all of Ripley ,Center, ,Washington, Posey, and Jackson Townships. All Territory adjoining rush County in Henry County. In Hancock County: Jackson and Blue River Townships.

District 5 - All territory in Fayette County. In Rush County: Union Township.

District 6 - In Shelby County: all of Hendricks, Jackson, and Washington Townships. All territory in Bartholomew County. All territory in Johnson County.

District 7 - In Shelby County: all of Noble, Liberty, Shelby, and Addison Townships. In Decatur County: Adams Township.

District 8 - In Rush County: all of Walker, Rushville, Noble, Orange, Anderson, and Richland Townships. In Decatur County: Clinton and Fugit Townships.

District 9 - All territory in Franklin county.

Section 5 - Nomination

Any fifteen (15) members of the Cooperative, acting together, 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, by signing a petition nominating such candidate. Such petition shall be on a form provided by the Cooperative and shall be filed at the principal office of the Cooperative not less than sixty (60) nor more than one hundred and twenty (120) days prior to the date such election is to be held.

The Secretary of the Cooperative shall post a copy of such petition promptly at the principal office of the Cooperative, and such petition shall remain posted until the date of the meeting at which the election of directors is held.

The Secretary shall be responsible for notifying each member of record either by publication through the regular monthly publication of the cooperative in the month prior to the annual meeting or by United States mail deposited at least 10 days before the annual meeting, a statement of the number of directors to be elected at such meeting and the names of the nominees for such directorships.

Nominations from the floor may not be accepted except pursuant to the provisions of Section 8 of this Article.

Section 6 - Vacancies

Except as provided in Section 8 of this Article, a vacancy occurring on the Board shall be filled by the affirmative vote of the majority of the remaining board members for the unexpired term.

Section 7 - Compensation

Board members shall not receive any salary for their services as such except that by resolution of the

Board of Directors, the board may authorize a fixed sum for each day or portion thereof spent on Cooperative business such as any duties performed as a representative of the Cooperative with any organization described in Article IX Section 3 of these bylaws, attendance at meetings, including board meetings, conferences and training programs, or performing committee assignments. If authorized by the board, any board member may also be reimbursed for expenses actually and necessarily incurred in carrying out the Cooperative business, or granted a reasonable per diem expense allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity unless the payment of the amount of compensation shall be specifically authorized by the board and certified by the board as an emergency measure. In the event that a board member should attend any of the functions specified in this section in more than one location during a day, the board members shall be entitled to an additional fixed sum for such day equal to the sum he or she is entitled to receive for the first such meeting.

Section 8 - Removal of Director by Members

A Director may be removed for cause at any time by the members pursuant to the procedures specified in this Section. Any member may bring charges, specifying the causes for removal, against a Director by filing such charges in writing with the Secretary, together with the petitions signed by twenty-five per centum (25%) of all the members requesting the removal of the Director in question. The petition shall contain the specific charges of misconduct. The removal shall be voted upon at the next regular or special meeting of members.

The affirmative vote of twenty-five per centum (25%) of all the members is required to affect such removal. Any vacancy created by such removal may be filled by the members at such meeting provided that the Director resides in the same district as the Director in respect to whom the vacancy occurs. The Director against whom such charges have been brought shall be informed in writing of the charges at least thirty (30) days prior to the meeting. That Director shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against the Director will have the same opportunity. If the removal of more than one Director is sought, a separate vote shall be taken as to each Director.

The term "for cause" as used in this Section is defined as being malfeasance in office; that is, the commission of an act which is unlawful and which affects interrupts or interferes with the performance of official duties. The exercise of judgment should not be grounds for recall.

Section 9 - Action Taken by Board

Nothing contained in this Article shall affect in any manner whatsoever the validity of any action taken prior to the time that an objection pursuant to the provisions of this Article has been timely made.

Article V - Meeting of the Board

Section 1 - Regular Meetings

A regular meeting of the Board of Directors may be held without notice other than this bylaw immediately after and at the same place as the annual meeting of the members.

A regular meeting of the Board of Directors may be held regularly, but not less often than bimonthly, at such time and place as the board may establish by resolution. Such regular meetings may be held without notice other than such resolution fixing the date, time and place thereof.

Section 2 - Special Meetings

Special meetings of the Board of Directors may be called by the Chairman or any three (3) directors, and it shall be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The person or persons authorized to call special meetings of the Board of Directors may fix the date, time and place for the holding of any special meeting of the Board of Directors.

Section 3 - Notice

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given not less than two (2) days previous thereto by written notice delivered by mail, by electronic means or personally to each director at such director's last known address. Such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with postage thereon prepaid.

Section 4 - Waiver of Notice

Any director may waive in writing, any notice of a meeting required to be given by these bylaws. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting by such director, except in case 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 5 - Quorum

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 are present at said meeting, a majority of the directors present may adjourn the meeting from time to time and provided, further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting to reconvene.

