

BYLAWS

Of

LAGRANGE COUNTY RURAL ELECTRIC MEMBERSHIP CORPORATION

ARTICLE I - COOPERATIVE MEMBERSHIP

SECTION 1 - MEMBERSHIP ELIGIBILITY. Any (i) natural person; (ii) firm; (iii) association; (iv) corporation; (v) business trust; (vi) partnership; (vii) limited liability company; (viii) state, state agency, or state political subdivision; (ix) the United States of America, or any federal agency or federal political subdivision; or (x) other body politic (collectively the "Person"):

- a. As required or allowed by law, using, receiving, or purchasing electric power from or through the LaGrange County Rural Electric Membership Corporation (the "Cooperative")

(the "Cooperative Services") is eligible to become a Member, unless (i) the Person occupies property, which property is also occupied by a Member or former Member who owes a delinquent bill, dues, assessments, fees, deposits, contributions, or other amounts required by these Bylaws or the Cooperative's Board of Directors (the "Board") for Cooperative Services provided to the property; and (ii) the applicant occupied the property when the delinquent Member incurred the delinquent bill, dues, assessments, fees, deposits, contributions, or other amounts required by these Bylaws or the Board for Cooperative Services. No Person may hold more than one (1) Cooperative membership. Unless required by law or otherwise provided in these Bylaws, and unless allowed in writing by the Board, no Cooperative membership, and no right or privilege associated with Cooperative membership, may be sold, purchased, assigned, or otherwise transferred.

SECTION 2 - MEMBERSHIP PROCEDURE. Any Person seeking to become a Member (the "Applicant") shall within a reasonable time of using, receiving, or purchasing any Cooperative Service, complete a written membership application provided by the Cooperative in which the Applicant agrees, in writing, to:

- a. Comply with all applicable law and legally binding agreements regarding the Cooperative, including, but not limited to, the Cooperative's Articles of Incorporation (the "Articles"), these Bylaws, the Cooperative's service rules and regulations, the Cooperative's rate or price schedule, and any policy, resolution, action, or amendment adopted by the Board (collectively the "Governing Documents");
- b. At prices, rates, or amounts determined by the Board, and in a manner specified by the Cooperative, pay the Cooperative: (i) for all Cooperative Services used, received, or purchased by the Member themselves or at, or for, any dwelling or

structure owned, controlled, or directly occupied by the member; (ii) dues, assessments, fees, deposits, contributions, or other amounts required by these Bylaws or the Board; and (iii) dues, assessments, fees, deposits, contributions, or other amounts required by law; and

- c. Complete any additional or supplemental document or contract required by the Board for the Cooperative Services which the Applicant is seeking to use, receive, or purchase.

SECTION 3 - AUTOMATIC MEMBERSHIP. An Applicant automatically becomes a member (a "Member") of the Cooperative upon completing the membership procedure as set forth in these Bylaws to the Cooperative's satisfaction and using, receiving, or purchasing any Cooperative Services. The effective date of the membership shall be the date the Applicant began using, receiving, or purchasing Cooperative Services.

The Board may refuse the Applicant membership in the Cooperative for good cause or upon a determination by the Board that an Applicant is unable to comply with the Governing Documents in which event the Cooperative shall return to the Applicant any amounts paid to the Cooperative by the Applicant as part of the membership procedure other than amounts paid for using, receiving, or purchasing any Cooperative Services, outstanding amounts previously owed the Cooperative, and any associated interest or late payment charges.

SECTION 4 - MEMBERSHIP CERTIFICATES. The Cooperative may issue membership certificates to each Member in a manner, method, and form determined by the Board not contrary to, or inconsistent with, the Articles or these Bylaws.

SECTION 5 - JOINT MEMBERSHIP. A husband and wife principally residing at the same location may apply for joint membership in the Cooperative (a "Joint Membership") by jointly signing and executing a membership application, and by jointly completing the membership procedures. By written request, and by jointly executing a new membership application, any Member may apply to convert the Member's individual membership to a Joint Membership with the Member's spouse who is principally residing at the same location as the Member.

- A. Joint Member Rights and Obligations. Unless denied membership as provided by these Bylaws, and unless otherwise specified by these Bylaws, each natural person comprising a Joint Membership (a "Joint Member") has and may enjoy all the rights, benefits, and privileges, and is subject to all the obligations, requirements, and liabilities, of being a Member. As used in these Bylaws, and unless otherwise provided in these Bylaws, membership includes any Joint Membership, and Member includes any Joint Member.
- B. Effect of Joint Member Actions. For each Joint Membership:
 1. Notice of any meeting provided to either Joint Member, or waiver of notice of any meeting signed by either Joint Member, constitutes notice or

waiver of notice for both Joint Members comprising the Joint Membership;

2. The presence of either, or both, Joint Members at any meeting constitutes the presence of one (1) Member at the meeting; and waives notice of the meeting for both Joint Members comprising the Joint Membership;
3. If only one (1) Joint Member votes on any matter, then the vote binds the Joint Membership and constitutes one (1) vote. If both Joint Members vote on any matter, then they shall be jointly entitled to one vote.
4. Except upon the death of a Joint Member or divorce of marriage, legal separation, legal conclusion of the relationship, or failure to principally reside in the same location, between Joint Members, the suspension or termination of either Joint Member constitutes suspension or termination of both Joint Members; and
5. A Joint Member otherwise qualified is eligible to serve as a member of the Board (a "Director") only if both Joint Members would be otherwise qualified to serve as a Director. If both Joint Members are otherwise qualified to serve as a Director, then either Joint Member, but not both Joint Members simultaneously, is eligible to serve as a Director.

D. Joint Membership Conversion and Termination. Upon a death, divorce of marriage, legal separation, legal conclusion of the relationship, or failure to principally reside in the same location between Joint Members:

1. If one (1) Joint Member continues to legally use, receive, or purchase a Cooperative Service at the same location, then the Joint Membership converts to a membership in the name of the Joint Member continuing to legally use, receive, or purchase a Cooperative Service at the same location;
2. If both Joint Members continue to legally use, receive, or purchase a Cooperative Service at the same location, then the Joint Membership converts to a membership in the names of the Joint Members determined by the Cooperative; or
3. If neither Joint Member continues to legally use, receive, or purchase a Cooperative Service at the same location, then the Joint Membership terminates.

SECTION 6 - PROVISION OF COOPERATIVE SERVICES. The Cooperative shall provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants continuous or flawless provision of Cooperative Services. The

Cooperative's responsibility and liability for providing Cooperative Services terminates upon delivery of any Cooperative Services to a Member or other Person acting for a Member.

- A. Purchase of Cooperative Services. Each Member, at prices, rates, or amounts determined by the Board, and in a manner specified by the Cooperative, shall pay: (i) the Cooperative for all Cooperative Services used, received, or purchased by the Member themselves or at, or for, any dwelling or structure owned, controlled, or directly occupied by the Member; (ii) dues, assessments, fees, deposits, contributions, or other amounts required by law, these Bylaws, or the Board; and (iii) interest, compounded periodically, and late payment fees for all amounts owed, but not timely paid, to the Cooperative.
- B. Termination of Cooperative Services. After providing the Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate provision of any Cooperative Services to any Member. The Cooperative, however, without providing the Member notice or an opportunity to comment, may suspend the Member, and may suspend or terminate provision of Cooperative Services to the Member upon: (i) determining that a Member has tampered or interfered with, damaged, or impaired any product, equipment, structure, or facility furnished or used by the Cooperative to provide, monitor, measure, or maintain any Cooperative Service (the "Cooperative Equipment"); (ii) discovering the unsafe condition of any Cooperative Equipment; or (iii) discovering any imminent hazard or danger posed by any Cooperative Equipment.

