

Bylaws

Of

**Southern Indiana Power
1776 Tenth Street
Tell City, Indiana**

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BYLAWS
of
SOUTHERN INDIANA RURAL ELECTRIC COOPERATIVE, INC.

Article I – Membership

Section 1. Conditions of Membership

Any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or body politic (each hereinafter referred to as “person, applicant,” “him,” or “his”) may become a member in the Southern Indiana Rural Electric Cooperative, Inc., hereinafter called the “Cooperative,” upon the receipt of electrical service from the Cooperative, provided that the applicant:”

- a. made an application for membership;
- 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 such Rules and Regulations as may be adopted from time to time by the Board of Directors.

No membership in the Cooperative shall be transferable, except as provided in these Bylaws.

Section 2. Purchase of Electric Energy

The Board of Directors shall not permit the sale of electric energy from any service connection unless the purchaser of said energy files with the Board of Directors a written application for membership, has complied with the terms and conditions of the Bylaws of the Cooperative and amendments thereto and such Rules and Regulations as may be adopted from time to time by the Board of Directors. Each applicant shall, as soon as electric energy shall be available, purchase from the Cooperative electric energy purchased for use on the premises referred to in the application of such applicant for membership and shall pay therefore monthly at rates which shall be fixed from time to time by resolution of the Board of Directors. 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 pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 3. Membership Fees

- a. Effective January 1, 1999, a membership fee will no longer be required from a member as a condition of membership.
- b. Previous membership fees which were paid in by the members shall be refunded on a first in first out basis, with the oldest membership fees being refunded first. The Cooperative shall refund previous membership fees at a maximum total of \$40,000 each year until all membership fees are refunded. Previous membership fees shall also be refunded to the member as the accounts they serve become inactive.
- c. All refunds of membership fees shall go to the original payer or personal representative or transferee upon submission of satisfactory evidence in writing by the transferee or a personal representative as contemplated under the Probate Laws of the State of Indiana.

Section 4. Joint Membership

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

- a. presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- b. vote of either separately or jointly shall constitute one joint vote;
- c. waiver of notice signed by either or both shall constitute a joint waiver;
- d. notice to either shall constitute notice to both;
- e. expulsion of either shall terminate the joint membership;
- f. withdrawal of either shall terminate the joint membership;
- g. either, but not both, may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office;
- h. a member of joint membership will be entitled to one vote on any matter submitted to a vote at a meeting of the members.
- i. On the death or termination of any of them, the joint membership shall continue to be held by the survivor or survivors in the same manner and the same effect as though the membership had never been joint; provided that the estate of the deceased joint members shall not be released from any debts due to the Cooperative. In the event of a separation or divorce, the joint membership shall continue to be held solely by the one who continues directly to occupy or use the premises stated in the membership application in the same manner and the same effect as though membership had never been joint; provided that the other person shall not be released from any debts due to the Cooperative.

Section 5. Term of Membership

Membership in the Cooperative and all rights, privileges, and liabilities thereto shall continue as long as the member (a) purchases electric energy from the service connection designated in said person's application for membership and (b) complies with the terms and conditions in respect to membership contained in the Bylaws of the Cooperative and any amendments thereto and such Rules and Regulations which may be adopted from time to time by the Board of Directors.

Section 6. Conversion of Membership

A membership may be converted to a joint membership of husband and wife upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, the Bylaws of the Cooperative and any amendments thereto, and Rules and Regulations adopted by the Board of Directors. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor.

Section 7. Termination of Membership

A person's 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 uniform terms and conditions as the Board of Directors may prescribe;
- c. a member is expelled by the affirmative vote of not less than two-thirds of all the Board of Directors for refusal or failure to comply with any of the provisions of the Articles of Incorporation, the Bylaws of the Cooperative and any amendments thereto, and such Rules and Regulations as may be adopted from time to time by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting;
- d. upon death or cessation of existence of the member;
- e. in case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member or his estate to the Cooperative.

