



**BYLAWS OF
SOUTHEASTERN INDIANA RURAL
ELECTRIC MEMBERSHIP CORPORATION**



Touchstone Energy[®]

The power of human connections

Table of Contents

ARTICLE I - Membership	5
Section 1. Corporate Purpose and Conditions of Membership.....	5
Section 2. Application for Membership.....	5
Section 3. Purchase of Electric Energy.....	5
Section 4. Membership Fee	6
Section 5. Joint Membership	6
Section 6. Term of Membership	6
Section 7. Termination of Membership.....	6
Section 8. Power Supply by Cooperative.....	7
Section 9. Duties of Members	7
Section 10. Member to Grant Easements to Cooperative <i>and allow unimpeded access to premises</i>	7
Section 11. Service Termination without Notice	8
ARTICLE II - Rights of Members	8
Section 1. Property Interest of Members.....	8
Section 2. Non-Liability for Debts of the Cooperative.....	8
Section 3. Voting.....	8
Section 4. Director Removal by Member Petition.....	8
Section 5. Bylaw Availability	9
Section 6. Noncompliance with Bylaws/Articles of Incorporation	9
ARTICLE III - Meeting of Members	9
Section 1. Annual Meeting	9
Section 2. Special Meetings.....	9
Section 3. Meetings of Members.....	10
Section 4. Notice of Members' Meeting.....	10
Section 5. Quorum.....	10
Section 6. Voting.....	10
Section 7. Objections	10
Section 8. Order of Business.....	11
ARTICLE IV - Directors	11
Section 1. General Powers.....	11
Section 2. Director Standard of Conduct.....	11
Section 3. Qualifications and Tenure.....	11
Section 4. Director Conflict of Interest Transaction	12
Section 5. Director Removal by Action of the Board of Directors; Director Absence	12
Section 6. Resignation; Retirement, Cessation of Service from the Board	12
Section 7. Representative Districts.....	12
Section 8. Nomination of Directors	13
Section 9. Vacancies	13
Section 10. Compensation.....	13
ARTICLE V - Meetings of Directors	13
Section 1. Regular Meetings	13
Section 2. Special Meetings.....	14
Section 3. Notice.....	14

Section 4.	Waiver of Notice	14
Section 5.	Quorum	14
Section 6.	Manner of Acting	14
Section 7.	Board Action by Written Consent	14
Section 8.	Committees.....	14
ARTICLE VI - Officers.....		15
Section 1.	Number and Ascension to Authority	15
Section 2.	Election and Term of Office	15
Section 3.	Removal	15
Section 4.	Vacancies	15
Section 5.	President	15
Section 6.	Vice-President	16
Section 7.	Secretary	16
Section 8.	Treasurer.....	16
Section 9.	Delegation of Secretary's and Treasurer's Responsibilities.....	16
Section 10.	Executive Vice-President/Chief Executive Officer	16
Section 11.	General Manager	16
Section 12.	Bonds of Officers.....	16
Section 13.	Indemnification of Directors, Officers, and Employees	16
Section 14.	Reports.....	16
ARTICLE VII - Seal of Cooperative.....		16
ARTICLE VIII - Fiscal Year		17
ARTICLE IX - Financial Transactions		17
Section 1.	Contracts.....	17
Section 2.	Checks, Drafts, etc.	17
Section 3.	Deposits	17
ARTICLE X - Disposition of Property		17
ARTICLE XI - Financing		18
ARTICLE XII - Non-Profit Organization		18
Section 1.	Interest or Dividends on Capital Prohibited	18
Section 2.	Patronage Capital in Connection with Furnishing Electric Energy.....	18
Section 3.	Distribution of Unclaimed Patronage Capital	19
Section 4.	Patronage Capital in Connection with Joint Membership.....	19
ARTICLE XIII - Miscellaneous.....		19
Section 1.	Rules and Regulations.....	19
Section 2.	Accounting System and Reports	19
Section 3.	Membership in Other Organizations	20
Section 4.	Cooperative Newsletter.....	20
Section 5.	Stray Voltage - Duties and Responsibilities	20
Section 6.	Electric Energy Rate Schedules	20
Section 7.	Economic Development Rates.....	20
Section 8.	Area Coverage.....	20
Section 9.	Parliamentary Procedure.....	20
ARTICLE XIV - Amendments		21
Statement of Nondiscrimination.....		21