SECTION 7 - MEMBER SUSPENSION. The Cooperative may suspend Members as provided in this Bylaw and allowed by law.

- A. Suspension Reasons. The Cooperative may suspend a Member: (i) if the Member fails to timely pay any amounts due the Cooperative; (ii) if the Member fails to timely comply with the Governing Documents; (iii) if the Member ceases using, receiving, or purchasing any Cooperative Service; (iv) if the Member dies, legally dissolves, or legally ceases to exist; (v) if the Member voluntarily requests suspension; or (vi) as otherwise provided in these Bylaws, or for other good cause determined by the Cooperative (collectively the "Suspension Reason").
- B. Notice and Comment. Upon a Member's voluntary request for suspension, or if the Cooperative, following the occurrence of a Suspension Reason other than a Member's voluntary request for suspension: (i) provides the Member at least fifteen (15) days prior written notice of the Member's possible suspension and the underlying Suspension Reason; and (ii) notifies the Member that the Member has, and allows the Member, at least five (5) days after the effective date of the notice to comment upon the Suspension Reason, in writing, then unless otherwise determined by the Cooperative in good faith, the Member is suspended.

- C. Effect of Member Suspension Upon Cooperative. Upon a Member's suspension, the Cooperative may cease providing any Cooperative Service to the Member and the Cooperative's duties, obligations, and liabilities imposed by these Bylaws for the Member cease other than the Cooperative's: (i) obligation to retire and refund Capital Credits and Affiliated Capital Credits; and (ii) obligations regarding the Cooperative's dissolution.

- D. Effect of Member Suspension Upon Member. Other than the right to receive retired and refunded Capital Credits and Affiliated Capital Credits, and other than rights upon the Cooperative's dissolution, a suspended Member forfeits and relinquishes all rights provided in the Governing Documents. In particular, a suspended Member forfeits and relinquishes any voting rights provided by these Bylaws. A suspended Member, however, remains subject to all obligations imposed by the Governing Documents.

- E. Lifting of Suspension. Unless otherwise determined by the Cooperative in good faith, a Member's suspension is automatically lifted upon the Member rectifying, to the Cooperative's reasonable satisfaction, the underlying Suspension Reason within ten (10) days of the suspension. The Cooperative may lift any Member suspension for good cause as determined by the Cooperative.

SECTION 8 - MEMBER TERMINATION. Upon approval by the Cooperative in good faith, and as allowed by law, a suspended Member is terminated. Termination of a Member does not release the former Member from any debts, liabilities, or obligations owed the Cooperative. Upon a Member's termination from the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any amounts authorized by the Cooperative and generally returned to terminated Members and any membership fee or deposit paid by the Member.

SECTION 9 - MEMBERSHIP LIST. The Cooperative, or the Cooperative's agent, shall maintain a record of current Members in a form permitting the Cooperative to: (i) alphabetically list the names and addresses of all Members; and (ii) upon five (5) business days' prior written notice or request and at a reasonable time and location specified by the Cooperative, allow a Member, upon paying a reasonable charge determined by the Cooperative to cover the Cooperative's labor and material cost of preparing and copying the Membership List, to inspect and copy the names and addresses included in the Membership List.

Without the Board's consent, however, a Member may not inspect, copy, or receive a copy of, the names and addresses included in the Membership List for any purpose unrelated to the Member's interest as a Member. Likewise, without the Board's consent, the names and addresses included in the Membership List may not be: (i) used to solicit money or property unless the money or property is used solely to solicit Member votes; (ii) used for any commercial purpose; or (iii) sold to, or purchased by, any Person.

SECTION 10 - INDEMNIFICATION. As requested by the Board, each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or

damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative Director, Officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member's negligence or failure to comply with the Governing Documents.

SECTION 11 - MEMBER LIABILITY. A Member is not liable to third parties for the Cooperative's acts, debts, liabilities, or obligations.

ARTICLE II - MEMBER MEETINGS AND MEMBER VOTING

SECTION 1 - ANNUAL AND REGULAR MEMBER MEETINGS. In a location located in LaGrange County, Indiana, the Cooperative: (i) shall annually hold a meeting of Members (the "Annual Member Meeting"); and (ii) may regularly hold meetings of Members (the "Regular Member Meeting"). The Board shall determine the date, time, and location of any Annual Member Meeting or Regular Member Meeting.

SECTION 2 - SPECIAL MEMBER MEETINGS. The Cooperative shall hold a special meeting of Members at a date, time, and location located in LaGrange County, Indiana, determined by the Board (the "Special Member Meeting") upon the Cooperative receiving: (i) a written or oral request from the Board or President; (ii) a written request signed by at least one-third (1/3) of the Directors currently in office; or (iii) petitions signed and dated by at least ten percent (10%) of the Cooperative's total current non-suspended Members (the "Total Membership") requesting, and describing the purpose of, a special meeting of Members (a "Member Demand").

SECTION 3 - PERMITTED MEMBER ACTION AT MEMBER MEETINGS. At any Special Member Meeting, Members may consider, vote, or act only upon a matter for which: (i) unless otherwise provided in these Bylaws, the Board and Members were notified properly; (ii) the Members are authorized to consider, vote, or act; and (iii) for a Special Member Meeting, the notice of the Special Member Meeting properly described. Members may not raise any matter at an Annual Member Meeting or Regular Member Meeting unless said matter has been properly placed upon the agenda as provided by these Bylaws.

SECTION 4- NOTICE OF MEMBER MEETINGS. As directed by the President, Secretary, or any Officer or Member properly calling an Annual Member Meeting, Regular Member Meeting, or Special Member Meeting (each a "Member Meeting), the Cooperative shall deliver written notice of the Member Meeting: (i) personally or by mail; (ii) to all Members entitled to vote at the Member Meeting; (iii) indicating the date, time, and location of the Member Meeting; (iv) at least ten (10) but no more than thirty (30) days prior to the Member Meeting; (v) for any Annual Member Meeting or Regular Member Meeting, describing any matter to be considered, or voted or acted upon, at the Annual Member Meeting or Regular Member Meeting; and (vi) for any Special Member Meeting, stating the purpose of, and describing any matter to be considered, or voted or acted upon, at the Special Member Meeting.

If mailed, notice of a Member Meeting is deemed to be delivered when deposited in the United States Mail in a sealed envelope with prepaid postage affixed and addressed to a Member at the Member's address shown on the Membership List. The inadvertent and unintended failure of any

Member to receive notice of any Member Meeting shall not affect any action taken at the Member Meeting.

