

**DUBOIS RURAL ELECTRIC
COOPERATIVE, INC.**

BYLAWS

JASPER, INDIANA

As amended March 8, 2017

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DUBOIS RURAL ELECTRIC COOPERATIVE, INC.

By-Laws

ARTICLE I

MEMBERSHIP

SECTION 1.01. **Eligibility.** Any natural person, firm, association, corporation, trust, partnership, federal agency, state or political subdivision or agency thereof, or body politic (each hereinafter 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, Dubois Rural Electric Cooperative, Inc. (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative, regardless of the number of meters held by that person.

SECTION 1.02. **Application for Membership; Renewal of Prior Application.** Application for membership--wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and Bylaws, and all rules, regulations and rate schedules established pursuant thereto and all applicable rules and regulations of the Indiana Utility Regulatory Commission, as all the same then exist or may thereafter be duly adopted, amended and promulgated (the obligations embraced by such agreement being hereinafter called "membership obligations")--shall be made in writing on such form as is provided therefor by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit or for facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), which fee (and such service security deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is not approved. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the Indiana legal rate on 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. Membership Fee; Service Security and Facilities Extension deposits; Contribution in Aid of Construction. The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. 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 connection requested by him.

SECTION 1.04. Joint Membership. A husband and wife, by specifically so requesting in writing, 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 shall constitute one joint vote.
- (c) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) either, but not both concurrently, shall be eligible to serve as a director of the Cooperative, if the person seeking to be a director meets the qualifications required therefor; and
- (f) Neither will be permitted to have any additional service connections except through their one joint membership.

SECTION 1.05. Acceptance into Membership. Upon complying

with the requirements set forth in Section 1.02, any applicant shall by Board resolution be accepted into membership in, and become eligible to receive electric service from, the Cooperative, unless the Board of Directors shall 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. The Board of Directors may delegate to Cooperative staff employees the authority to accept new and reconnection applications for membership on behalf of the Board. PROVIDED, however, 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 therefor 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.

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 a continuous and 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 therefor 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, any 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 Therefor; 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 to remain wired in accordance with the specifications of the Indiana Fire Insurance Underwriters Association, the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. 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 animals 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 or 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, of 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. 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 and to Participate in Required Cooperative Load Management Programs. Each member shall, upon being requested so to do by the

Cooperative, execute and deliver to the Cooperative grants 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. Each member shall participate in any required program that may be established by the Cooperative 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 or 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 may be suspended by the Board of Directors; 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 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 members, appeal to and be present and heard at such meeting, which may vote approval of 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 therefor 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 either (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

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 membership fee (and to his service security deposit, if any, theretofore 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 Sections 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 obligations 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 theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, 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 premises covered by such membership in the same manner and to the same effect as though such membership had never been joint:

Provided, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07. Board Acknowledgment of Membership Termination; Acceptance of Members Retroactively. Upon the termination of a person's membership for any reason, the Board of Directors, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. The Board of Directors may delegate to Cooperative staff employees the authority to acknowledge such termination of membership on behalf of the Board. 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 the Board of Directors or Cooperative staff employees approves, 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

MEETINGS 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 on the fourth (4th) Friday of the month of March each year, at such place in one of the Counties in Indiana within which the Cooperative serves, and beginning at such hour, as the Board of Directors shall from year to year fix: PROVIDED, that, for cause sufficient to it, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section. 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 the Board of Directors, by any three (3) or more directors, or by petition signed by not less than twenty (20%) percent of the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held at such place in one of the 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 therefor 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 or printed 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 or by mail, by or at the discretion 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 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. No matter the carrying of which, as provided by law, or by the Cooperative's Articles of Incorporation or Bylaws 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 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 as 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 of a member at any meeting of the members shall constitute a waiver of notice of such meeting 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 such objection 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 three (3) percent of the Cooperative's members, except that, if less than a quorum is present at any 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 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.

