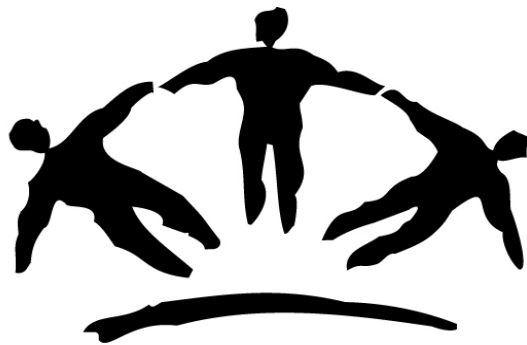


KANKAKEE VALLEY RURAL ELECTRIC MEMBERSHIP CORPORATION

BY-LAWS



Touchstone Energy[®]

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BYLAWS
OF
KANKAKEE VALLEY RURAL ELECTRIC
MEMBERSHIP CORPORATION

ARTICLE I
Membership

Section 1. Requirements for Membership.

Any person, firm, association, corporation, or body politic or subdivision thereof will become a Member of Kankakee Valley Rural Electric Membership Corporation (hereinafter call the "Cooperative") upon receipt of electric service from the Cooperative, provided that the individual(s) has/have first:

- a. Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- b. Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any policies, rules and regulations adopted by the Board (Governing Documents), and;
- c. Paid the membership fee.

By virtue of accepting service from the cooperative, the Member is deemed to have agreed to purchase power, comply with and be bound by the Governing Documents adopted and as amended by the Board.

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

Section 2. Membership Agreement.

Membership in the Cooperative shall be evidenced by a Member's agreement to be bound by the Governing Documents as amended from time to time. The Member's agreement to be so bound also binds those nonmembers occupying the Member's location.

Section 3. Joint Membership.

Individual(s) may apply for a joint Membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such Membership. The term "Member" as used in these bylaws shall be deemed to include a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Each Joint Member is jointly and severally liable for payment of service. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- a. The 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. The joint membership shall constitute one vote;
- c. A waiver of notice signed by a joint Member shall constitute a joint waiver;
- d. Notice to any joint Member shall constitute notice to all in the joint membership;
- e. Withdrawal of joint Member(s) shall terminate the joint membership;
- f. Only one individual of the joint membership can be elected to a seat on the board provided that all joint Members meet the qualifications for such office.

Section 4. Conversion of Membership.

- a. A membership may be converted to a joint membership upon the request of the existing Member and the agreement of all joint Member(s) to be bound by, and to comply with the Governing Documents adopted by or as amended by the Board.
- b. Upon the death of a joint Member who is a party to the joint membership, such membership shall be held solely by the survivor(s). The outstanding membership shall be transferred to the surviving Member(s)

Section 5. Membership Fees.

The membership fee shall be as set by the Board of Directors, upon the payment of which a Member shall be eligible for service connections(s). Any additional service connections shall not require an additional membership fee. Article I, Section 1 shall apply.

Section 6. Purchase of Electric Energy.

Each Member shall, as soon as electric energy shall be available, purchase from the Cooperative electric energy used on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by Members as capital and each Member shall be credited with the capital so furnished as provided in these bylaws. Each Member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each Member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Section 7. Area Coverage.

The Cooperative shall make diligent effort to see that electric service is extended to unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 8. Termination of Membership.

- a. Upon the withdrawal, death or cessation of existence of a Member such membership shall terminate. Termination of membership in any manner shall not release a Member's estate from any debts due to the Cooperative. Any amounts owed the Cooperative by the Member which have not yet come due, shall become immediately due and payable upon termination of membership.
- b. 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, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligation owed by the Member to the Cooperative.

ARTICLE II
Rights and Liabilities of Members

Section 1. Property Interest of Members.

Upon dissolution, after

- a. All debts and liabilities of the Cooperative shall have been paid, and

- b. All capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate patronage of each bears to the total patronage of all Members during the ten years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence or in accordance with state statutes then in effect.