SECTION 5 - RECORD DATE. The Board may fix a date for determining the Total Membership (the "Record Date") and the Members entitled to: (i) notice of a Member Meeting; and (ii) vote at a Member Meeting. Respectively, no Board determined Record Date may be more than seventy (70) days prior to the date of the Member Meeting. Unless otherwise fixed by the Board, the Record Date for determining the Total Membership and the Members entitled to: (i) notice of a Member Meeting is the close of business on the business day preceding the day the Cooperative notifies Members of the Member Meeting; and (ii) vote at a Member Meeting is the date of the Member Meeting.

The Record Date for determining the Total Membership and the Members entitled to sign a Member Demand is the close of business on the thirtieth (30th) day prior to the Cooperative's receipt of Member Demands. The Record Date for determining the Total Membership and the Members entitled to notice of, or to vote at, a Member Meeting is effective for any Member Meeting adjourned to a date not more than seventy (70) days following the Record Date for determining the Total Membership and the Members entitled to notice of the original Member Meeting.

SECTION 6 - MEMBER MEETING LIST. After fixing the Record Date for determining the Members entitled to notice of a Member Meeting, and through the Member Meeting, the Cooperative shall prepare, update, and maintain an alphabetical list (the "Member Meeting List") indicating: (i) Members entitled to notice of, and to vote at, the Member Meeting; and (ii) the name of and address of each Member listed.

SECTION 7 - MEMBER WAIVER OF NOTICE. A Member may waive notice of a Member Meeting, or waive notice of any matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written waiver of notice (a "Member Meeting Waiver of Notice") either prior to the Member Meeting, or within thirty (30) days following the Member Meeting.

Unless a Member objects to holding, or to transacting business at, a Member Meeting, a Member's attendance in person at a Member Meeting waives the Member's objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering a matter at a Member Meeting, a Member's attendance in person at the Member Meeting waives the Member's objection to considering, or voting or acting upon, the matter at the Member Meeting.

SECTION 8 - MEMBER QUORUM. A quorum of Members is two percent (2%) of the Total Membership (a "Member Quorum").

SECTION 9 - MEMBER VOTING. Upon presenting identification or proof of Cooperative membership as reasonably required by the Cooperative, and regardless of the value or quantity of Cooperative Services used, received, or purchased, each non-suspended Member may cast one (1) vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of

non-natural person Members must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the non-natural person Member.

Unless otherwise provided by law, the Articles, or these Bylaws, Members approve a matter and act if: (i) a Member Quorum is present; and (ii) a majority of Members present in person entitled to vote on a matter, and voting on the matter, vote in favor of the matter. At any Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a written vote is required to determine the vote results, then the Members shall vote by written ballot (a "Member Meeting Written Ballot"). Members may not cumulate votes. Agreements signed by Members providing the manner in which a Member will vote are not valid.

SECTION 10 - MEMBER VOTING BY MEMBER PROXY. A Member may not appoint another Member, by power of attorney or otherwise, (a "Member Proxy") to vote, or otherwise act, on any matter for the Member. The Cooperative shall not accept votes on any matter properly taken by a Member Proxy on a Member's behalf as the Member's vote.

SECTION 11 - ACCEPTING AND REJECTING MEMBER VOTING DOCUMENTS. Regarding any Member Meeting Waiver of Notice, Member Meeting Written Ballot, or other document allegedly executed by, or on behalf of, a Member (collectively, "Member Voting Document"):

- A. Acceptance. The Cooperative may accept, and give effect to, the Member Voting Document if: (i) the name signed on the Member Voting Document corresponds to a Member's name, and the Cooperative acts in good faith; or (ii) the Cooperative reasonably believes the Member Voting Document is valid and authorized.
- B. Rejection. The Cooperative may reject, and not give effect to, the Member Voting Document if the Cooperative: (i) acts in good faith; and (ii) has reasonable basis for doubting the validity of the signature on the Member Voting Document or the signatory's authority to sign on behalf of the Member.
- C. Liability. Neither the Cooperative, nor any Member, Director, Officer, employee, or agent, is liable to any Member for accepting or rejecting a Member Voting Document as provided in this Bylaw.

SECTION 12 - MEMBER MEETING ORDER OF BUSINESS. The Board shall determine the agenda and order of business for Member Meetings.

ARTICLE III - BOARD OF DIRECTORS

SECTION 1 - DIRECTOR DISTRICTS. The Cooperative has divided the general area in which Members are located or reside (the "Cooperative Service Area") into seven (7) districts (the "Directors Districts") as follows:

District #1	Van Buren and Lima Townships
District #2	Greenfield and Springfield Townships and Steuben County Extension into Milgrove and Jackson Township
District #3	Bloomfield Township and Clay East
District #4	Clay West and Newbury Township (also including Elkhart County)
District #5	Eden and Clearspring Township and Noble County Extension into Elkhart and Orange Township
District #6	Johnson and Milford Townships and Steuben County Extension into Salem Township
District #7	Director at Large from entire Cooperative Service Area

If necessary, the Board may revise the Directors Districts upon the Cooperative notifying, in writing, any Members affected by the Director District revision within thirty (30) days following any Director District revision, and at least thirty (30) days before the next Annual Member Meeting. No Director District revision may increase or, unless the affected Director consents in writing, shorten any existing Director's Director Term.

SECTION 2 - BOARD. The Cooperative shall have a Board consisting of one (1) natural person from each Director District elected by the Members located or residing in the Cooperative Service Area. Except as otherwise provided by law, the Articles, or these Bylaws all Cooperative powers must be exercised by the Board, or under the Board's authority; and all Cooperative affairs must be managed under the Board's direction. To the extent the law, the Articles, or these Bylaws authorize any Person to exercise any power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

SECTION 3 - DIRECTOR QUALIFICATIONS. Any Director or Director candidate must comply with this Bylaw.

- A. General Director Qualifications. A Director or Director candidate must be: (i) a natural person; (ii) have the capacity to enter legally binding contracts; (iii) while a Director, and during the five (5) years immediately prior to becoming a Director, not be, nor have been, employed by the Cooperative; convicted of a felony; or plead, nor have pled, guilty to a felony; (iv) unless excused for good cause by the Board or Members, attend a minimum of nine (9) Regular Board Meetings during any fiscal year; not miss more than three (3) Regular Board Meetings during any fiscal year; or, miss more than three (3) consecutive Regular Board Meetings; (v) a recipient and holder in good standing of a Credentialed Cooperative Director Certificate as issued by the National Rural Electric Cooperative Association issued within three (3) years of being elected or appointed as Director; and, (vi) comply with any other reasonable qualifications determined by the Board (collectively the "General Director Qualifications").