**BYLAWS OF
SOUTHEASTERN INDIANA RURAL
ELECTRIC MEMBERSHIP CORPORATION**

ARTICLE I - Membership

Section 1. Corporate Purpose and Conditions of Membership

The corporate purpose of Southeastern Indiana Rural Electric Membership Corporation (hereinafter referred to as “the Cooperative”) shall be to render service(s) to its members and others. No person shall become or remain a member of the Cooperative, unless such person shall purchase electric energy supplied by the Cooperative and shall have complied with the terms and conditions of membership contained in these Bylaws.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each member. The Cooperative and the members are bound by the contract, as fully as though each member had individually signed a separate instrument containing the terms and provisions.

Section 2. Application for Membership

Any (1) natural person, (2) firm, (3) association, (4) corporation, (5) business trust, (6) partnership, (7) limited liability company, (8) state or state political subdivision, (9) the United States of America or federal political subdivision, or (10) other body politic (collectively, “Person”) will become a member in the Cooperative provided that the applicant has first:

- a. Signed a written application for membership.
- b. Agreed to purchase electric energy from the Cooperative.
- c. Paid the security deposit and any other applicable fees.
- d. Agreed to comply with and be bound by the Articles of Incorporation, the Bylaws of the Cooperative, the Service Rules and Regulations as may be adopted by the Board of Directors and all other rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the board of directors.
- e. Been accepted into membership by action of the board of directors.

A Person may not become or remain a member of the Cooperative if the Person resides at, engages in a business at, owns, controls, or otherwise occupies a residence, office, building, premise, structure, facility, or other location:

1. Occupied by a second Person, other than a landlord, tenant, or similarly related Person, who: (A) is a Member or former Member, other than a Joint Member; and (B) owes the Cooperative for a Cooperative Service Provided to or for the Location, if the first Person Occupied the Location when the Cooperative Provided the Cooperative Service; or
2. Previously Occupied by an Entity owned or controlled by the Person, which Entity owes the Cooperative for a Cooperative Service provided to or for the Location.

No person may hold more than one (1) cooperative membership. No cooperative membership or right or privilege associated with cooperative membership may be sold, purchased, assigned or otherwise transferred unless required by law or otherwise provided by these Bylaws.

When the Cooperative shall require a supplemental contract as a condition of providing electric service, a form provided by the Cooperative shall be executed by the applicant; and the contract, together with any service security deposit, facilities extension deposit or contribution in aid of construction, shall be an additional condition of membership.

Section 3. Purchase of Electric Energy

The Board of Directors shall not permit the sale or delivery of electric energy for any service connection unless the purchaser of the energy files with the Cooperative a written application for membership and has complied with the terms and conditions of the Bylaws of the Cooperative and amendments thereto and the Rules and Regulations as may be adopted by the Board of Directors. Each member shall, as soon as energy shall be available, purchase from the Cooperative electric energy used at the location described in the application for membership, and shall pay at rates which shall be fixed by resolution of the Board of Directors. Production or use of electric energy on the premises, regardless of the source thereof, by means of facilities, which may be interconnected with Cooperative’s facilities, shall be subject to regulations, requirements and rates which shall be fixed by resolution of the Board of Directors. 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 as provided in these Bylaws. Each member shall also pay all amounts owed by him or her to the Cooperative when the amounts shall become due and payable.

Section 4. Membership Fee

As of July 1, 2004 membership fees will not be charged.

Section 5. Joint Membership

Two or more persons or entities occupying the same service location may apply for a joint membership and, subject to their compliance with the requirements set forth in Article I, may be accepted for membership. The term "member" as used in these Bylaws shall include the persons or entities holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to all holders of joint membership. The following rules shall apply:

- a. The presence of one or all at a meeting shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting.
- b. The vote of one or all shall constitute a joint waiver.
- c. A waiver of notice signed by one or all shall constitute a joint waiver.
- d. Notice to one shall constitute notice to all.
- e. Expulsion of one shall terminate the joint membership.
- f. Withdrawal of one shall terminate the joint membership.
- g. Only one may be elected or appointed as an officer or board member, provided that he or she meets the qualifications for the office.
- h. If only one Joint Member votes on a matter, signs a document, or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action.
- i. If more than one Joint Member votes on a matter, signs a document, or otherwise acts, then each vote, signature, or action constitutes a vote, signature, or action divided prorata based upon the number of Joint Members participating in the joint action.