Section 2. Non-liability for Debts of the Cooperative; Attorney fees; Indemnification.

- a. 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 liable or responsible for any debts or liabilities of the Cooperative.
- b. In the event that a Member or nonmember occupying the same location and the Cooperative engage each other in litigation, the Member or occupying nonmember will be responsible for the attorney fees incurred by the Cooperative if the Cooperative is successful in the litigation.
- c. A Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, liabilities, damages, costs, or expenses, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative Director, Officer, employee, agent, or representative ("Cooperative Official"), and caused by the negligence, gross negligence, or willful misconduct of the Member or a nonmember occupying the Member's location, or by the unsafe or defective condition of a location occupied by the Member.

ARTICLE III
Meeting of Members

Section 1. Annual Meeting.

The annual meeting of the members shall be held annually on a date and at such place within a county served by the Cooperative as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, presentation of audits and reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not operate as a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings.

Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Board members, by the President, or by five per centum or more 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 any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings.

Where written or printed notice of a Members meeting is required it shall state the place, day and hour of the meeting and, if a special meeting, the purpose of the special meeting. Notices may be printed, written or electronic, and shall be delivered by any means reasonably calculated to inform the Members of the meeting, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting. The notices shall be sent no less than ten (10) days before the meeting and no more than sixty (60) days before the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears in the records of the Cooperative, with postage thereon prepaid. Any deviation or variation or change in the timing for notice of the Members' meeting shall not invalidate any action which may be taken by the Members at any such meeting. The failure of any Member to receive notice of an annual or special meeting of the Members shall not invalidate any action which may be taken by the Members at any such meeting. Any Member may waive in writing any notice of a 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, except in the case a Member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 4. Quorum.

At least two per centum of the total number of Members of the Cooperative present in person shall constitute a quorum for the transactions of business at all meetings; 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. However, at or before the annual meeting the Board may meet and set a different number for the quorum, which number may be larger or smaller than 2%. In case of a joint Membership, the presence at a meeting of any party to the joint Membership shall be regarded as the presence of one Member.

Section 5. Voting.

At any meeting of members, on any issue brought up for a vote, each member shall be entitled to only one vote upon each matter submitted to a vote. It is not necessary for members to be present at a meeting to qualify for voting. Votes may be cast in any manner provided for under the enabling law of the State of Indiana. Any member voting shall be counted as being part of the quorum of members necessary. All questions shall be decided by a vote of a majority of the members voting thereon except as otherwise provided by law, the articles of incorporation or these bylaws. Early voting, or voting in absentia may be authorized so long as the vote is made in any manner allowed by the enabling act of Electric Distribution Cooperatives [See IC 8-1-13-8] and received to be counted after the Notice of the meeting is issued. Early voting procedures will be set by the Board as part of its action allowing for early voting.

Section 6. 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 Members, shall be as determined by the Board.

ARTICLE IV Board Members

Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by a Board of no more than eight members which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the Members.

Section 2. Election and Tenure of Office.

The persons named as Board members in the articles of incorporation shall compose the Board until the first annual meeting or until their successors shall have been elected and shall have qualified. Members of the Board shall be elected by secret ballot at each annual meeting of the Members beginning with the year 1940 by and from the members to serve until the next annual meeting of the Members or until their successors shall have been elected and shall have qualified. If an election of Board members shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the Members shall be held for the purpose of electing Board members within a reasonable time thereafter. Board members may be elected by a plurality vote of the Members.

Section 3. Qualifications and Disqualifications.