- B. Membership Director Qualifications. While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director candidate must: (i) be a Member in good standing permanently residing in the Director District from which the Director is elected or appointed; and (ii) use, receive, or purchase a Cooperative Service at the Director's primary residence (collectively the "Membership Director Qualifications"). The one (1) year requirement set forth above in this paragraph shall be reduced to forty-five (45) days for a spouse of a Member, that is a Director or Director candidate, provided said spouse is legally married to said Member during the said one (1) year period and the Member to whom the spouse is legally married would qualify as a Director candidate under this paragraph using the one (1) year requirement.
- C. Conflict of Interest Director Qualifications. While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director candidate must not be, nor have been: (i) a Close Relative of any existing Director, other than an existing Director who will cease being a Director within one (1) year; (ii) an existing, or a Close Relative of an existing, non-Director Cooperative Officer, employee, agent, or representative; (iii) employed by, materially affiliated with, or share a material financial interest with, any other Director; or (iv) engaged in, nor employed by, materially affiliated with, or have a material financial interest in, any individual or entity:
1. Directly and substantially competing with the Cooperative; or
 2. Selling goods or services in substantial quantity to the Cooperative, or to a substantial number of Members; or
 3. Possessing a substantial conflict of interest with the Cooperative
- (collectively the "Conflict of Interest Director Qualifications").
- D. Continuing Director Qualifications. Only natural persons complying with the General Director Qualifications, the Membership Director Qualifications, and the Conflict of Interest Director Qualifications (collectively the "Director Qualifications") may serve, or continue to serve, as a Director. After being elected or appointed a Director, if any Director fails to comply with any Director Qualification, as reasonably determined by the Board, then the Board is authorized to remove the Director. If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and approve a Board action, then the failure of any Director to comply with all Director Qualifications does not affect the Board action.

SECTION 4 - DIRECTOR NOMINATIONS. Unless otherwise provided in these Bylaws, prior to electing Directors:

- A. Member Petition Nominations. A Member desiring to run or Members who wish to nominate individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting ("Member Petition Nominations") shall make Member Petition Nominations by delivering to the Cooperative not more than ninety (90) days and not less than sixty (60) days prior to the Member Meeting a written declaration for each member Petition Nomination ("Member Petition"): (i) listing the name of the Member Petition nominee; (ii) indicating the Director position for which the Member Petition nominee will run; and (iii) containing the printed names, addresses, and telephone numbers, and original signatures (signed within ninety (90) days of the date of delivery), of at least fifty (50) Members of the Total Membership for a Member Petition nominee who is not a Director at the time of the Member Petition; and (iv) containing the original signature of the Member Petition nominee stating his willingness to run for Director and that said Member Petition nominee will agree that:
1. Said Member Petition nominee will not expend, directly or indirectly, in either cash or in-kind contribution, over Five Hundred Dollars (\$500.00) for the purpose of campaigning or becoming elected as a Director (and will provide a verified accounting if requested by this Cooperative); and
 2. Will remove or cause to remove all campaigning material, placards, etc., (except those prepared by the Cooperative) within a one (1) mile radius of the location of the Annual Member Meeting at least twenty-four (24) hours prior to the time of said Annual Member Meeting.
- B. Notice of Director Nominations. At least ten (10) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the: (i) Director positions for which Members are scheduled to vote; and (ii) names and corresponding Director positions of all Member Petition Nominations.

SECTION 5 - DIRECTOR ELECTIONS. Members located or residing in the Cooperative Service Area shall annually elect Directors: (i) for new Director positions or for Director positions for which the incumbent Director's Director Term is expiring; (ii) from the Member Petition Nominations; (iii) at the Annual Member Meeting or other properly called Member Meeting; and (iv) by a plurality of the votes cast with a Member Quorum of Members entitled to vote for the Director position present in person.

SECTION 6 - DIRECTOR TERMS. A Director's term is three (3) years (a "Director Term"). The Cooperative shall stagger Director Terms by dividing the total number of authorized Directors into groups of approximately equal number. Members, therefore, will annually elect an approximately equal number of Directors. Decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director's Director Term. Despite the expiration of a Director Term, the Director continues to serve until a new Director is elected or appointed, or until the number of Directors is decreased. Unless otherwise provided in these Bylaws, the

Director Term of a Director filling a vacant Director's position is the remaining unexpired Director Term of the vacant Director's position.

SECTION 7 - DIRECTOR RESIGNATION. A Director may resign at any time by delivering written notice of resignation to the Board, President, or Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the Board, President, or Secretary receiving the written notice of resignation. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be filled pursuant to Article III, Section 9 of these Bylaws before the effective date of the Director's resignation.

SECTION 8 - DIRECTOR REMOVAL. Regarding any Director:

- A. Director Removal Petition. As provided in this Bylaw, Members may request the removal of one (1) or more Directors for any reason. For each Director for whom removal is requested, Members shall deliver to the President or Secretary a dated written petition (a "Director Removal Petition"): (i) identifying the Director;(ii) explaining the basis for requesting the Director's removal; and (iii) as Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty (60) days of the Director Removal Petition date, of at least ten percent (10%) of the Members entitled to elect the Director.

At the next Regular Board Meeting or Special Board Meeting following the President or Secretary receiving a Director Removal Petition, the Cooperative shall forward a copy of the Director Removal Petition to the implicated Director and the Board shall meet to review the Director Removal Petition.

- B. Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that: (i) a purpose of the Member Meeting is to consider removing a Director; (ii) evidence may be presented, and a Member vote taken, regarding removing the Director; and (iii) Members may elect a successor Director.

If a Member Quorum of Members entitled to vote for the Director is present at the Member Meeting, then for the Director named in each Director Removal Petition: (i) prior to any Member vote, evidence must be presented supporting the basis for removing the Director; (ii) the Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and (iii) following the Director's presentation, and following Member discussion, the Members entitled to vote for the Director must vote whether to remove the Director.

If a number sufficient to elect the Director at a Member Meeting of Members present and entitled to vote for the Director vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members entitled to vote for the Director may elect a new Director to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. Neither a Director Removal Petition or Director removal affects any Board action. No Director may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets, or any Cooperative dissolution.

SECTION 9 - DIRECTOR VACANCY. Unless otherwise provided in these Bylaws, by the affirmative vote of a majority of the remaining Directors, the Board shall fill any vacant Director position, including any vacant Director position resulting from increasing the number of Directors. If a new Director does not take office until a Director vacancy occurs, then the Board may fill any Director vacancy that will occur at a later specified date before the vacancy occurs.

SECTION 10 - DIRECTOR COMPENSATION. As allowed by law and the Articles, the Cooperative may specify a fair remuneration for the time actually spent by its Directors in the performance of their duties and provide that the remuneration be paid to the Directors. The Directors are entitled to reimbursement for expenses incurred in the performance of their duties whether or not these Bylaws provide that they be remunerated for their time spent in the performance of those duties.

SECTION 11 - DIRECTOR CONDUCT. Unless modified or prohibited by law:

- A. Director Standard of Conduct. A Director shall discharge the Director's duties, including duties as a Board Committee member: (i) in good faith; (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (iii) in a manner the Director reasonably believes to be in the Cooperative's best interests.
- B. Director Reliance on Others. Unless a Director possesses knowledge concerning a matter making reliance unwarranted, then in discharging a Director's duties, including duties as a Board Committee member, a Director may rely upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by:
 - 1. One (1) or more Cooperative Officers or employees whom the Director reasonably believes to be reliable and competent in the matters prepared or presented;
 - 2. Legal counsel, public accountants, or other individuals regarding matters the Director reasonably believes are within the individual's professional or expert competence; and

3. If the Director reasonably believes a Board Committee of which the Director is not a member merits confidence, then the Board Committee regarding matters within the Board Committee's jurisdiction.
- C. Director Liability. If a Director complies with this Bylaw, then the Director is not liable to the Cooperative, any Member, or any other individual or entity for action taken, or not taken, as a Director. No Director is deemed a trustee regarding the Cooperative or any property held or administered by the Cooperative, including without limit, property potentially subject to restrictions imposed by the property's donor or transferor.