Section 8. Power Production by Cooperative

The Cooperative shall use reasonably diligent efforts to furnish its members with adequate and dependable electric service and cannot and does not guarantee the continuous and noninterrupted supply of electricity.

Section 9. Wiring of Premises: Responsibility for Damaged Cooperative Property

Each member shall cause all premises receiving electric service pursuant to their membership to become and remain wired in accordance with the specifications of the National Electric Code and any applicable federal or state codes or local government ordinances. The members shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against theft, injury, loss or damage resulting from any defect in or improper use or maintenance of the premises and all wiring apparatus. Each member shall make available to the Cooperative, a suitable site, as determined by the Cooperative, on which to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative to authorize employees, agents and independent contractors to have safe access to the premises free from interference by hostile sources 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 the operation of or causing damage to such facilities, and shall use reasonable efforts to prevent others from so doing.

Section 10. Member to Grant Easements to Cooperative and Participation in Cooperative Load Management Programs.

Each member, upon request by the Cooperative, shall 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 in accordance with reasonable terms and conditions as the Cooperative shall require for the furnishing of electric service to the member or for other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

Load management increased efficient use of electricity or conservation of electricity programs may be initiated by the wholesale power supplier(s) or the cooperative. In the event such programs are initiated, each member shall be encouraged to participate.

ARTICLE II RIGHTS OF MEMBERS

Section 1. Property Interest of Members

Upon dissolution, after all debts and liabilities of the Cooperative have been paid and all capital furnished through patronage has been retired as provided in these Bylaws, 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 (10) 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. Rights of Members and Cooperative

Members shall have no individual or separate interests in the property or assets of the Cooperative except that every member shall be eligible for any patronage distribution which may be declared by the Board of Directors provided, however, that any capital available for distribution to a member shall first be applied against the member's indebtedness to the Cooperative.

ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meeting

The annual meeting of members shall be held annually at such time and place as shall be designated by the Board of Directors, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold an annual meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative.

Section 2. Special Meetings

A special meeting of the members may be called by the Chairman of the Board, by resolution of 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 such time and place as shall be designated by the Board of Directors.

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 or an annual meeting at which business other than that listed in Section 7 of this Article is to be transacted, 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, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, 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. 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 annual or special meeting.

Section 4. Waiver of Notice

Any member may waive in writing any notice of the 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.

Section 5. Quorum

At least two per centum (2%) of the total number of members of the Cooperative present in person shall constitute a quorum for the transaction of business at all meetings of the members; provided that if less than two per centum (2%) of the total number 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 member of the time and place of the reconvened meeting.

Section 6. Voting

Each eligible member shall be entitled only to one vote on matters submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to or upon registration at each member meeting, satisfactory evidence that the person representing the entity is authorized to vote.

At all meetings of the members, all questions shall be decided by the majority of members voting except as otherwise provided by law or by the Cooperative's Articles of Incorporation or by these Bylaws.

Members may not cumulate their votes or vote by proxy or by mail.

Section 7. Order of Business

The order of business at the annual meeting of the members, and so far as possible at all other meetings of the membership, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Establishment of a quorum;
2. Certification of mailing of notice, or the waiver or waivers of notice of the meeting;
3. Action on the minutes of the previous meeting;
4. Election of Directors;
5. Presentation and consideration of reports of officers, directors, and committees;
6. Unfinished business;
7. New business;
8. Adjournment.

ARTICLE IV DIRECTORS

Section 1. General Powers District

The business and affairs of the Cooperative shall be directed by a Board of Directors who shall exercise all the powers of the Cooperative except such as are by law, or by the Articles of Incorporation, or by these Bylaws, conferred upon or reserved to the members.