Section 6 - Manner of Acting

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Robert's Rules of Order shall govern the procedure and practice of business at each meeting.

Article VI Officers

Section 1 - Number

The officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The office of Secretary and of Treasurer may be held by the same person. The Chairman, Vice Chairman, Secretary, and Treasurer shall comprise the Executive Committee.

Section 2 - Election and Term of Office

The officers, except as hereinafter provided, 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 the officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer so elected 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 by-laws with respect to the removal of officers.

Section 3 - Removal

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 4 - Vacancies

Except as otherwise provided in these by-laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term vacated.

Section 5 - Chairman

The Chairman:

- (a) Shall be the principal executive officer of the Cooperative and shall preside at meetings of the members and of the Board of Directors.
- (b) Shall sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed except in cases in which the signing and executing thereof shall be expressly delegated by the board or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;
- (c) In general shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6 - Vice-Chairman

In the absence of the Chairman, or in the event of the Chairman's inability or refusal to act, the Vice-Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman and shall perform such other duties as from time to time may be assigned to the Vice-Chairman by the Board of Directors.

Section 7 - Secretary

The Secretary shall be responsible for:

- (a) Keeping the minutes of the meeting of the members and the Board of Directors in one or more books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these bylaws or required by law;
- (c) Being custodian of the Cooperative records and of the seal of the Cooperative, and seeing that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (e) Keeping a record of the post office address of each member which shall be furnished to the Cooperative by each member;
- (e) Keeping on file at all times a complete copy of the Articles of Incorporation and bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and upon request of any member at the expense of the Cooperative forward a copy of the bylaws and of all amendments thereto to such member;
- (f) In general performing all duties incident to the office of Secretary and such duties as from time to time as may be assigned to the Secretary by the Board of Directors.

Section 8 - Treasurer

The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) The receipt of and issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of these bylaws; The general performance of all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the board.

Section 9 - Chief Executive Officer

The Board of Directors may appoint a Chief Executive Officer, or a General Manager, or a President, who may be, but shall not be required to be, a member of the Cooperative. The person 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 10 - Compensation

Officers specifically designated in Section 1 of this Article shall receive such compensation as the Board of Directors may fix by resolution.

Article VII - Non-Profit Operation

Section 1 - Interest or Dividends on Capital Prohibited

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

Section 2 - Patronage Capital in Connection with Furnishing 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. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, patronage will be assigned annually to full year members based on the total revenue from the member minus the cost of power. For members in the large power class, individual power costs will be calculated. For all other classes, the average cost of electricity per kWh for the year will be used. The Cooperative is obligated to pay by credits to a capital account for each patron these amounts. 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, which records shall be available for inspection by members during business hours. 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.

(a) Capital credits assigned to RushShelby Energy by Hoosier energy shall be considered an investment in an associated organization by the Cooperative and will not be allocated to the membership in the form of patronage.

(b) Profits returned to RushShelby Energy from subsidiary organizations or investment returns from associated organizations will not be included in the calculations of patronage.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of the patron's estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. Bankruptcy, receivership, dissolution or merger of a member shall not be interpreted as "death of any patron".

Any patronage returned or utilized in any way before the end of a twenty year period from the date of assignment shall be discounted. The board of directors shall establish a discount rate per annum for this purpose. All patronage returned after a twenty year period shall be on a full dollar basis.

Patronage in the account of any member terminating their membership with an unpaid balance shall be applied, on a discounted basis, toward the unpaid balance. Such member and their account shall forfeit all rights to any patronage that would remain in the account.

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. 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. Such retirements of capital shall be made in order of priority according to the year the capital was furnished and credited, the capital first received by the Cooperative being first retired.

Capital credited to 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 part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Any capital credit which the Cooperative retires by payment which is uncollected by the member and remains in the possession of the Cooperative 90 days after payment was mailed to the member at the member's last address shown on the records of the Cooperative may be deemed as donated to the cooperative and may be transferred to the "Donated Capital" account of the Cooperative provided: (a) The Cooperative has mailed to the member a notice in writing of such proposed action stating the day it will be taken, with such notice having been deposited in the U.S. Mail, certified, return receipt requested, addressed to the member at the member's last address shown on the records of the Cooperative, and (b) that such notice was deposited in the mail not less than 60 days prior to the date that such action is to be taken as stated in the notice specified in (a), above, and, (c) that the member has failed to make claim for the capital credit by the date specified in the notice required by (a), above.

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 each patron 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 office.