SECTION 12 - CLOSE RELATIVE. As used in these Bylaws, the term "close relative" means an individual who: (i) is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling; or (ii) principally resides in the same residence (a "Close Relative"). Any individual properly qualified and elected or appointed to any position does not become a Close Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

ARTICLE IV - BOARD MEETINGS AND DIRECTOR VOTING

SECTION 1 - REGULAR BOARD MEETINGS. The Board shall regularly meet at the date, time, and location determined by the Board (a "Regular Board Meeting"). Unless otherwise required by these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of any Regular Board Meeting upon at least three (3) days written notice before the changed Regular Board Meeting.

SECTION 2 - SPECIAL BOARD MEETINGS. The Board, the President, or at least three (3) Directors may call a special meeting of the Board (a "Special Board Meeting") by providing each Director at least three (3) days' prior written notice indicating the date, time, and location and purpose of the Special Board Meeting.

SECTION 3 - CONDUCT OF BOARD MEETINGS. Unless otherwise provided in these Bylaws, any Regular Board Meeting or Special Board Meeting (a "Board Meeting") may be: (i) held in, or out of, any state in which the Cooperative provides any Cooperative Service; and (ii) conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting.

If a Director Quorum is present at any Board Meeting, then: (i) in descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary, Treasurer; and (ii) if no Officer is present, or desires, to preside over any Board Meeting, then the Directors attending the Board Meeting shall elect a Director to preside over the Board Meeting.

SECTION 4 - WAIVER OF BOARD MEETING NOTICE. At any time, a Director may waive notice of any Board Meeting by delivering to the Cooperative a written waiver of notice signed by the

Director and later filed with the Board Meeting minutes or the Cooperative's records. Unless a Director:

1. Upon arriving at a Board Meeting or prior to the vote on a particular matter, objects to lack of, or defective, notice of the Board Meeting or a matter being considered at the Board Meeting; and
2. Does not vote for, or assent to, an objected matter;

then the Director's attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting.

SECTION 5 - BOARD ACTION BY WRITTEN CONSENT. Without a Board Meeting, the Board may take any action required, or permitted, to be taken at a Board Meeting if the action is: (i) taken by all Directors; and (ii) evidenced by one (1), or more, written consents (a "Director Written Consent") describing the action taken, signed by each Director, and included with the Cooperative's Board Meeting minutes. Unless the Director Written Consent specifies a different effective date, action taken by Director Written Consent is effective when the last Director signs the Director Written Consent. A Director Written Consent has the effect of, and may be described as, a Board Meeting vote.

SECTION 6 - DIRECTOR QUORUM AND VOTING. A quorum of Directors is a majority of the Directors in office immediately before a Board Meeting begins (a "Director Quorum"). If a Director Quorum is present at the time a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, then the affirmative vote of a majority of Directors present is the act of the Board.

SECTION 7 - COMMITTEES. The Board may create committees of the Board (the "Board Committees") and appoint Directors to serve on the Board Committees. Each Board Committee must consist of two (2) or more Directors, and serves at the Board's discretion. The Board may create committees of the Members (the "Member Committees") and appoint Members, including Directors, to serve on the Member Committees.

- A. Creation and Appointment of Committees. Except as otherwise provided in these Bylaws, at least a majority of Directors currently in office must approve the: (i) creation of any Board Committee or Member Committee; (ii) appointment of Directors to any Board Committee; and (iii) appointment of Members to any Member Committee.
- B. Conduct of Committee Meetings. To the same extent as the Board and Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees, and to Member Committees and Members serving on Member Committees.

- C. Committee Authority. Except as prohibited or limited by law, the Articles, or this Bylaw, the Board may authorize a Board Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act, to: (i) retire and refund Capital Credits and Affiliated Capital Credits; (ii) approve the Cooperative's dissolution or merger, or the sale, pledge, or Transfer of all, or substantially all, Cooperative Assets; (iii) elect, appoint, or remove Directors, or fill any Board or Board Committee vacancy; or (iv) adopt, amend, or repeal these Bylaws.

Member Committees may act as specified by the Board, but may not exercise Board authority.

SECTION 8 - BOARD EXECUTIVE COMMITTEE. Unless otherwise determined by the Board: (i) a Board executive committee is comprised of the President, Vice-President, Secretary, and Treasurer ("Board Executive Committee"); and (ii) when impracticable or inconvenient for the Board to timely meet to consider a matter, and except as prohibited by law, the Articles, or these Bylaws, the Board Executive Committee may exercise all Board authority regarding a matter.

The Board Executive Committee: (i) is a Board Committee; (ii) may exercise all Board authority granted by the Board and permitted by law, the Articles, and these Bylaws; and (iii) at the next Board Meeting following any exercise of Board authority, shall report to the Board regarding the Board Executive Committee's exercise of Board authority.

ARTICLE V - OFFICERS

SECTION 1 - REQUIRED OFFICERS. The Cooperative must have the following officers: President, Vice-President, Secretary, and Treasurer (the "Required Officers"). The Board may elect Required Officers: (i) at the first (1st) Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient; and (ii) by affirmative vote of a majority of Directors in office.

Only Directors may be elected, and serve, as a Required Officer. One (1) Director may simultaneously be Secretary and Treasurer. Unless allowed by law, however, this Director may not execute, acknowledge, or verify any document in more than one (1) capacity.

Subject to removal by the Board, each Required Officer shall hold office until the Required Officer's successor is duly elected. The Board shall fill any vacant Required Officer's position for the remaining unexpired portion of the Required Officer's term.

SECTION 2 - PRESIDENT. Unless otherwise determined by the Board, and unless otherwise required by law, the Articles, or these Bylaws, the President: (i) shall preside, or designate another individual to preside, at all Board and Member Meetings; (ii) on the Cooperative's behalf, may sign any document properly authorized or approved by the Board or Members; and (iii) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 3 - VICE-PRESIDENT. Unless otherwise determined by the Board, and unless otherwise required by law, the Articles, or these Bylaws, the Vice-President: (i) upon the President's death, absence, disability, or inability to act, shall perform the duties, and have the powers, of the President; and (ii) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 4 - SECRETARY. Unless otherwise determined by the Board and unless otherwise required by law, the Articles, or these Bylaws, the Secretary: (i) shall be responsible for preparing minutes of Board and Member Meetings; (ii) shall be responsible for authenticating the Cooperative's records; (iii) may affix the Cooperative's seal to any document authorized or approved by the Board or Members; and (iv) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 5 - TREASURER. Unless otherwise determined by the Board, and unless otherwise required by law, the Articles, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

SECTION 6 - OTHER OFFICERS. The Board may elect or appoint other officers (the "Other Officers"). Other Officers: (i) may be Directors, Cooperative employees, or other individuals; (ii) must be elected or appointed by the affirmative vote of a majority of current Directors; (iii) may assist Required Officers; and (iv) shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board. The same individual may simultaneously hold more than one (1) office. Unless allowed by law, however, this individual may not execute, acknowledge, or verify any document in more than one (1) capacity.