In order that there shall be representation of all the geographical areas served by the Cooperative, directors shall be nominated and elected by districts; one director to serve from each such district and each such nominee shall be a resident of his respective district and in the area served by the Cooperative. Districts shall be apportioned and designated as follows:

- DISTRICT 1 shall be composed of Ohio Township in Spencer County, Indiana.
- DISTRICT 2 shall be composed of Grass Township and Luce Township in Spencer County, Indiana.
- DISTRICT 3 shall be composed of Clay Township and Jackson Township in Spencer County, Indiana, and all the territory served by the Cooperative in Warrick County, Indiana.
- DISTRICT 4 shall be composed of Carter Township and Harrison Township in Spencer County, Indiana.
- DISTRICT 5 shall be composed of Huff Township and Hammond Township in Spencer County, Indiana.
- DISTRICT 6 shall be composed of Troy Township in Perry County, Indiana.
- DISTRICT 7 shall be composed of Tobin Township and Union Township in Perry County, Indiana.
- DISTRICT 8 shall be composed of Anderson Township and Leopold Township in Perry County, Indiana.
- DISTRICT 9 shall be composed of Clark Township and Oil Township in Perry County, Indiana, and all of the territory served by the Cooperative in Dubois County, Indiana.

Effective Annual Meeting 2006

- DISTRICT 1 shall be composed of Ohio Township in Spencer County, Indiana.
- DISTRICT 2 shall be composed of Grass Township and Luce Township in Spencer County, Indiana.
- DISTRICT 3 shall be composed of Clay Township and Jackson Township in Spencer County, Indiana, and all the territory served by the Cooperative in Warrick County, Indiana.
- DISTRICT 4 shall be composed of Carter Township and Harrison Township in Spencer County, Indiana.
- DISTRICT 5 shall be composed of Huff Township and Hammond Township in Spencer County, Indiana.
- DISTRICT 6 shall be composed of Troy Township and Anderson Township in Perry County, Indiana.
- DISTRICT 7 shall be eliminated.
- DISTRICT 8 shall be composed of Leopold Township, Tobin Township and Union Township in Perry County, Indiana.
- DISTRICT 9 shall be composed of Clark Township and Oil Township in Perry County, Indiana, and all of the territory served by the Cooperative in Dubois County, Indiana.

Effective Annual Meeting 2007

- DISTRICT 1 shall be composed of Ohio Township and Luce Township in Spencer County, Indiana.
- DISTRICT 2 shall be composed of Grass Township in Spencer County, Indiana.
- DISTRICT 3 shall be composed of Clay Township and Jackson Township in Spencer County, Indiana, and all the territory served by the Cooperative in Warrick County, Indiana.
- DISTRICT 4 shall be composed of Carter Township and Harrison Township in Spencer County, Indiana.
- DISTRICT 5 shall be composed of Huff Township and Hammond Township in Spencer County, Indiana.
- DISTRICT 6 shall be composed of Troy Township and Anderson Township in Perry County, Indiana.
- DISTRICT 8 shall be composed of Leopold Township, Tobin Township and Union Township in Perry County, Indiana.
- DISTRICT 9 shall be composed of Clark Township and Oil Township in Perry County, Indiana, and all of the territory served by the Cooperative in Dubois County, Indiana.

Effective Annual Meeting 2008

- DISTRICT 1 shall be composed of Ohio Township and Luce Township in Spencer County, Indiana.
- DISTRICT 2 shall be composed of Grass Township, Clay Township and Jackson Township in Spencer County, Indiana and all of the territory served by the Cooperative in Warrick County, Indiana.
- DISTRICT 3 shall be eliminated.
- DISTRICT 4 shall be composed of Carter Township and Harrison Township in Spencer County, Indiana.
- DISTRICT 5 shall be composed of Huff Township and Hammond Township in Spencer County, Indiana.
- DISTRICT 6 shall be composed of Troy Township and Anderson Township in Perry County, Indiana.
- DISTRICT 8 shall be composed of Leopold Township, Tobin Township and Union Township in Perry County, Indiana.
- DISTRICT 9 shall be composed of Clark Township and Oil Township in Perry County, Indiana, and all of the territory served by the Cooperative in Dubois County, Indiana.