Article VIII - Disposition of Property

Section 1

The Cooperative may not sell, lease, or otherwise dispose of all, or substantially all, the property of the Cooperative unless:

- a. two-thirds (2/3) of all directors affirmatively authorized the submission of such to the membership;
- b. any tender offer for the transfer of all or substantially all the assets may NOT be considered for a portion of the system;
- c. no transfer of all or substantially all the assets may be considered, which is nothing more than an assignment of large segments of the assigned service area, unless the sale or the assignment of all the territory and the sale of all the assets be considered.;
- d. notwithstanding any article, bylaw, resolution or practice that has ever been utilized by this Cooperative to the contrary, proxy votes, write-in votes, or absentee ballots may not be utilized (1) to establish a quorum for either the board of directors or the membership, (2) for consideration or for counting in any voting of the board of directors or (3) the membership in any consideration of the transfer of all or substantially all of its property;
- e. any tender offer for the transfer of all or substantially all of the assets of the corporation may not be presented for approval to the membership prior to 180 days after the affirmative two-thirds approval of the board of directors;
- f. as the term "board of directors" is utilized in this section dealing with the sale or transfer of all or substantially all of the assets to an entity other than one organized under the Indiana REMC Act describes those who are incumbent board of directors at the time the offer is tendered;
- g. no offer for the purchase of all or substantially all the assets the corporation may be considered if it does not include an assumption of all contractual obligations of the corporation, specifically including the total power requirements contract the corporation has with Hoosier Energy Rural Electric Cooperative, Inc. and all terms and conditions contained within said wholesale power contract then in force;
- h. the same shall be authorized by a resolution duly adopted at a meeting of its members duly called and held and wherein a quorum was established of fifty percent of the members in person and which resolution shall have received the affirmative vote of at least fifty percent of all its members for each and every district from which the board members are nominated and unless;

Section 2

The Board of Directors of this Cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage, or mortgages, or a deed or deeds of trust of, or the pledging or encumbering of, any or all the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenues therefrom, for the purpose of financing the construction or maintenance of the Cooperative's distribution or transmission system or systems, and for general plant, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative.

Section 3

The Cooperative may, from time to time, issue its obligations in anticipation of its revenues for any corporate purpose. Said obligations may be authorized by resolution or resolutions of the board and may bear date or dates, mature at such time or times, not exceeding forty (40) years from their respective

dates, bear interest payable in such periods at such rate or rates, be in such denominations, be in such form either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption, not exceeding par and accrued interest, as such resolution or resolutions may provide. Such obligations may be sold in such manner and upon such terms as the board may determine, at not less than par and accrued interest. Any provision of law to the contrary notwithstanding, any obligations and the interest coupon appertaining thereto, if any, issued pursuant to this chapter, shall possess all of the qualities of negotiable instruments.

Article IX - Miscellaneous

Section 1 - Policies, Rules and Regulations

The Board of Directors shall have power to make, adopt, and enforce such policies, rules, and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative. The policies, rules and regulations so adopted shall be binding in all respects upon each member or applicant for membership. They are a part of every contract for service made by the Cooperative, unless modified by special terms written therein, and govern all classes of service. Copies of all rates, rules and regulations and bylaws are on file in the Cooperative's office and are open to inspection by members. These rates, rules, regulations and Bylaws may be revised, amended, supplemented or otherwise changed from time to time by action of the Board of Directors. All such revisions, amendments, supplements or changes shall be binding upon all members or applicants for membership from and after their adoption by the Board of Directors.

Section 2 - Accounting System and Reports

The Board of Directors shall cause to be established and maintained a complete accounting system. The Board of Directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of each such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 3 - Membership in Other Organizations

In carrying out its purposes, this corporation may cooperate with other corporations organized under the Rural Electric Membership Corporation Act of Indiana and may apply for and accept membership in any general district corporation organized under said act, or any other corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or otherwise deemed by the Board of Directors to be advantageous to the purpose for which the Cooperative is in existence. In the execution of this power, the board shall have full power and authority on behalf of the Cooperative to purchase stock or to make other capital expenditures which are conditions precedent to membership in any of the corporations hereinabove mentioned.

Section 4 - Electric Energy Rate Tariffs

- (a) The tariffs of rates for electric energy sold to a member shall be fixed from time to time by resolution of the Board of Directors, provided, however, that such rate tariffs shall be established in accordance with the laws of the State of Indiana.
- (b) Members shall pay all charges for electrical service billed by the Cooperative in accordance with the rate tariffs, including charges for late payment, collection, reconnection, insufficient funds checks or any other charge permitted by the rate tariffs.

Section 5 - Area Coverage

The board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative's service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service. The Cooperative may from time to time be unable to provide electric service to its members for many reasons. The Cooperative makes no guarantee, warranty or promise that electric service will be available to its members at all times and under all

conditions.