Section 6. Term of Membership

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

Section 7. Termination of Membership

Membership in the Cooperative shall be terminated under any one or more of the following conditions by resolution of the Board of Directors:

- a. A member ceases to purchase electric energy from the Cooperative.
- b. A member withdraws from membership upon the uniform terms and conditions as the Board of Directors may prescribe.
- c. A member is expelled by the affirmative vote of not less than two-thirds (2/3) of all the Board of Directors for refusal or failure to comply with any of the provisions of the Articles of Incorporation, Bylaws of the Cooperative and any amendments thereto and the Rules and Regulations as may be adopted by the Board of Directors. The member shall be given written notice by the Cooperative that the refusal or failure makes him or her liable to expulsion from membership. The refusal or failure must continue for at least ten (10) days after notice is given. Any expelled member may be reinstated by a majority vote of the Board of Directors or by a majority vote of the members voting on the issue at any annual or special meeting.
- d. Upon death or cessation of existence of the member.
- e. A member, who for a period of twelve (12) months after service is available to the member has not purchased electric energy generated, transmitted, distributed, sold, supplied, furnished or otherwise provided by the Cooperative, may have his/her membership canceled by resolution of the board of directors.

Any member who withdraws, terminates or otherwise leaves the Cooperative's service owing an outstanding account balance to the Cooperative and thereafter wishes to re-apply for service must meet all the Cooperative's requirements for service and pay any outstanding account indebtedness including any applicable interest plus a security deposit as determined solely by the Cooperative.

Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a *cessation of marriage, cessation of the legally recognized relationship or failure to Occupy the same Location*. Upon notice from a joint member(s) or independent determination of the aforementioned situation(s) the Cooperative shall address the situation as follows:

1. If one Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a single membership;
2. If more than one Joint Member remains qualified to be a Joint Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership of the remaining Persons; and
3. If no Joint Member remains qualified to be a Member, then the Joint Membership terminates.

Termination of membership shall not release a member, joint member(s) or his/her estate from any debts due the Cooperative. Memberships held as "joint memberships" shall be subject to joint and several liability as defined by law. Termination of membership shall not release the Cooperative from the obligation to retire and pay Capital Credits to the former Member or obligations to the former Member regarding the Cooperative's dissolution.

Section 8. Power Supply by Cooperative

The Cooperative shall use reasonably diligent efforts to furnish its members with adequate and dependable electric service but it cannot and does not guarantee the continuous and non-interrupted supply of electricity. The Cooperative's responsibility and liability for providing electricity or any other Cooperative Service terminate upon delivery of electricity or any other Cooperative Service to a Member.

If Member Equipment is connected to Cooperative Equipment, then:

- (1) The Member is responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment;
- (2) The Cooperative is not liable for damage to, or for the performance of, the Member Equipment;
- (3) The Member is responsible for knowing the concerns, risks, and issues associated with operating the Member Equipment and connecting the Member Equipment to Cooperative Equipment;
- (4) The Member is liable for damage to, and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection; and
- (5) The Member is liable for, and must indemnify the Cooperative against, injury or death to any Person and damage to any property caused by, or resulting from, the Members Equipment or the connection.
- (6) The Member is liable for, and must indemnify the Cooperative against, injury or death to any Person and damage to any property caused by, or resulting from the actions of the Member, the members' agent(s) or any other person occupying the premises.

Section 9. Duties of Members

Each member shall:

- a. Cause the premises receiving electric service to become and remain wired in accordance with the specifications of the National Electric Code and any applicable federal or state codes or local government ordinances.
- b. Make available to the Cooperative a suitable site, as determined by the Cooperative, on which to place the Cooperative's physical facilities for the furnishing and metering of electric service.
- c. Permit the Cooperative to authorize employees, agents and independent contractors to have unobstructed safe access to the premises free from interference by hostile sources for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of the facilities at reasonable times.
- d. Be the Cooperative's Bailee of the facilities and shall not interfere with the operation of, or cause damage to, the facilities and shall use reasonable efforts to prevent others from so doing.
- e. Be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against theft, injury, loss or damage resulting from any defect in or improper use or maintenance of the premises and all wiring apparatus. This shall include 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 or authorities including but not limited to applicable electrical codes (NEC) or electrical safety codes (NESC).