Effective Annual Meeting 2009 and beyond

- DISTRICT 1 shall be composed of Ohio Township and Luce Township in Spencer County, Indiana.
- DISTRICT 2 shall be composed of Grass Township, Clay Township and Jackson Township in Spencer County, Indiana and all of the territory served by the Cooperative in Warrick County, Indiana.
- DISTRICT 4 shall be renumbered as District 3 and shall be composed of Carter Township and Harrison Township in Spencer County, Indiana.
- DISTRICT 5 shall be renumbered as District 4 and shall be composed of Huff Township and Hammond Township in Spencer County, Indiana.
- DISTRICT 6 shall be renumbered as District 5 and shall be composed of Troy Township and Anderson Township in Perry County, Indiana.
- DISTRICT 8 shall be renumbered as District 6 and shall be composed of Leopold Township, Tobin Township and Union Township in Perry County, Indiana.
- DISTRICT 9 shall be renumbered as District 7 and shall be composed of Clark Township and Oil Township in Perry County, Indiana, and all of the territory served by the Cooperative in Dubois County, Indiana.

Section 2. Qualifications and Tenure

Effective the Annual Meeting in 2009, the directors shall be elected as follows:

2009 and each three years thereafter	Districts 5 and 6
2010 and each three years thereafter	Districts 1, 2, and 7
2011 and each three years thereafter	Districts 3 and 4

Succeeding directors for each district shall each be elected for three-year terms.

No director shall serve more than thirty (30) years accumulative; provided that, no director shall be eligible to be re-elected who has not attained NRECA director certification within nine years after the director is first elected; provided, further, that no director shall be eligible to be re-elected who has not attended at least one Board Leadership Certificate course in the three years after attaining NRECA certification.

Without regard to term, all directors will serve until their successors shall have been elected and qualified, subject to the provisions of these Bylaws with respect to the removal of directors. If the election of directors shall not be held on the day designated herein for any annual meeting, such election may be held at an adjournment of such meeting or at a subsequently held special meeting of the members as soon as conveniently possible. 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.

No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is not a bona fide resident in the area served by

the Cooperative or who is in any way employed by or financially interested in a competing enterprise or business selling supplies to the Cooperative. No present or former employee of the Cooperative shall be eligible to become a board member. No member shall be eligible to become a board member who is not at least 21 years of age. Upon establishment of the fact that a director is in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Directors to remove such director from office.

Members of the Board shall be elected by secret ballot. If there is no more than one candidate for each director position to be filled, a secret ballot shall not be required and the election may be held by voice vote. If more than two persons are running for election, as a director from the same district then the person receiving the most votes shall be elected. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any election of directors.

Section 3. Voting Procedures

Elections of Directors at the annual meetings of the members shall be conducted as follows:

- a. Directors shall be nominated as set forth in Article IV, Section 4.
- b. At the annual meeting where the election of directors is held, members shall be entitled to vote for the directors, by paper ballot, during the annual meeting.
- c. Votes shall be counted by a counting committee appointed by the Chairman during the annual meeting. The counting of the votes shall be supervised by the attorney for the cooperative.
- d. All votes shall be counted by the counting committee two (2) times. If the counts are in agreement, and if a candidate receives the majority of votes, that candidate receiving the majority of the votes cast shall be announced as the duly elected director representing that district.
- e. Each candidate shall be provided, during the annual meeting, a document showing the total number of votes cast and the vote total for each candidate. Either candidate shall have the right to request a recount of the votes cast in his or her election by submitting a written request for recount to the office of cooperative within seven (7) days of the annual meeting. If a recount is duly requested, the Chairman of the Board shall designate two (2) board members to conduct the recount, to be supervised by the attorney for the cooperative. The recount shall be held no later than seven (7) day after the appointment by the Board Chairman. Each candidate who is subject to the recount shall be entitled to attend the recount. The count determined after the recount shall be final.
- f. In the event that a tie results after the votes are counted at the annual meeting, the Board of Directors shall select the winner of the election from the candidates at the next board meeting following the annual meeting. The candidates shall each have the opportunity to appear during the board meeting to answer any questions submitted to candidates by board members. Once these interviews, if any, are concluded, the candidates shall be excused and

the board shall vote. The candidate who receives the majority of votes cast by the directors shall be declared the director representing that district. The vote of the board shall be final.