SECTION 7 - OFFICER RESIGNATION AND REMOVAL. At any time, any Required Officer or Other Officer (collectively "Officer" or "Cooperative Officer") may resign by delivering to the Board a written resignation. Unless the resignation specifies a later effective date, an Officer resignation is effective when received by the Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. At any time, the Board may remove any Officer for any reason, with or without cause.

SECTION 8 - OFFICER STANDARD OF CONDUCT. Every Officer shall discharge the Officer's duties: (i) in good faith; (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (iii) in a manner the Officer reasonably believes to be in the Cooperative's best interests.

SECTION 9 - OFFICER CONTRACT RIGHTS. The election or appointment of any Officer, by itself, does not create a contract between the Cooperative and the Officer. An Officer's resignation does not affect the Cooperative's contract rights, if any, with the Officer.

SECTION 10 - AUTHORITY TO EXECUTE DOCUMENTS. On the Cooperative's behalf, any two (2) Required Officers may sign, execute, and acknowledge any document properly authorized or approved by the Board or Members. The Board may, in lieu of requiring two (2) Required Officers to sign, authorize any Cooperative Director, Officer, employee, agent, or representative

to sign, execute, and acknowledge any document on the Cooperative's behalf either by resolution or as specifically set forth in any contract, written Cooperative policy, or job description.

SECTION 11- OFFICER COMPENSATION. Unless otherwise provided in a Bylaw addressing Director compensation, reimbursement, or provision of benefits, and as determined by the Board, the Board may reasonably compensate, reimburse, or provide benefits to, any Officer.

SECTION 12 - BONDS. At the Cooperative's expense, the Cooperative may purchase a bond covering any Director, Officer, employee, agent, or representative.

SECTION 13 - INDEMNIFICATION. As allowed by law and the Articles, and as determined by the Board:

- A. Indemnification Director or Officer. The Cooperative shall indemnify:
1. An individual who is, or was, a Director or Officer; (collectively the "Indemnification Director or Officer")
 2. Who was wholly successful, on the merits or otherwise, in defending any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal (an "Indemnification Proceeding")
 3. To which the Indemnification Director or Officer was, is, or is threatened to be made a named defendant or respondent (an "Indemnification Party")
 4. Because the Indemnification Director or Officer is, or was, a Director or Officer
 5. Against reasonable expenses, including counsel fees, (an "Indemnification Expense") actually incurred by the Indemnification Director or Officer in connection with the Indemnification Proceeding.

SECTION 14 - INSURANCE. Regardless of any indemnification authority or requirements, the Cooperative may purchase and maintain insurance on behalf of any individual arising from the individual's status, as a Director, Officer, employee, agent, or representative against: (i) any liability, including judgment, settlement, or otherwise; or (ii) reasonable expenses, including reasonable attorney fees.

ARTICLE VI - COOPERATIVE OPERATION

SECTION 1 - NON-PROFIT AND COOPERATIVE OPERATION. The Cooperative: (i) must operate on a non-profit basis; (ii) must operate on a cooperative basis for the mutual benefit of all Members; and (iii) may not pay interest or dividends on Capital furnished by Patrons.

SECTION 2 - ALLOCATING AND CREDITING CAPITAL. In operating the Cooperative:

- A. Patron. A Cooperative patron is a Member or Non-Member Patron who: (i) uses, receives, or purchases any Cooperative Service; and (ii) is entitled to an allocation of, and payment by credit to a Capital account for, Capital Credits and Affiliated Capital Credits (collectively the "Patron").

- B. Capital Credits. Patrons shall furnish, and the Cooperative shall receive, as capital (the "Capital") all funds and amounts received by the Cooperative from Patrons for the Cooperative's provision of a Cooperative Service that exceed the Cooperative's costs and expenses of providing the Cooperative Service (the "Operating Margins"). For each Cooperative Service, the Cooperative shall annually allocate to each Patron, and pay by credit to a Capital account for each Patron, Operating Margins from the Cooperative Service in proportion to the value or quantity of the Cooperative Service used, received, or purchased by each Patron during the applicable fiscal year (the "Capital Credits").

- C. Affiliated Capital Credits. The Cooperative may separately allocate and credit to Patrons Capital allocated and credited to the Cooperative by any organization furnishing services, supplies, or products to the Cooperative (the "Affiliated Capital Credits") (i) in the same manner as the Cooperative allocates Capital Credits to Patrons; or (ii) used by the Cooperative as permanent, non-allocated capital.

- D. Non-Operating Margins. Funds and amounts, other than Operating Margins, received by the Cooperative that exceed the Cooperative's costs and expenses (the "Non-Operating Margins") may be: (i) allocated as Capital Credits to Patrons in the same manner as the Cooperative allocates Capital Credits to Patrons; or (ii) used by the Cooperative as permanent, non-allocated capital.

- E. Assignment and Notification. Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned only upon a Patron: (i) delivering a written assignment to the Cooperative; (ii) complying with any other requirements reasonably determined by the Board; and (iii) upon the approval of the Board.

- F. Joint Memberships. Upon the termination, conversion, or alteration of a Joint Membership, and upon the Cooperative receiving written notice and adequate proof of the Joint Membership termination, conversion, or alteration: For any Joint Membership (i) terminated or converted through the death of one (1) Joint Member, the Cooperative shall re-allocate and re-credit to the surviving Joint Member all Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership; and (ii) otherwise terminated or converted, and unless otherwise instructed by a court or administrative body of competent jurisdiction, the Cooperative shall re-allocate and re-credit to each Joint Member one-half (½) of the Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership.

SECTION 3 - RETIRING AND REFUNDING CAPITAL CREDITS. At any time prior to the Cooperative's dissolution or liquidation: (i) the Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund Capital Credits to Patrons and former Patrons; or (ii) after an organization furnishing services, supplies, or products to the Cooperative retires and refunds capital to the Cooperative, the Board may authorize the Cooperative to, and the Cooperative shall, retire and refund the corresponding Affiliated Capital Credits to Patrons and former Patrons. The Board shall determine the manner and method of retiring and refunding Capital Credits and Affiliated Capital Credits.

Upon the death of any natural person Patron or former Patron (a "Deceased Patron"), and pursuant to a written request from the Deceased Patron's legal representative, the Board may retire the Deceased Patron's Capital Credits and Affiliated Capital Credits under terms and conditions agreed upon by the Deceased Patron's legal representative and the Cooperative with any retained amount after said agreement used by the Cooperative as permanent, non-allocated capital.

Upon the dissolution and winding up of any entity that is not a natural person Patron or former Patron (a "Dissolved Patron"), and pursuant to a written request from the duly authorized official, receiver, or other representative (a "Authorized Representative"), the Dissolved Patron's Capital Credits and Affiliated Capital Credits may, at the Board's sole discretion, be retired under terms and conditions agreed upon by the Dissolved Patron's Authorized Representative and the Cooperative with any retained amount after said agreement used by the Cooperative as permanent, non-allocated capital.