Section 10. Member to Grant Easements to Cooperative and allow unimpeded access to premises

Each member, upon request by the Cooperative and without being paid compensation, shall execute and deliver to the Cooperative grants of easement or right-of-way over, on, over, above, across, through and under the lands owned or leased by or mortgaged to the member in accordance with reasonable terms and conditions as the Cooperative shall require for the furnishing of electric service to the member or for other members or for the construction, erection, placement, operation, maintenance, reconstruction or relocation of the Cooperative's electric facilities. The Cooperative shall have the right to license other entities (ie. communications or cable TV/Internet service providers) to utilize the Cooperative's electric facilities pursuant to joint use agreements

or contracts approved by the board of directors.

The member specifically grants to the Cooperative the right and privilege to connect to and hook up to any existing service and/or service line and/or any electric facilities of any type that might be located on the member's land or premises for the purpose of providing and/or extending electric service to another member of the Cooperative.

All Cooperative equipment placed on the members' land shall remain the sole property of the Cooperative.

The Cooperative shall have the right to remove its electric distribution facilities or system of any type and all appurtenant parts thereof, upon discontinuance of service for any reason. Upon cancellation of the contract for electric service the perpetual easement and right and privilege of access and maintenance of said facilities shall remain in full force and effect.

Section 11. Service Termination without Notice

The Cooperative may suspend or terminate service(s) to a member without providing the member with notice or an opportunity to comment in the following circumstances:

- a. If the Cooperative's equipment or facilities on the member's premises have been tampered or interfered with, damaged, or impaired.
- b. If an unsafe condition exists involving any of the Cooperative's equipment or facilities.
- c. If an eminent hazard or danger is posed by the Cooperative's equipment or facilities or by the member's equipment or facilities.
- d. If member equipment connected to Cooperative Equipment adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative's electric system or provide a cooperative service.
- e. If ordered to disconnect electrical service by any court or by any authorized governmental authority.
- f. Any other situation or condition requiring service termination without notice pursuant to the Cooperative's Service Rules and Regulations.

ARTICLE II - Rights of Members

Section 1. Property Interest of Members

Upon dissolution, after all debts and liabilities of the Cooperative have been paid and all capital furnished through patronage has been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years preceding the date of the filing of the certificate of dissolution.

Section 2. Non-Liability for Debts of the Cooperative

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

Section 3. Voting

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. A duly authorized officer or representative of any firm, association, corporation, business trust, partnership, limited liability company, state or state political subdivision, the United States of America or federal political subdivision, or other body politic, may upon satisfactory proof of his or her authority, vote the membership which he or she represents. This person may not vote any other membership. If two or more persons hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 4. Director Removal by Member Petition

Members may request the removal of one (1) or more Directors for committing any grossly negligent, fraudulent, or criminal, act or omission significantly and adversely affecting the Cooperative. For each Director for whom removal is requested, members shall deliver to the President or Secretary a dated written petition ("Director Removal Petition"):

- a. Identifying the Director.
- b. Explaining the basis for requesting the Director's removal and identifying the grossly negligent, fraudulent, or criminal act or omission underlying the removal request.
- c. Each signature on the petition shall be dated and shall have the printed name and address.
- d. The Petition shall contain the signatures of ten percent (10%) of the members as of the date of the last annual meeting.

Within thirty (30) days of receipt of receiving a Director Removal Petition by the President or Secretary:

- a. The Cooperative shall forward a copy of the Director Removal Petition to the implicated Director.
- b. The Board shall meet to review the Director Removal Petition.

If the Board determines that the Director Removal Petition complies with these Bylaws, the Cooperative must give notice and hold a member meeting within sixty (60) days following the Board's determination. Notice of the member meeting must state that:

- a. A purpose of the member meeting is to consider removing a Director;
- b. Evidence may be presented, and a member vote taken, regarding removing the Director; and
- c. Members may elect a qualified successor Director.

If a quorum of members is present at a duly called member meeting, then for the Director named in each Director Removal Petition:

- a. Prior to any member vote, evidence must be presented supporting the basis for removing the Director;
- b. 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
- c. 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 majority of members present and voting, vote to remove the Director, the Director is removed effective as of the time and date of the member vote. 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. Any successor Director elected by the members must comply with the Director Qualifications.

Neither a Director Removal Petition or Director removal affects any Board action.

A Director may not be removed for lawfully opposing or resisting transfer of Cooperative assets or Cooperative dissolution.