- a. No person shall be eligible to become or remain a Board member of the Cooperative unless he/she is a Member and a bona fide resident in the district which he/she is to represent.
- b. No person shall be eligible to become or remain a Board member who:
 1. Is or has been during the last three (3) years, in any way, employed by or has been financially interested in a competing enterprise or a business selling electric energy, or supplies to the Cooperative.
 2. Is an existing employee or has terminated employment at KVREMC within the previous three (3) years, or is a close relative of an existing employee. Close relative is defined as, by blood or in-law, including half, step and adopted kin, a spouse, child, grandchild, parent, grandparent, brother, sister, aunt or uncle of the Board member.
 3. Is, or has been in the last three (3) years, a member, officer, director, or employee of any union local acting or which could act, as the bargaining agent of any group of cooperative employees or lives in the same household with, and is financially interdependent with, any person included within this Section 3 (b);
 4. Has been convicted of a felony under State or Federal law.

Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such Board member from office. See bylaw Art. IV (5).

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

Section 4. Nomination and Election.

- a. Any new candidate for director must complete a short orientation with staff advising of the qualifications and the requirements for attaining and maintaining a seat as a director on the Board of the KVREMC. Nominations for director shall be by petition signed by at least 15 Members from the district in which the Nominee intends to run. The Nominee must be a Member-resident of the district for which he seeks office. All signatories shall be a Member-resident of the district for which

the Nominee seeks office. Any Member-resident may be a nominee for a seat on the Board of an at-large district and a petition for nomination of a nominee for an at-large district may be signed by any Member. The initial petition for nomination must state the district for which the candidate seeks election.

- b. The petition shall also include a statement that the candidate has read all requirements associated with eligibility to become a director and that the candidate has completed a short orientation with staff advising of the qualifications and requirements for attaining and maintaining a seat as a director on the Board of KVREMC. Once submitted, the petition for nomination for the district indicated on the petition may not be changed. Such nomination petitions shall be turned in by the Candidate(s) to the Cooperative's principal office within a reasonable time as determined by the Board and Staff, leaving sufficient time to determine the candidate(s) eligibility. The staff shall review nomination petitions to insure that nominees qualify for the office of director and that the petitions are duly and properly signed by the designated number of Members. Within a reasonable time before the annual meeting in order to provide notice to the Members, the staff shall 1) Prepare and post at the principal office of the Cooperative a statement identifying the directors' seats up for election and the name of the candidates for election to the Board nominated by petition; and 2) The secretary shall mail to each Member a statement identifying the directors' seats up for election and the name of the candidates for election to the Board nominated by petition.

The Members may, at any meeting at which a director or directors shall be removed by the Members as herein provided, see IV(5)(a), elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations, except that each successor shall reside in the same district wherein his predecessor's seat was located. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

- c. In the event that any issues arise as a result of the nominees' qualifications, the petitions, or their content, the Cooperative's Counsel will make the final determination.

In all nominations, the notices, ballots, and certificates of election shall clearly show the district for which the nominee seeks election. Only one resident of any one district may be elected (or appointed under Section 6 of this Article) as director to fill a director's seat and serve at any one time.

- d. Election. The election shall at all times be supervised by the Election Inspectors who shall be appointed prior to the collection of the ballots. That person in each separate district or from the at-large district, nominated as a candidate for

director, receiving the highest number of votes cast for the director's seat on the Board, in such district shall be director for such district to serve for a term of three (3) years and until a successor shall be duly elected and qualified. In the event that balloting shall result in a tie vote, the director shall be selected by the flip of a coin supervised by one of the Election Inspectors and taking place in the open meeting.

- e. For purposes of nominating and electing directors the following shall apply: The territory of the Cooperative, whatever that may be from time to time, shall be segregated into districts. Such districts may be areas within the territory or at-large. The manner in which the districts are drawn, the number of districts and the number of directors, shall be determined by Board action. All elections of directors shall be territory-wide. This means directors shall be elected based on Members' votes, regardless of the Members' district. The policy of election of directors and designation of districts within the territory shall be based on a democratic framework.

Section 5. Removal of Board Member.

- a. By Members.