After perfection in a manner allowed by law, to secure payment of any amounts owed by a Patron or former Patron to the Cooperative, including any reasonable compounded interest, and late payment fee, determined by the Board, the Cooperative has a perfected security interest in the Capital Credits and Affiliated Capital Credits of every Patron and former Patron. Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct from the Capital Credits or Affiliated Capital Credits any amounts owed to the Cooperative by the Patron or former Patron, including any reasonable compounded interest, and late payment fee, determined by the Board.

SECTION 4 - NON-MEMBER PATRONS AND NON-MEMBER NON-PATRONS. As a condition of using, receiving, or purchasing any Cooperative Service, and unless otherwise determined by the Board:

- a. To the same extent as Members, Patrons who are not Members (the "Non-Member Patrons") and Persons using, receiving, or purchasing any Cooperative Service who are neither Members nor Patrons (the "Non-Member Non-Patrons") shall abide by, and be bound to, all the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members;

- b. Other than the rights to: (i) be allocated and paid by credit to a Capital account Capital Credits and Affiliated Capital Credits; and (ii) receive retired and refunded Capital Credits and Affiliated Capital Credits, Non-Member Patrons and Non-Member former Patrons shall have none of the rights granted by the Governing Documents to Members; and
- c. Non-Member Non-Patrons shall have none of the rights granted by the Governing Documents to Members.

SECTION 5 - REASONABLE RESERVES. Based upon the Cooperative's reasonable needs, the Cooperative may accumulate and retain Operating Margins (the "Reasonable Reserves"). As provided in these Bylaws, however, the Cooperative shall allocate and credit Reasonable Reserves as Capital Credits.

SECTION 6 - ACCOUNTING SYSTEM AND REPORTS. The Board 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 Services of the United States of America. All accounts of the Cooperative shall be examined by a committee of the Board which shall render reports to the Board at least four (4) times each year at Regular Board Meetings of the Board. The Board shall also within one hundred twenty (120) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the Members at the following Annual Member Meeting.

ARTICLE VII - DISPOSITION OF COOPERATIVE ASSETS

SECTION 1 - TRANSFER OF COOPERATIVE ASSETS. Except for any sale, lease, exchange, or other disposition (a "Transfer") of any Cooperative property or Cooperative asset (an "Asset"): (i) to secure indebtedness; (ii) pursuant to condemnation or threat of condemnation; (iii) pursuant to an existing legal obligation; or (iv) associated with a Consolidation or Merger; the Cooperative shall not Transfer, during any twelve (12) month period all or substantially all of the Cooperative's Assets unless:

- a. The Board appoints three (3) independent appraisers, each of whom, within a reasonable time, evaluates the Cooperative's Assets and renders an appraisal valuing the Cooperative's Assets ("Appraisal");
- b. Within a reasonable time of receiving the Appraisals, the Cooperative invites all other electric cooperatives primarily located within the same state as, or within a state adjacent to, the state in which the Cooperative is primarily located to submit proposals to acquire the Cooperative's Assets specified in the Transfer, or to Merge or Consolidate with the Cooperative;
- c. The Board approves the Transfer;

- d. At least a majority of the Total Membership approves the Transfer;
- e. Notice of any Member Meeting at which Members will consider the Transfer states that one (1) of the purposes of the Member Meeting is to consider the Transfer, and includes a copy or summary of the Transfer; and
- f. In proportion to the value or quantity of Cooperative Services used, received, or purchased by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates and credits to Members as Capital Credits any consideration received for the Cooperative's Assets that exceeds the Cooperative's debts, obligations, and liabilities.

Unless otherwise determined by the Members, after the Members approve a Transfer, the Board may abandon the Transfer. To secure indebtedness, the Board may Transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative Asset.

SECTION 2 - MERGER OR CONSOLIDATION. In a manner determined by the Board that is consistent with this Bylaw, the Cooperative may consolidate or merge with any other entity ("Consolidate or Merge").

- A. Board Approval. The Board shall not approve an agreement or plan to Consolidate or Merge (a "Consolidation or Merger Agreement") unless the agreement or plan states the following: (i) terms and conditions of the Consolidation or Merger; (ii) name of each entity Consolidating or Merging with the Cooperative; (iii) name of the new or surviving Consolidated or Merged entity (the "New Entity"); (iv) manner and basis, if any, of converting memberships, or ownership rights, of each Consolidating or Merging entity into memberships or ownership rights of, or payments from, the New Entity; (v) number of directors of the New Entity, which must equal or exceed five (5); (vi) date of the New Entity's annual meeting; (vii) names of New Entity directors who will serve until the New Entity's first annual meeting; and (viii) any other information required by law.
- B. Member Approval. After the Board approves a Consolidation or Merger Agreement, two-thirds (2/3) of the Total Membership present and voting in person must approve the Consolidation or Merger Agreement. Members may not approve the Consolidation or Merger Agreement by Member Written Consent or Member Written Ballot.
- C. Notice. The Cooperative shall notify Directors of any Board Meeting, and Members of any Member Meeting, at which Directors or Members may consider a Consolidation or Merger Agreement. This notice, and any material soliciting Member approval of the Consolidation or Merger Agreement must contain, or be accompanied by, a summary or copy of the Consolidation or Merger Agreement and the New Entity's articles of incorporation and bylaws and any provision which would require Director or Member approval if contained in a proposed Articles or Bylaws Amendment.

- D. Other Requirements. The New Entity directors named in the Consolidation or Merger Agreement must sign and file articles of Consolidation or Merger in a manner, and stating the information, required by law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by law. After a Consolidation or Merger Agreement is approved, and before articles of Consolidation or Merger are filed, the Board or Members may abandon the Consolidation or Merger.

SECTION 3 - DISTRIBUTION OF COOPERATIVE ASSETS UPON DISSOLUTION. Upon the Cooperative's dissolution the Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities, including retiring and refunding without priority all Capital Credits and Affiliated Capital Credits to all Patrons and former Patrons in proportion to the value or quantity of Cooperative Services used, received, or purchased by each Patron or former Patron. After paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities, to the extent practical:

- a. The Cooperative shall first distribute gains from selling any appreciated Cooperative Asset to Members who used, received, or purchased Cooperative Services during the period in which the Cooperative owned the Cooperative Asset in proportion to the value or quantity of Cooperative Services used, received, or purchased by the Member during the period the Cooperative owned the Cooperative Asset; and
- b. The Cooperative shall then pay or distribute any remaining Cooperative Assets, and any amounts received from selling any remaining Cooperative Assets, to: (i) the Members who were using, receiving, or purchasing Cooperative Services at the time of the Cooperative's dissolution; or (ii) any nonprofit charitable or educational entity or organization exempt from paying Federal income tax.

ARTICLE VIII - MISCELLANEOUS

SECTION 1 - BYLAW AMENDMENTS. Unless otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed by the affirmative vote of not less than two-thirds (2/3) of current Directors at any regular or special meeting of the Board, of which meeting notice is given with said notice indicating notice of any said adoption, amendment, or repeal.

SECTION 2 - RULES OF ORDER. All Member Meetings, Board Meetings, Member Committee meeting, and Board Committee meetings shall be governed by the latest edition of *Robert's Rules of Order* to the extent consistent with the law, the Articles, and these Bylaws, unless the Board determines otherwise.