Section 5. Bylaw Availability

Bylaws of the Cooperative shall be available to members at the principal office. A copy of the Bylaws shall be sent to a member upon request.

Section 6. Noncompliance with Bylaws/Articles of Incorporation

If a member fails to comply with any of the terms of these bylaws, the Articles of Incorporation of the Cooperative, or the Service Rules and Regulations and legal action is taken by the Cooperative to enforce such terms, the Cooperative shall be entitled to collect its damages, reasonable attorney's fees and court costs.

ARTICLE III - Meeting of Members

Section 1. Annual Meeting

The Annual Meeting of the members shall be held between the 1st day of March and the 31st day of May on the date or dates as the Board of Directors shall determine each year, and be held at a place as shall be designated in the notice of the meeting, for the purpose of electing Directors, passing upon reports covering the previous fiscal year and transacting the other business properly before the meeting. Failure to hold the Annual Meeting at the designated time shall not constitute a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings

Special meetings of the members may be called by the President, by resolution of the Board of Directors or upon a written request signed by at least ten percent (10%) of all members as of the date of the last annual meeting. The board of directors shall determine the date, time, and location of a Special Member Meeting. It shall be the duty of the Secretary to cause notice of the meeting to be given to the members.

Except as otherwise provided in these Bylaws, before or at an Annual, Regular, or Special Member Meeting ("Member Meeting"), the Board:

- (1) Shall determine the agenda, program, or order of business for the Member Meeting; and

(2) May limit attendance at the Member Meeting to *Members and one legal representative per Member*.

Except as otherwise provided by the Board before or at a Member Meeting, the President:

- (1) Shall preside at the Member Meeting;
- (2) May remove a Person from the Member Meeting for unruly, disruptive, or similar behavior; and
- (3) May exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, Members attending the Member Meeting may consider, vote, or act *only upon matter(s) described in the notice of the Member Meeting except as otherwise provided in these Bylaws*.

Section 3. Meetings of Members

Meetings of the members may be held at any place within the territory served by the Cooperative and specified in the notice.

Section 4. Notice of Members' Meeting

Written or printed notice stating the place, day and hour of the meeting shall be delivered to each member not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary. In case of a special meeting or an annual meeting at which business other than that determined by the President is to be transacted, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid. The notice shall be addressed to the member at the address as it appears on the records of the Cooperative. 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 the annual or special meeting.

Section 5. Quorum

Two percent (2%) of the total number of members of the Cooperative present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than two percent (2%) of the total number of members are present at the meeting, a majority of the members so present may adjourn the meeting without further notice. The Secretary shall notify members of the time and place of the reconvened meeting.

Section 6. Voting

If a Member presents identification or proof of Cooperative membership as reasonably required by the Cooperative, the Member may cast one (1) vote on a matter for which the Member is entitled to vote. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. Members may not vote by proxy. All questions, except election of Directors, shall be decided by a vote of a majority of the votes cast, unless otherwise provided by law, the Articles of Incorporation or these Bylaws. In electing Directors, the candidate receiving the most votes shall be elected. In case of a tie, the winning candidate shall be selected by lot or other legally acceptable method as agreed to by the candidates who received the same number of votes.

An individual voting on behalf of a member which is a non-natural person must sign a statement stating that the individual is authorized to vote for the non-natural person. The Cooperative may require the person to present additional evidence of authority to vote on behalf of the non-natural person member. That individual may not vote any other ballot as provided in Article II, Section 3.

The members of the nominating committees from each district from which a Director shall be elected at the annual meeting, the Corporation's attorney and inspectors appointed by the President shall count the ballots cast at the annual meeting.

At a Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice on any item except election of directors.

Section 7. Objections

A protest or objection to the election of a Director shall be reduced to writing and filed with the Secretary of the Board of Directors within five (5) days of the adjournment of the meeting. The President of the Board of Directors shall cause the Nominating Committees to be reconvened not less than ten (10) days after the protest or objection is filed. A quorum for the Nominating Committees shall consist of two-thirds (2/3) of the total members of the Nominating Committees. The Nominating Committees shall hear the evidence presented. Protestors, objectors, and any candidate who may be affected by the objections, may be heard in person, by counsel, or both. The Nominating Committees shall render a decision based on the evidence presented; the decision may affirm the election, change the outcome, or set it aside. The Nominating Committees' decision shall be by a majority of those present, and the decision shall be rendered within thirty (30) days after the hearing. The Nominating Committees' decision on all matters concerning the election of Directors shall be final.