Section 4. Nominations

Incumbent directors who have previously been nominated by a certified petition of at least thirty (30) members in their district and wish to be considered for another term shall submit a letter of interest to the Cooperative no later than forty-five (45) days preceding the annual meeting. All other nominees for Director shall be nominated by a certified petition signed by thirty (30) or more members of the Cooperative who reside in the district for which the nominee is being selected to run. For purposes of such petition, a husband and wife constitute only one signature.

To be effective, each petition must contain a certification by a member of the applicable district that he or she personally witnessed each signature affixed to said petition.

No nominations may be made at the annual meeting or during the forty-five (45) day period preceding the meeting.

Forms of petition may be obtained at the office of the Cooperative. Said petition must be filed at the office of the Cooperative not less than forty-five (45) nor more than one hundred (100) days prior to the annual meeting of the members at which such election shall be held. The Assistant Secretary-Treasurer of the Cooperative shall certify to the Board of Directors, within fifteen (15) days after the receipt of a petition, whether or not the petition contains thirty (30) or more names of members residing in the district to which the petition relates.

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 the nominations made by petition, if any.

The members may, however, at any meeting, at which a director or directors shall be removed, as provided in these Bylaws, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations.

In the event no qualifying nominating petitions are received in a timely fashion for a district, the Board of Directors at its first meeting after the annual meeting, shall declare a vacancy in the position of director for that district and shall elect a director to fill that vacancy for the unexpired three-year term. The director so elected must reside in the district.

Section 5. Removal of Directors or Officers 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 charges in writing with the Secretary together with the petitions signed by twenty-five per centum (25%) of the membership, 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 the members. The affirmative vote of twenty-five percent (25%) of the total membership is required to affect such removal. Any vacancy created by such removal may be filled by the members at such meeting provided that the member nominated must meet all necessary qualifications for directorship as provided herein.

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 him 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.

Any Director who is elected to office who fails to attend three (3) or more successive meetings of the Board of Directors, either regular or special, unless an excused absence by unanimous approval of the remaining members of the Board of Directors may be removed from office by the majority of a quorum of the Board of Directors either at a regular or special meeting; and upon said removal the vacancy may be filled as hereinafter provided.

Section 6. Vacancies

Except when a vacancy is caused by removal of a director by a member, a vacancy occurring on the Board shall be filled by the majority of the remaining Board members for the unexpired portion of the term.

A director elected to fill a vacancy must reside in the district where such vacancy has occurred.

Section 7. Compensation

Board members shall not receive any salary for their service as such, except that the Board of Directors may, by resolution, authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, training programs or performing committee assignments, when authorized by the Board or Board policy. If authorized by the Board or Board policy, Board Members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or be granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No member of the Board shall receive compensation for serving the Cooperative in any other capacity, nor shall a close relative of a Board member receive compensation for serving the Cooperative unless the payment

and amount of compensation shall be specifically authorized by a vote of the Board of Directors.

ARTICLE V MEETING OF DIRECTORS

Section 1. Regular Meetings

A regular meeting of the Board of Directors shall be held monthly at such time and place as designated by the Board of Directors. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof. In the event a regular monthly meeting of the Board of Directors cannot be held at the regular time and place due to weather or other situation, the regular meeting shall be held at the next available date as determined and called by the Chairman of the Board upon giving notice as provided in Article V, Section 3.

Section 2. Special Meetings

A special meeting of the Board of Directors may be called by the Chairman of the Board or any three (3) directors and it shall be the duty of the Secretary to cause such notice of such meeting to be given as hereinafter provided. The person or persons authorized to call a special meeting of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them. Special meetings called hereunder may be held telephonically if specified in the Notice of Special Meeting.