SECTION 3 - FISCAL YEAR. The Board shall determine, and may modify, the Cooperative's fiscal year.

SECTION 4- NOTICE. Unless otherwise provided in these Bylaws, notice may be oral or written; and communicated in person, by telephone, telegraph, teletype, facsimile, electronic communication, or by mail or private carrier. If the above-listed forms of communicating notice are impractical, then by newspaper of general circulation in the area where published, radio, television, or other form of public broadcast communication.

If addressed, or delivered, to an address shown in the Membership List, then a written notice or report delivered as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written notice or report to all Members residing at the address or having the same address shown in the Membership List. Written notice is correctly addressed to a Member if addressed to the Member's address shown in the Membership List.

If communicated in a comprehensible manner, then unless otherwise provided in these Bylaws, oral notice is effective when communicated and written notice is effective upon the earliest of:

- a. When received;
- b. With the postmark evidencing deposit in the United States Mail, if correctly addressed and (i) mailed with first class postage affixed, then five (5) days after deposit in the United States Mail; or (ii) mailed with other than first class, registered, or certified postage affixed, then thirty (30) days after deposit in the United States Mail; or
- c. If sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

SECTION 5 - GOVERNING LAW. These Bylaws must be governed by, and interpreted under, the laws of the State of Indiana, which, if inconsistent with these Bylaws, shall control.

SECTION 6 - TITLES AND HEADINGS. All titles and headings of Bylaw articles, sections, and sub-sections are for convenience and reference only, and do not affect the interpretation of any Bylaw article, section, or sub-section.

SECTION 7 - PARTIAL INVALIDITY. When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively a "Bylaw Provision") must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

SECTION 8 - CUMULATIVE REMEDIES. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any Member asserting any right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

SECTION 9 - ENTIRE AGREEMENT. Between the Cooperative and any Member, the Governing Documents constitute the entire agreement and supersede and replace any prior or contemporaneous oral or written communication or representation.

SECTION 10 - SUCCESSORS AND ASSIGNS. To the extent allowed by law, the duties, obligations, and liabilities imposed upon the Cooperative or any Member by these Bylaws are binding upon the successors and assigns of the Cooperative or Member; and the rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative's successors and assigns.

SECTION 11 - WAIVER. The failure of the Cooperative or any Member to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

SECTION 12 - LACK OF NOTICE. To the extent allowed by law and the Articles, the failure of any Member or Director to receive notice of any Meeting, action, or vote does not affect, or invalidate, any action or vote taken by the Members or Board.

SECTION 13 - MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative may become a member of or purchase stock in any other organizations.

SECTION 14 - SEAL. Since a corporate seal is no longer necessary in the State of Indiana, the Directors have elected to not employ such a seal at this time.

ARTICLE IX - DEFINITIONS

SECTION 1 - DEFINED TERMS. These Bylaws define certain words and phrases within Bylaw sections ("Defined Terms"). Defined Terms are:

- a. Capitalized and enclosed within parenthesis and quotation marks following the Defined Term's definition; and
- b. Capitalized when otherwise used in these Bylaws.

Unless the context requires otherwise, Defined Terms have the meaning specified in the appropriate Bylaw section. The following Defined Terms are defined in the following Bylaw sections:

Affiliated Capital Credits - Bylaw Article VI, Section 2
Annual Member Meeting - Bylaw Article II, Section 1
Applicant - Bylaw Article I, Section 2
Appraisal - Bylaw Article VII, Section 1
Articles - Bylaw Article I, Section 2
Asset - Bylaw Article VII, Section 1
Authorized Representative - Bylaw Article VI, Section 3
Board - Bylaw Article I, Section 1
Board Committees - Bylaw Article IV, Section 7
Board Executive Committee - Bylaw Article IV, Section 8

Board Meeting - Bylaw Article IV, Section 3
Bylaw Provision - Bylaw Article VIII, Section 7
Capital - Bylaw Article VI, Section 2
Capital Credits - Bylaw Article VI, Section 2
Close Relative - Bylaw Article III, Section 12
Conflict of Interest Director Qualifications - Bylaw Article III, Section 3
Consolidate or Merge - Bylaw Article VII, Section 2
Consolidation or Merger Agreement - Bylaw Article VII, Section 2
Cooperative - Bylaw Article I, Section 1
Cooperative Equipment - Bylaw Article I, Section 6
Cooperative Officer - Bylaw Article V, Section 7
Cooperative Service Area - Bylaw Article III, Section 1
Cooperative Services - Bylaw Article I, Section 1
Deceased Patron - Bylaw Article VI, Section 3
Defined Terms, Article IX, Section 1
Director - Bylaw Article I, Section 5
Director Qualifications - Bylaw Article III, Section 3
Director Quorum - Bylaw Article IV, Section 6
Director Removal Petition - Bylaw Article III, Section 8
Director Term - Bylaw Article III, Section 6
Director Written Consent - Bylaw Article IV, Section 5
Directors Districts - Bylaw Article III, Section 1
Dissolved Patron - Bylaw Article VI, Section 3
General Director Qualifications - Bylaw Article III, Section 3
Governing Documents - Bylaw Article I, Section 2
Indemnification Director or Officer - Bylaw Article V, Section 13
Indemnification Expense - Bylaw Article V, Section 13
Indemnification Party - Bylaw Article V, Section 13
Indemnification Proceeding - Bylaw Article V, Section 13
Joint Member - Bylaw Article I, Section 5
Joint Membership - Bylaw Article I, Section 5
Member - Bylaw Article I, Section 3
Member Committees - Bylaw Article IV, Section 7
Member Demand - Bylaw Article II, Section 2
Member Meeting List - Bylaw Article II, Section 6
Member Meeting - Bylaw Article II, Section 4
Member Meeting Waiver of Notice - Bylaw Article II, Section 7
Member Meeting Written Ballot - Bylaw Article II, Section 9
Member Petition - Bylaw Article III, Section 4
Member Petition Nominations - Bylaw Article III, Section 4
Member Proxy - Bylaw Article II, Section 10
Member Quorum - Bylaw Article II, Section 8
Member Voting Document - Bylaw Article II, Section 11
Membership Director Qualifications - Bylaw Article III, Section 3
New Entity - Bylaw Article VII, Section 2
Non-Member Non-Patrons - Bylaw Article VI, Section 4

Non-Member Patrons - Bylaw Article VI, Section 4
Non-Operating Margins - Bylaw Article VI, Section 2
Officer - Bylaw Article V, Section 7
Operating Margins - Bylaw Article VI, Section 2
Other Officers - Bylaw Article V, Section 6
Patron - Bylaw Article VI, Section 2
Person - Bylaw Article I, Section 1
Reasonable Reserves - Bylaw Article VI, Section 5
Record Date - Bylaw Article II, Section 5
Regular Board Meeting - Bylaw Article IV, Section 1
Regular Member Meeting - Bylaw Article II, Section 1
Required Officers - Bylaw Article V, Section 1
Special Board Meeting - Bylaw Article IV, Section 2
Special Member Meeting - Bylaw Article II, Section 2
Suspension Reason - Bylaw Article I, Section 7
Total Membership - Bylaw Article II, Section 2
Transfer - Bylaw Article VII, Section 1