Any Member may bring charges against a Board member and, by filing with the Secretary such charges in writing together with a petition signed by at least 10 per centum (10%) of the Members may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least ten days prior to the meeting of the Members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the Members.

- b. By Board.

Any Board member may request the removal of another Board member for Cause by delivering to each Board member a notice, signed by at least two members of the Board, setting forth the charges against such other Board member. The Board member against whom the charges are brought shall be informed in writing of the charges at least ten days prior to the meeting of the Board. This meeting shall be presided over by the Board President unless he/she is the charged party in which case the presiding officer shall be the Vice President and on down the chain of command as the case may be. At such Board meeting and in the presence of the member charged, the person or persons bringing the charges shall present evidence in support of removal. The member charged shall be heard in person and/or by counsel and shall have an opportunity to present evidence in support of his/her defense to the charges

and against removal. The Board member may be removed only if by a 3/4ths majority of the entire Board, less the member charged, the Board finds by clear and convincing evidence: 1) That Cause for removal was established and; 2) That the Cause established had or has a material adverse effect on the business and affairs of the Cooperative.

Section 6. Vacancies.

A vacancy on the Board created by removal of a Board member by the Members shall be filled by the Members. All other vacancies on the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term.

Section 7. Compensation.

Directors, pursuant to an express resolution of the Board of Directors, may be paid for attendance at the meetings of the Board of directors, and shall be reimbursed for expenses incurred by them in the performance of their duties as directors. Otherwise, directors, as such, shall receive compensation for their services by resolution of the Board of Directors. Any director shall not receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative unless such compensation shall be temporarily authorized by a vote of the directors.

**ARTICLE V
The Board**

Section 1. Organizational Meetings.

After the annual meeting of the Members, an organizational meeting of the Board shall be held as soon thereafter as conveniently may be held for the purpose of electing officers for the ensuing year.

Section 2. Regular Board Meetings.

Regular meetings of the Board pursuant to reasonable notice shall also be held at such time and place as designated by the Board.

Section 3. Special Meetings.

Special meetings of the Board may be called by the President or by any three Board members, and it shall thereupon be the duty of the Secretary to cause notice of such

meeting to be given as hereinafter provided. The President or Board members calling the meeting shall fix the time and place for the holding of the meeting.

Section 4. Notice of Board Meetings.

Written notice of the time, place and purpose of any meeting of the Board, including special meetings, shall be provided to each Board member by any means reasonably calculated to inform the Board member of the meeting. Regular meetings may be held without notice in the event the Board takes action fixing the time and place of such meetings in advance. Any Board member may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a Board member at any meeting shall constitute a waiver of notice of such meeting by such Board member, except in the case a Board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 5. Quorum.

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these bylaws.

Section 6. Membership in Other Organizations.

The Cooperative shall not become a member of, or purchase stock in, any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any Corporation or organization organized for the purpose of engaging in or furthering the availability of energy, telecommunications or utilities services.

Section 7. Policies, Rules and Regulations.

The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with the law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 8. Accounting System and Reports.

The Board shall cause to be established and maintained a complete accounting system which, among other things and 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 Utilities Service of the United States of America. The Board 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, in addition to being submitted to the Board, be submitted to the Members at the next following annual meeting.

ARTICLE VI Officers

Section 1. Number.

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

Section 2. Election and Term of Office.

The officers shall be elected by ballot, annually by and from the Board at the organizational meeting of the Board held after the annual meeting of the Members. The Board member or candidate for office shall be elected by receiving the most votes. In the event of a tie, re-balloting will be necessary until the tie is broken. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the Members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of the unexpired portion of the term.

Section 3. Removal of Officers by the Board.

Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any Member of the Cooperative may bring charges against an officer of the Cooperative who was hired by the Board, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the Members may request the removal of such officer by the Board. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days

prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges: and the person or persons bringing the charges against him shall have the same opportunity.

Section 4. President.