Section 3. Notice

Notice of the time, place, and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto by written notice delivered personally or mailed to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United State 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.

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 the reconvened meeting.

ARTICLE VI OFFICERS

Section 1. Number

The officers of the Cooperative shall be a Chairman of the Board of Directors, Vice Chairman of the Board, a Secretary, a Treasurer, and a President/Chief Executive Officer, and such other officers as may be determined from time to time by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office

Except for the President and Chief Executive Officer, officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the first meeting of the Board of Directors following next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers. The President/Chief Executive Officer shall hold office by virtue of having been selected by the Board of Directors to fill the position of manager, and his or her term of office shall be co-extensive with his or her tenure in the manager's position.

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 the Bylaws, a vacancy in any office may be filled by the Board of Directors for the un-expired portion of the term.

Section 5. Chairman of the Board

The Chairman of the Board of Directors:

- a. shall be the principal officer of the Cooperative and shall preside at all meetings of the members and Board of Directors;
- b. may sign, with the Secretary, 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 shall perform all duties incident to the office of Chairman of the Board of Directors and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice Chairman of the Board of Directors

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

Section 7. Secretary

The Secretary shall be responsible for:

- a. Keeping the minutes of meetings 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 as required by law;
- c. Being custodian of the corporate 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;
- d. Keeping a register of the post office addresses of each member which shall be furnished to the Secretary by such member;
- e. Having general charge of the books of the Cooperative in which a record of the members is kept;
- f. 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 at the expense of the Cooperative forward a copy of the Bylaws and of all amendments thereto to such member upon his written request and;
- g. In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 8. Treasurer

The Treasurer shall be responsible for:

- a. having charge and custody of and being responsible for all funds and securities of the Cooperative;
- b. receiving and giving receipts for moneys due and payable to the Cooperative from any source whatsoever, and depositing all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- c. In general performing all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 9. President/Chief Executive Officer – Manager

- a. The President/Chief Executive Officer shall be the Manager of the Cooperative. His duties and authority shall be coextensive with the authority delegated the Manager pursuant to policy. The President/Chief Executive Officer may sign any deeds, mortgage, deed of trust, notes, bonds, contracts or other instruments which the Board of Directors is authorized to act upon and which has been 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 to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed. He shall be an ex-officio member of all standing and special committees, but shall have no vote.
- b. Manager- the Board of Directors may appoint a Manager. The Manager may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him. The Manager shall be elected by the Board of Directors to the office of President/Chief Executive Officer and shall hold said office so long as he/she serves as Manager. Upon termination of his employment as Manager the office of President/Chief Executive Officer shall become vacant.

Section 10. Compensation

The powers, duties, and compensation of officers, agents, and employees shall be fixed by the Board of Directors, subject to the provisions of these Bylaws with respect to compensation for a Board member and close relatives of a Board member.

Section 11. Reports

The officers of the Cooperative may 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.

Section 12. Indemnification of Directors, Officers and Employees

No person or his heirs, executors and administrators shall be liable to the Cooperative for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director, officer or employee of the Cooperative in good faith. If such person:

- a. Exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs or took or omitted to take such action in reliance upon advice of counsel for the Cooperative or upon the statements made or information furnished by officers or employees of the Cooperative which he had reasonable grounds to believe.
- b. The cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by, or in the right of, the Cooperative) by reason of the

fact that such person is or was a director, officer, staff employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, staff employee or agent of another Cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses(including all costs of defense), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful; provided that, no such settlement nor any fine to be paid pursuant to the provisions of a plea bargain agreement shall be reimbursed or paid by the Cooperative unless approved in advance of the execution of the settlement agreement or plea bargain agreement by a majority of the quorum of the Board of Directors of this Cooperative which is unaffected by self-interest. The termination of any action, suit or proceeding by judgment, order settlement, conviction, or upon a pleas of guilty pursuant to a plea bargain shall not of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

To the extent that director, officer, staff employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in paragraph 1, (and, in addition, actions by or in the right of, the Cooperative) of any claim, issue or matter therein, such person shall be indemnified against expenses (including all cost of defense) actually and reasonably incurred by such person in connection therewith.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was serving at the request of the Cooperative as a director, officer, staff employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Bylaw.