SECTION 3.05. Voting. Each member which is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote, and only to one vote regardless of connections or meters held, upon each matter submitted to a vote at any meeting of the members. Should two or more persons, including a husband and wife, hold a joint membership, they shall jointly be entitled

to only one vote under that membership and the first such person to vote shall cast the sole vote for that membership. Where, however, a membership is held solely in the name of a husband or a wife, and is not a joint membership, then, in the absence of such member at any meeting, his or her spouse shall have the right to vote for and on behalf of the absent member, unless the member has previously notified the Cooperative in writing of the termination of this spousal right. Corporate membership shall be voted by an officer or employee thereof. Membership issued in names other than that of natural persons or corporations shall be voted by an officer, director, partner, trustee or employee of such organization. In all cases, the first person presenting himself to be qualified to vote for such membership shall be entitled to cast the sole vote for that membership. Any membership, other than natural persons, shall be entitled to certify in writing, in not less than five hours in advance of any meeting, as to the person who is entitled to vote for such membership; provided, however, that such designee must be a qualified person as above described. The Cooperative shall be entitled to require a proper admission card to be presented for each vote requested by any person. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of persons who are voting thereon, except as otherwise provided by law, or by the Corporation's Articles of Incorporation or By-Laws. Subject to the provisions of this Section, members may not cumulate their votes or vote by proxy or mail.

SECTION 3.06. 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 a 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 of reports of officers, directors and committees;
- (5) Election of Directors or announcement of results of election;
- (6) Unfinished business;
- (7) New business; and
- (8) Adjournment.

The Board of Directors may by prior resolution authorize the beginning of voting for Directors at the place of the annual meeting not more than 3 hours prior to the time for opening of the meeting, but ballots shall not be opened or counted until after all members present at the meeting are given opportunity to vote. Notice of the time at which voting will begin shall be included in the annual notice of meeting.

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 Seven (7) 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. **Qualifications.** In order to be eligible to be a nominee or candidate for election as a Director, a person:

- 1) must be not less than eighteen (18) years of age;
- 2) must be a member in good standing of the Cooperative, a bona fide resident of the district from which he/she is or proposes to be elected, and must receive electric service from the cooperative at said primary residence;
- 3) is not currently employed, nor had been an employee of the Cooperative or of Hoosier Energy Cooperative during the period sixty (60) months immediately preceding the meeting at which he/she could stand for election as a Director;
- 4) must not be employed by or financially interested in an agency or business selling electric energy or in a business selling electric energy or supplies to the Cooperative; provided, however, that an individual selected by the Cooperative Board of Directors to serve as the Cooperative's representative on the Board of such supplier shall not be considered ineligible;
- 5) must not be a close relative of any other Director or of any employee of the Cooperative. A close relative shall be defined as being a spouse, parent, children, brother or sister, or the spouse of a child; and
- 6) when a membership is held jointly by a husband and wife, either one, but not both, may be elected a Director, provided however, that neither one shall be eligible to become or remain a Director or to hold a position of trust in the Cooperative unless both shall meet the qualifications herein above set forth.

Should the Secretary of the Cooperative or should any member question the eligibility or qualifications of any nominee or Director, the Secretary shall report such question to the President of the Cooperative and shall notify in writing the individual being challenged, and the President shall call a special meeting of the Board of Directors within a seven (7) day period of notice of such challenge to determine the validity of such challenge, and should eligibility not exist, disqualify such nominee or remove such Director.

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, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Drawing by lot shall resolve, where necessary, any tie votes. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of, the meeting in which the voting is conducted. The Board of Directors shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Board of Directors shall hear such evidence as 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 Board of Directors, by a vote of a 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 result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Board of Director's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. A Director who is a candidate in the election which is the subject of such protest or objection shall not sit with the Board of Directors nor vote in any decision regarding such protest or objection. The Board of Directors may not affirmatively act on any matter unless a majority of the Board of Directors are present.

SECTION 4.04. Tenure. Directors shall be so nominated and elected that one director from or with respect to each of Directorate Districts Nos. 3, 4 and 6 shall be elected for three-year terms at an annual member meeting; one director from or with respect to each of Directorate Districts Nos. 1 and 5 shall be elected for a three-year term at the next succeeding annual member meeting; and one director from or with respect to each of Directorate Districts, Nos. 2 and 7 shall be elected for three-year terms at the next succeeding annual member meeting, and so forth. Upon their election, 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 of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such 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 seven (7) Directorate Districts. Each District shall be represented by one director who resides in the Directorate District which he or she presides, and the Districts are described, as follows:

**DIRECTORATE
DISTRICT NO.**

#1 All members of the Cooperative residing within the franchise area in Dubois and Pike Counties, west of State Road 45 and north of State Road 56.

#2 All members of the Cooperative residing within the franchise area in Dubois and Martin Counties, East of State Road 45 and north of State Road 164, and also including those members residing in Section 30, Township 1 north, range 2 west, in Orange County.