The President shall:

- a. be the principal executive officer of the Cooperative and, unless otherwise determined by the Members or the Board, shall preside at meetings of the Members and the Board;
- b. execute with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c. in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 5. Vice President.

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

Section 6. Secretary.

The Secretary shall be responsible for:

- a. keeping the minutes of the meeting of the Members and of the Board in books provided for that purpose;
- b. see that all notices are duly given in accordance with these bylaws or as required by law;
- c. the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative 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 names and post office addresses of all Members;
- e. keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any Member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any Member upon request; and
- f. 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.

Section 7. Treasurer.

The Treasurer shall be responsible for:

- a. custody of all funds and securities of the Cooperative;
- b. the receipt of and the issuances of receipts for all monies due and payable to the Cooperative and for the deposits of all such monies 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. the general performance of 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.

Section 8. Chief Executive Officer.

The Board of directors may appoint a Chief Executive Officer who may be, but who shall not be required to be, a Member of the Cooperative. The Chief Executive Officer is authorized to direct the operations of the day-to-day business of the cooperative and any limits on the CEO's authority to perform such duties shall be as the Board of directors may specify from time to time.

Section 9. Bonds of Officers.

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property may be required by the Board to be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 10. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these bylaws.

Section 11. Reports.

The officers of the Cooperative shall submit at each annual meeting of the Members reports covering the business of the Cooperative for the previous fiscal year. Such report shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII Non-Profit Operation

Section 1. Interest or Dividends on Capital.

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

Section 2. Patronage Capital in Connection with Furnishing Electric Energy.

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of patrons or according to then existing statutes. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital furnished prior to December 31, 1979, shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being the first retired. After January 1, 1980, the Board of Directors shall determine the method, basis, priority and order of retirement if any, for all amounts thereafter furnished as capital. In no event, however, may any such capital be retired unless, after the proposed retirement the capital of the Cooperative shall equal at least forty per centum (40%) of the total assets of the Cooperative.

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

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be posted online and available upon request at the Cooperative's office.

Notwithstanding any provisions herein contained to the contrary and pursuant to the statutes of the State of Indiana (I.C. 8-1-13-11), 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 60 days notice in a newspaper printed in the English language and published in the county in which the Cooperative located its general headquarters. Such notice shall state the owner's name and approximate amount of owner's interest, and that if not duly claimed within 60 days of said notice; the same shall be turned over to the Cooperative, which shall reallocate the same to other Members. If no provable claim shall have been filed by such notice within 60 days 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 and thereafter allocated to other Members of the Cooperative on a pro rata basis. Such amounts of said Members (the allocation herein contemplated) shall be allocated to those who are Members as of the year and on a pro rata basis for the year in which the 60th day falls after the published notice.

Any Member or former Member who fails to claim any cash retirement or capital credit or other payment within two (2) 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 or other payments.

Section 3. Patronage Refund in Connection with Furnishing Other Services.

In the event that the Cooperative shall engage in the business of furnishing goods or services other than electric energy, and shall determine to operate such business as a not-for-profit cooperative, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained.

ARTICLE VIII Disposition of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the Members thereof by the affirmative vote of not less than two-thirds of all the Members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the Members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, 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 and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to United States of America or any instrumentality, agency or regulatory authority, thereof or other lender; provided further that the Board may upon the authorization of a majority of those Members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in the State pursuant to the Act under which this Cooperative is incorporated.

ARTICLE IX

Seal

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

ARTICLE X

Financial Transactions

Section 1. Contracts.

Except as otherwise provided in these bylaws regarding the authority of the CEO (Art. VI Sec. 8), the Board may authorize and specify 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, as such authority may direct.

Section 2. Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned 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.

Section 3. Deposits.

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

Section 4. Fiscal Year.

The fiscal year of the Cooperative shall begin on the first day of April of each year and shall end on the thirty-first day of March of the next year.

**ARTICLE XI
Indemnification.**

Section 1. Indemnification of Officers, Directors and Employees.