A protest or objection on any other issue or matter shall be reduced to writing and filed with the Secretary of the Board of Directors within five (5) days of the adjournment of the membership meeting. The President of the Board of Directors shall cause a meeting of Directors to be scheduled not less than twenty (20) days after the protest or objection is filed. The Board of Directors shall

hear the evidence presented. Protestors, objectors or supporters of the vote may be heard in person, by counsel or both. The Board of Directors, by vote of the majority of those present shall, within a reasonable period of time but not more than thirty (30) days after the hearing, render a decision; the results of which may be to affirm the vote, change the outcome, or set it aside. The Board of Directors' decision on all matters covered by this Paragraph shall be final.

Section 8. Order of Business

The President shall determine the agenda and order of business for member meetings. The President may refer issues raised at a members' meeting which are not on the agenda to the Board of Directors or the General Manager.

ARTICLE IV - Directors

Section 1. General Powers

The business and affairs of the Cooperative shall be managed by the Board of nine (9) Directors which shall exercise all the powers of the Cooperative except those as are by law, or by the Articles of Incorporation or by these Bylaws, conferred upon or reserved to others.

Section 2. Director Standard of Conduct

- a. A Director shall discharge the Director's duties, including duties as a Board Committee member:
 1. In good faith;
 2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 3. In a manner the Director reasonably believes to be in the Cooperative's best interests.
- b. 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. An officer or employee of the Cooperative 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. A Board Committee regarding matters within the Board Committee's jurisdiction, if the Director reasonably believes a Board Committee of which the Director is not a member, merits confidence.
- c. If a Director complies with this Bylaw, 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 limitation, property potentially subject to restrictions imposed by the property's donor or transferor.

Section 3. Qualifications and Tenure

Directors shall be elected by ballot at the annual meeting of members. They must be elected by and from the members. The office of Directors of Districts numbered 2,3 and 6 shall expire the year 1997; those of Districts numbered 4,5 and 9 shall expire the year 1998; and those of Districts numbered 1,7 and 8 shall expire the year 1999. Thereafter, the term of office of a Director shall be for a period of three (3) years or until their successor or successors are elected and qualified subject to the provisions of these Bylaws. If the election of Directors shall not be held on the day designated for any annual meeting, or at any adjournment, the Board of Directors shall cause the election to be held at a special meeting of the members as soon as conveniently possible.

No member shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who has not been a member of the Cooperative for at least twelve (12) months and who is not receiving service therefrom at the person's primary residential abode.

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:

- a. A close relative of any existing Director, other than an existing Director who will cease being a Director at the election.
- b. A close relative of a non-director Cooperative officer (General Manager, Executive Vice-President, Chief Executive Officer), full time employee, agent, or representative of the Cooperative.
- c. Employed by, materially affiliated with, or share a material financial interest with, any other director.
- d. Convicted of a crime involving moral turpitude.
- e. 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.

An existing or former employee, independent contractor or consultant, or an employee of an independent contractor or consultant, of the Cooperative may not be a Director candidate within the five (5) years prior to the date of the Director election.

A close relative is a spouse, child, grandchild, parent, brother or sister, by blood or in-law, including step or adoptive kin or anyone residing in the same residence. An individual qualified and elected, designated, or appointed to a position does not become a close relative while serving in the position because of a marriage or legal action to which the individual was not a party.

Section 4. Director Conflict of Interest Transaction

- a. A Director has an indirect interest in a conflict of interest transaction if at least one (1) party to the transaction is another entity:
 1. In which the Director has a material interest or is a general partner; or
 2. Of which the Director is a Director, officer, or trustee.
- b. Regardless of the presence or vote of a Director interested in a conflict of interest transaction, a conflict of interest transaction may be approved, and any Board quorum or member quorum satisfied, if the conflict of interest transaction's material facts, and the Director's interest, are:
 1. Disclosed or known to the Board or Board Committee, and a majority of more than one (1) Director or Board Committee member with no interest in the conflict of interest transaction votes to approve the conflict of interest transaction; or
 2. Disclosed or known to the members, and a majority of votes cast by members not voting under the control of a Director or entity interested in the conflict of interest transaction approves the conflict of interest transaction.
- c. A conflict of interest transaction that is fair when entered is neither:
 1. Voidable; nor
 2. The basis for imposing liability on a Director interested in the conflict of interest transaction.