The provisions of this article shall be in addition to and not a limitation of any other rights, indemnities or limitation of liability

**ARTICLE VII
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 "Tell City, Indiana" and the figures "1939".

**ARTICLE VIII
FISCAL YEAR**

The fiscal year of the Cooperative shall be the calendar year.

**ARTICLE IX
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 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 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, of the Cooperative shall be deposited from time to time to the credit of the Cooperative at such bank or banks as the Board of Directors may select.

**ARTICLE X
DISPOSITION OF PROPERTY**

The Cooperative shall not sell, lease, or otherwise dispose of all, or substantially all, the property of the Cooperative unless it shall be authorized by a resolution duly adopted at a meeting of its members duly called and held as provided by law and these Bylaws, which resolution shall have received the affirmative vote of at least two-thirds (2/3rds) of all its members and unless the same shall be approved. The above provisions shall not apply to the sale, lease, exchange, transfer or other disposition to one or more rural electric cooperatives if the substantive or actual legal effect is to merge or

consolidate with one or more rural electric cooperatives. The merger or consolidation must then be done in accordance with the laws of the State of Indiana.

The Board of Directors of the Cooperative shall have full 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 of 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 and transmission system or systems and for general plant as defined in the Uniform System of Accounts, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to any federal agency or to any financial institution which action of the Board of Directors shall determine, to secure any indebtedness of the Cooperative to any federal agency or to any financial institution.

The Cooperative shall have the power and is hereby authorized, from time to time, to issue its obligations in anticipation of its revenues for any corporate purpose. Said obligations may be authorized by resolution or resolutions of the Board of Directors and may bear such date or dates, mature at such time or times, not exceeding forty (40) years from their respective dates, bear interest payable semi-annually 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 of Directors may determine, at not less than par and accrued interest. Any provision of law to the contrary, notwithstanding, any obligations and the interest coupons appertaining thereto, if any, shall possess all the qualities of negotiable instruments.

ARTICLE XI 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 members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

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 members 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 an equitable basis to all its members 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 members as capital. The Cooperative is obligated to pay by credits to a capital account for each member 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 member is clearly reflected and credited in an appropriate record to the capital account of each member, and this information shall be available at the Cooperative's principal office and will be furnished to any member upon request. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member 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 prior fiscal year; and
- b. to the extent not needed for that purpose, allocated to its members on an equitable basis, and any amounts so allocated shall be included as a part of the capital credit to the account of the members as herein provided.

The foregoing notwithstanding, in the event that a cost of service study performed for a specific industrial or other member, which purchases electric energy under a contract rate applicable only to that member, indicates that the revenue received from the sale of electric energy to that Customer do not contribute as fully to the accumulation of an excess of amounts received by the Cooperative from its operations in excess of costs and expenses as do the amounts received from the Cooperative's other members, then the Cooperative may, at the discretion of the board of directors, allocate to that Customer an amount of patronage which reflects that Customer's actual contribution determined, pursuant to the cost of service study, to the excess of income over costs and expenses, if any.

In the event of the 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 the property rights of members. If at any time prior to the dissolution or liquidation the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to members' accounts may be retired in full or in part. The Board shall have the discretion to determine the method of retirement.

Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor only to the successors in interest or successors in occupancy in all or a part of such members' premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

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 member, if the legal representatives of his estate shall request in writing that the capital credited to any member be retired prior to the time such capital credits would otherwise be retired under

the provisions of these bylaws, to retire capital assigned to any person 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.