#3 All members of the Cooperative residing within the franchise area in Orange and Crawford Counties, north of State Road 64.

#4 All members of the Cooperative residing within the franchise area in Dubois and Pike Counties, south of State Road 56 and west of State Road 45.

#5 All members of the Cooperative in Dubois County residing within the franchise area east of State Road 45, south of State Road 164, and north of State Road 64.

#6 All members of the Cooperative in Crawford and Perry Counties residing within the franchise area south of State Road 64.

#7 All members of the Cooperative residing within the franchise area in Dubois County, east of State Road 45 and south of State Road 64.

Notwithstanding the foregoing Directorate District descriptions, every year the Board of Directors, not less than one hundred and eighty (180) days prior to the earliest date on which

the annual member meeting may be scheduled by these Bylaws to be held, may 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, shall change and redescribe one or more Districts, in which event all Districts as so changed shall be noticed as to location change in writing precisely to the members not later than the date on which the notice for Nominations is given to the membership for such meeting. After such notice, these Bylaws shall have been effectively amended accordingly: PROVIDED, that no such change shall be so effectuated by the Board as to compel the vacancy of any director's office prior to the time such director's term would normally expire unless such director consents thereto in writing.

SECTION 4.06. Nominations. Nominations of the Board of Directors shall be made by petition as set out in this section.

- (a) The petition shall be signed by no less than 20 members of the Cooperative who reside in the district from which the nominee is being selected to run. For the purpose of the petition a husband and wife shall be deemed one member. Parents, children, spouses and brothers and sisters of the nominee may not sign or witness the petition. In lieu of a petition, incumbent board members may file a written notice at the office of the Cooperative not less than sixty (60) days before the annual meeting of the members of the Cooperative stating his or her intention to seek a seat on the Board of Directors.
- (b) Each petition shall contain a certification by the witness, which witness must be a member of the Cooperative and not a nominee, and which witness must be at least 18 years of age and reside in the applicable district(s), that he or she witnessed the signing of the petition by the petitioning member and that to the best of his or her knowledge the member is not related to the nominee as set out above. There may be more than one petition for each nominee provided the petitions total required number of signatures. The petition form itself shall state, among other things, that the witness: must be a member of the Cooperative; shall reside in the applicable district; and be at least eighteen (18) years of age.
- (c) The Board of Directors shall approve a form of petition consistent with the terms of this section, and the petition shall be available at the office of the Cooperative.
- (d) At least one hundred (100) days before the annual meeting all members shall be given notice by mail informing them of (i) the district or districts from

which a Director is to be elected; and (ii) the method by which nominations may be made. This notice may be sent out in the monthly newsletter of the Cooperative.

- (e) Petitions must be filed at the office of the Cooperative not less than sixty (60) nor more than one hundred (100) days before the annual meeting of the members of the Cooperative. No nominations shall be accepted from the floor at the annual meeting nor will be accepted within sixty (60) days of the annual meeting.
- (f) Upon receipt of a timely filed petition, the Secretary of the Cooperative shall review the same and determine whether the petition contains the required number of qualified member's signatures. If the petition contains the proper number of signatures, the Secretary shall certify the name to the Board of Directors as a nominee for the Director's seat for the applicable district.
- (g) If there are two or more nominations for one Director's seat the election shall be by ballot. If there is one nomination for a seat the vote shall be by voice.
- (h) In the event that no qualifying petitions are filed or the nominated Director is not elected, the Board of Directors shall declare a vacancy in the position of Director for that district at its first meeting after the annual meeting. During such meeting the Board of Directors shall appoint a Director to fill that vacancy for the remainder of said three-year term. The Director so appointed must reside in the district for which he or she is being appointed.
- (i) The Secretary shall mail to each member at least ten (10) days before the meeting a statement of the number of Directors to be elected and showing separately the incumbent Directors and nominations made by petition, if any.

SECTION 4.07. 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 than one nominee in 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 District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of 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 4.08. Removal of Directors by Members. Any member may bring charges against an officer or director by filing them in writing with the Secretary together with a petition signed by not less than ten (10%) percent of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at a subsequent meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges not less than ten (10) days prior to the meeting at which the charges are to be considered, and 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 him shall have the same opportunity.

SECTION 4.09. 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 originally vacated and until a successor is elected and qualified. 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 4.10. 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 director duties when such has had prior approval of the Board of Directors. 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.