Section 6 - Laws Controlling

In the event the provisions of these bylaws conflict with the Articles of Incorporation or the laws of the State of Indiana, the provisions of the Articles of Incorporation or the law shall take precedence over these bylaws.

Section 7 - Newsletter Subscription

Each member shall pay for a yearly subscription of the Cooperative newsletter. Such subscription amount shall not exceed \$5.00 for any one year. Payment of such subscription shall come from the amount paid by the member for their electric energy during the year.

Section 8 – Pronouns

Within these bylaws, any reference to he, him, she or her shall be construed to refer to all such pronouns equally and simultaneously. Any reference to member, patron, consumer or similar noun shall also be construed to refer to the plural of that noun, unless specifically outlined in a section of this bylaw.

Article X - Seal of the Cooperative

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative, the words "Corporate Seal, Indiana", and figures "1999."

Article XI - Fiscal Year

This fiscal year of the Cooperative shall begin on the 1st day of January of each year and end the 31st day of December in the same calendar year.

Article XII - Financial Transactions

Section 1 - Contracts

Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents, employee or employees of the Cooperative to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2 - Checks, Drafts, etc.

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

Section 3 - Deposits

All funds except petty cash shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

Section 4 - Change in Rates

Written notice shall be given to any holder of a mortgage of the Cooperative, prior to the date upon which any change in the electric energy rate becomes effective.

Article XIII - Indemnification of Directors Officers & Employees

Section 1

Each director, officer, employee or agent is entitled to all the rights and remedies provided by I.C. 23-17-16-1 et seq. and any amendments thereto or substitution thereof, in addition to any other rights or remedies provided to such director, officer, employee or agent in this article. Should other provisions of this article conflict with the provisions of I.C. 23-17-16-1 et seq., the statute shall take precedence over the other provisions of this article.

Section 2

Every person who is or was a director, officer, or employee of this Cooperative, or of any other Cooperative for which such person is or was serving in any capacity at the request of this Cooperative, shall be indemnified by this Cooperative against any and all liability and expense that may be incurred by such person in connection with or resulting from or arising out of any claim, action, suit or proceeding, either civil or criminal, provided that such person is wholly successful with respect thereto or acted in good faith in what such person reasonably believed to be in, or not opposed to, the best interest of this Cooperative or such other Cooperative as the case may be, or in any criminal action or proceeding in which such person had no reasonable cause to believe that such person's conduct was unlawful. As used herein "claim, action, suit or proceeding" shall include any claim, action, suit or proceeding (whether brought by or in the right of this Cooperative or such other Cooperative or otherwise), civil, criminal, administrative or investigative, whether actual or threatened, or in connection with an appeal relating thereto, in which a director, officer or employee of this Cooperative may become involved, as a party or otherwise, (i) by reason of such person being or having been a director, officer or employee of this Cooperative or such other Cooperative or arising out of such person's status as such, or (ii) by reason of any past or future action taken or not taken by such person in any such capacity, whether or not such person continues to be such at the time such liability or expense is incurred. The terms "liability" and "expense" shall include, but shall not be limited to, attorney's fees and disbursements, amounts of judgments, fines or penalties, and amounts paid in settlement by or on behalf of a director, officer, or employee, after prior approval thereof by action of the members of the Board of Directors not involved in the claim, action, suit or proceeding, but shall not in any event include any liability or expenses on account of profits realized by such person in the purchase or sale of securities of the Cooperative in violation of the law. The termination of any claim, action, suit or proceeding, by judgment, settlement (whether with or without court approval) or conviction or upon a plea of guilty or nolo contendere, or its equivalent, shall not create a presumption that a director, officer or employee did not meet the standards of conduct set forth in this paragraph.

Any such director, officer or employee who has been wholly successful with respect to any such claim, action, suit or proceeding shall be entitled to indemnification as a matter of right. Except as provided in the preceding sentence, any indemnification hereunder shall be made only if, (i) the Board of Directors acting by quorum consisting of directors who are not parties to or who have been wholly successful with respect to such claim, action, suit or proceeding shall find that the director, officer or employee has met the standards of conduct set forth in the preceding paragraph, or (ii) independent legal counsel, mutually agreed upon by the involved director, officer or employee and the Board of Directors of the Cooperative, shall deliver to the Cooperative their written opinion that such director, officer or employee has met such standards of conduct.

If several claims, issues or matters of action are involved, any person may be entitled to indemnification as to some matters even though such person 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 director, officer or employee upon receipt of any written acknowledgment on behalf of such person to repay such expenses if it should be ultimately determined that such person 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 acts or omissions to act during, before or after the adoption hereof.

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, executors and administrators of any 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 Cooperative against any liability asserted against such person and incurred by such person in any capacity arising out of such person's status as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this section or otherwise.

Article XIV - Amendments

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

Adopted March 1, 1999

Amended April 2004

Amended August 2011