The members 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 member; and both the Cooperative and the members are bound by such contract as fully as though each member 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 member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Provided further, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each member for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's members, (c) provide for appropriate notifications to members with respect to the power supply portion of capital credited to their accounts and (d) if the Board determines, in its discretion, to retire the power supply portion of the capital credited, preclude a general retirement of the power supply portion of capital credited to members for any fiscal year prior to the general retirement of other capital credited to members for the same year or of any capital credited to members for any prior fiscal year.

Section 3. Patronage Refunds in Connection with Furnishing Other Services

In the event that the Cooperative should be engaged in the business of furnishing goods or services other than electric energy, all amounts received and receivable there from which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall be paid by credits to a capital account for each member in the same manner as these bylaws provide regarding amounts received and receivable from the furnishing of electric energy.

Section 4. Unclaimed Funds of Members

Pursuant to the statutes of the State of Indiana, the Cooperative shall recover, after a period of two (2) years, any unclaimed stocks, dividends, capital credits, patronage refunds, utility deposits, membership fees, account balances, or book equity for which the owner (member or former member) cannot be found and are the result of distributable savings of the Cooperative, giving three (3) years notice in a newspaper printed in the English language and published in the county in which the Cooperative locates its general headquarters. Such notice shall state the original date of the members unclaimed capital credit distribution, and that if not duly claimed within three (3) years after the one-time publication of said notice, the Cooperative may credit against said account any amounts due and owing the Cooperative by said member.

With respect to any member or former member who fails to claim any cash retirement or capital credit or other payment within five (5) years after payment has been made available to such person, such failure will constitute an irrevocable assignment and gift to the Cooperative of such capital credits or other payments.

ARTICELE XII MISCELLANEOUS

Section 1. Rules and Regulations

The Board of Directors shall have power to make, adopt, and enforce such 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.

Section 2. Accounting System and Reports

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utility Service of the United States of America.

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 such fiscal year. A report of such audit shall be submitted to the Board of Directors at the next following Board of Directors' meeting after its receipt by the Cooperative.

Section 3. Membership in other Organizations

The Cooperative shall not become a member of any other organization without an affirmative vote of the Board of Directors.

Section 4. Electric Energy Rate Schedules

The schedule of rates on electric energy sold to members shall be fixed from time to time by resolution of the Board of Directors; provided, however, that such rate schedules shall be established in accordance with the law and that written notice shall be given to the Administrator of the Rural Utility Service not less than ninety (90) days prior to the date upon which any proposed change in the rate charged by the Cooperative for electric energy becomes effective.

Section 5. Waiver of Notice

Any member or Board member may waive in writing any notice of meetings required to be given by these Bylaws. The attendance of a member or Board member at any meeting shall constitute waiver of notice of such meeting by such member or Board member, except in case a member or Board member shall attend the meeting for the

express purpose of objecting to the transaction of any business on the ground that the meeting has not been fully called or convened.

Section 6. Area Coverage

The Board shall make diligent effort to see that electrical service extends to all unserved persons in the Cooperative area who:

- a. desire such service, and
- b. meet all the requirements established by the Cooperative as a condition of membership.

Section 7. Nondiscrimination

The Cooperative shall not discriminate against any member by reason of age, sex, race, religion, national origin or handicap. The use of the pronoun he or him the context of these Bylaws or amendments hereto shall include female, male, and any other legal entity, subject to the terms and conditions of these Bylaws.

Section 8. Nepotism

No person shall be employed by the Cooperative or elected as a Director of the Cooperative who is the husband, wife, mother, father, brother, sister, child, or in-law of a current employee or Director of the Cooperative. This section shall not apply to seasonal or temporary employees.

Section 9. Parliamentary Procedure

Parliamentary procedure at all meetings of the members, Board of Directors or any committee provided for in these Bylaws shall be governed by the most recent edition of “Roberts Rules of Order,” except to the extent that such procedures are otherwise determined by law or by the Cooperative’s Articles of Incorporation or Bylaws.

**ARTICLE XIII
AMENDMENTS**

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