SECTION 4.11. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors shall have power to make adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for

the management, administration and regulation of the business and affairs of the cooperative.

SECTION 4.12. **Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and 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, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of the cooperative's financial reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.13. **"Close Relative" Defined.** As used in these Bylaws, "close relative" means a person who, by blood or in law, 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 Meetings.** 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 meeting 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, the President may change the date, time or place of a regularly 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, 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 hereinafter provided in Section 5.03. The Board, the President, or the directors calling the meeting shall fix the date, time and place for the meetings, 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 a telephone conference meeting, if all the directors consent thereto.

SECTION 5.03. Notice of 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 five (5) 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 five (5) days prior to the meeting date. The attendance of a director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the 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 law 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.

ARTICLE VI

OFFICERS; MISCELLANEOUS

SECTION 6.01. Number and Title. The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. Election and Term of Office. The officers shall be elected annually by and from the Board of Directors held

after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the 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 the Bylaws with respect to the removal of officers.

SECTION 6.03. Removal. Any officer, agent or employee elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Cooperative will thereby be served.

SECTION 6.04. Vacancies. A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

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, unless determined otherwise by the Board of Directors, 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 of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of 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 powers 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 meetings of the members and of 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 documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or 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 documents 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 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 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 hereinbefore 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 or 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.** 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. Such officer shall perform such duties as the Board of Directors may from time to time vest in him.

SECTION 6.11. **Bonds.** The Board of Directors may require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12. **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 4.10 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Directors. The Cooperative shall indemnify directors, officers, including the General Manager, agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interest of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

SECTION 6.13. **Reports.** The officers of the Cooperative shall submit at each annual meeting of the members 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 or these Bylaws, the Board of Directors may authorize any Cooperative officer, agent or employee to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 7.02. **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

NON-PROFIT OPERATION

SECTION 8.01. **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 8.02. **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, the Cooperative is obligated 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. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. 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, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account: PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. 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 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 patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

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 that 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. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired: PROVIDED, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

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 a part of such patron's premises served 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.

SECTION 8.03. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine.

SECTION 8.04. Patronage Refunds in Connection With Economic Development Rate. The cooperative and its power supplier, Hoosier Energy REC, Inc., are offering a special economic development rate to industrial users. The Indiana Utility Regulatory Commission has approved this rate which is designed to allow the cooperative to only recover its marginal costs in providing the service. Power used under the Economic Development Rate will not be

considered in determining patronage capital.

ARTICLE IX

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 one year 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 public notice, in a newspaper published in the county in which the present or former member's premises are or were being served by the Cooperative, 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 and reallocated for distribution among the other members of the Cooperative. Thereafter, any such unclaimed funds shall be allocated on a pro rata basis among the members of the Cooperative as of the year in which the sixtieth (60th) day falls following publication of the above described notice. All unclaimed funds recovered by the Cooperative and reallocated as set forth hereinabove shall be considered an irrevocable assignment and gift to the Cooperative of such funds by the member formerly entitled thereto. 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 X

WAVIER OF NOTICE

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

ARTICLE XI

DISPOSITION AND PLEDGING OF PROPERTY DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 11.01. Disposition and Pledging of Property.

(a) Not inconsistently with the provisions of Ind. 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 by the affirmative votes of a majority of the total members of the Cooperative. However, the Board of Directors, without authorization by the 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 therefor. The Board shall also have full power and authority, without requirement of any member authorization or Commission approval, to sell, lease, lease-sell, 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 foregoing 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 Director 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 a Circuit Court Resident Judge for the Judicial District in Indiana in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board of Directors.
 - (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, if 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 has 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 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 or any recommendations that the Board has made.

The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other rural electric cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more rural electric

Cooperatives.

SECTION 11.02. 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 Ind. Code 8-1-13-21, pass to and become the property of the state.

ARTICLE XII

FISCAL YEAR

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

ARTICLE XIII

RULES OF ORDER

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.

ARTICLE XIV

SEAL

The Corporate Seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Jasper, Seal, Indiana" and the figures "1939".

ARTICLE XV

AMENDMENTS

These Bylaws may be altered, amended or repealed by resolution 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 foregoing By-laws were duly adopted by the Board of Directors of the Dubois Rural Electric Cooperative, Inc., on November 9, 2011, and supersede all By-laws and Amendments

therefore adopted by it.

President

Attest:

Secretary

Seal