The Cooperative shall indemnify and hold harmless any person made, or threatened to be made, a party to any action, suit or proceeding by reason of the fact that he is or was a director, officer, or employee of the Cooperative, or of any other corporation, partnership, or enterprise for which he served as such at the request of the Cooperative, against all expenses actually and reasonably incurred by him/her in connection with the defense of such action, suit or proceeding, or in connection with any appeal thereof, except in relation to matters as to which it shall finally be adjudged that such person failed to act in good faith or engaged in misconduct in the performance of his/her duties to the Cooperative.

The terms "liability" and "expense" as used in this section shall include, but shall not be limited to, attorney fees, costs, disbursements, amounts of judgments, penalties and amounts paid in settlement by or on behalf of a director, officer, employee or agent.

If there is a final adjudication in the action, suit or proceeding as to any bad faith or misconduct, then such adjudication shall be binding for purposes of this section. Any such person who has been successful on the merits or otherwise, with respect to any claim, suit or proceeding as described herein shall be entitled to indemnification as a matter of right. If, however, the matter should be settled prior to any final adjudication of such issue, then the question of whether there was bad faith or misconduct shall be determined by a majority vote of at least a quorum of the directors who are unaffected by self-interest in connection with the matter in issue. If a quorum of directors unaffected by self-interest does not exist, indemnification may be made upon receipt of a written opinion from legal counsel that the person is entitled to indemnification as set forth herein.

In determining whether bad faith or misconduct has occurred, the issue shall be whether such person exercised the same degree of judgment as a reasonable person would have exercised under the circumstances in the conduct of that person's own affairs and whether that person acted in good faith in what they reasonably believed to be in the best interests of the Cooperative. Consideration may be given to whether the person took or omitted to take action in reliance on advice of legal counsel for the

Cooperative or upon statements made or information furnished by employees or agents of the Cooperative which that person had reasonable grounds to believe.

If several claims, issues or matters of action are involved, any such person may be entitled to indemnification as to some matters even though that person is not entitled as to other matters.

The Cooperative may advance expenses to or, where appropriate, may at its expense undertake the defense of any such person upon receipt of an undertaking for repayment by or on behalf of the person if it should ultimately be determined that that person is not entitled to indemnification hereunder.

The provisions of this section shall be applicable to claims, actions, suits or proceedings made or commenced after that adoption hereof, whether arising from acts or omissions to act during, before or after that date of adoption.

The rights of indemnification provided hereunder shall be in addition to any rights to which any person concerned may otherwise be entitled by contract or as a matter of law and shall inure to the benefit of the heirs or personal representative of such person.

Section 2. Insurance Coverage.

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

ARTICLE XII Rights-of-Way

Section 1. Term and Rentals.

When the premises of a Member is so located that he can be served only by facilities extending over the property of another, the Member shall accept service under such terms as are provided in the permit or agreement covering the location and the maintenance of service equipment, and he shall reimburse the Corporation for any and all special, or rental charges that may be made for such rights by said permit or agreement.

Section 2. Procurement of Rights-of-Way.

- a. The easement granting permission for the erection of the Corporation's equipment and the right to enter on the premises to maintain such equipment shall be granted by the applicant or Member without cost to the Cooperative, and in consideration of its connection.
- b. The term "maintain" as herein used shall not be limited to but shall include the right to cut and trim trees and shrubbery to the extent necessary to keep the said electric line or system free and clear therefrom and to cut down from time to time all trees that are tall and near enough to strike or interfere with said distribution line or system.
- c. Any person or persons applying for the construction of any extension may be required to secure to, and for, the Cooperative, all necessary and convenient rights-of-way and to pay the costs incident thereto.

ARTICLE XIII Amendments

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

Revised 07-13-2015
Amended 07-10-2017
Amended 10-16-2017
Amended 11-13-2017
Amended 01-15-2018
Amended 05-14-2018