Section 5. Director Removal by Action of the Board of Directors; Director Absence

Upon establishment of the fact that a Director is holding office in violation of these Bylaws, it shall immediately become incumbent upon the Board of Directors to vote on the removal of the Director from the Board. If a Director fails to comply with any Director qualification(s) or duties as reasonably determined by the Board of Directors, the Board may remove the Director at a duly called meeting at which a quorum is present. Removal shall require the vote of at least two-thirds (2/3) of all other Directors.

Section 6. Resignation; Retirement, Cessation of Service from the Board

A Director may resign at any time by delivering written notice of resignation to the Board President or Secretary. Unless a 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.

Retirement means the cessation of active service for any reason. However, if a Director resigns because of inappropriate actions that has caused or may reasonably cause substantial embarrassment to, or has caused significant degradation of member trust and confidence in the Cooperative, or is removed for cause as provided in these Bylaws, all insurance coverage and per diem allowances shall cease at time of removal pursuant to any applicable legal requirements.

Section 7. Representative Districts

The territory served or to be served by the Cooperative shall be divided into nine (9) Districts as follows:

- | | |
|----------------|--|
| District No. 1 | Jackson townships in Dearborn County; Adams township in Ripley County; and Brookville, Butler, Highland, and Ray townships in Franklin County. |
| District No. 2 | Logan, Harrison, Miller and Lawrenceburg townships in Dearborn County. |
| District No. 3 | Kelso, York, Manchester, Sparta and Clay townships in Dearborn County. |
| District No. 4 | Center, Hogan and Washington townships in Dearborn County; Randolph township in Ohio County; and Posey and York townships in Switzerland County. |
| District No. 5 | Cass, Pike and Union townships in Ohio County; Caesar Creek township in Dearborn County; and Brown, Shelby, and Otter Creek townships in Ripley County. |
| District No. 6 | Pleasant, Craig, Cotton and Jefferson townships in Switzerland County. |
| District No. 7 | Graham, Lancaster, Madison, Milton, Monroe, Shelby and Smyrna townships in Jefferson County; and Lovett, Marion and Montgomery townships in Jennings County. |
| District No. 8 | Sand Creek, Columbia, Center Campbell, Vernon and Bigger townships in Jennings County. |
| District No. 9 | Jackson, Johnson, Franklin, Center, Delaware and Washington townships in Ripley County. |

The Board of Directors may review the composition of the several Districts at any time, but not less than every five (5) years. If it

should be found that inequalities in representation have developed which can be corrected by a re-delineation of Districts, the Board of Directors shall reconstitute the Districts so that each shall contain as nearly as practicable the same number of members.

Section 8. Nomination of Directors

Each board member of a District for which a Director will be elected at the next annual meeting shall nominate three (3) members from that District to serve as a Nominating Committee. The Board of Directors shall accept or reject these nominees to the Nominating Committees. Nominating Committee members may not be an existing, or a Close Relative of an existing Cooperative Official or Director. Selection of the Nominating Committee shall be done not less than sixty (60) days nor more than one hundred fifty (150) days before each annual meeting of the members of the Cooperative. Each Nominating Committee in each District shall meet and select at least one member who resides in the District to be voted upon for the office of Director of the Cooperative from the District at the next annual meeting and shall report its nominations to the Board of Directors of the Cooperative not less than sixty (60) days prior to the next annual meeting of the members. The nominating report shall be signed by the Chairman of the Nominating Committee. If a director cannot or does not nominate members to serve as a Nominating Committee for his or her district, then the Board of Directors shall select members from that district to serve as a Nominating Committee.

A majority vote of the Nominating Committee shall be required to nominate a candidate. No member of the Nominating Committee shall be eligible to be nominated as a candidate for Director.

A candidate must be a member in good standing and reside in the District and must possess the qualifications for a Director specified in Section 3 of Article IV of these Bylaws.

In addition to Nominating Committee Nominations, Members may nominate, through petition, individuals to run for election for a Director position as described below.

Thirty (30) or more members from a District from which a Director is to be elected may make nominations for that District in writing over their signatures. The petition shall be signed not more than one hundred twenty (120) days before the date of the meeting of the members and shall be delivered to the Cooperative office not less than thirty (30) days prior to the meeting. The petition shall be in a form as prescribed below:

- (1) Listing, on each page of the Member Petition, the name of the Member Petition Nominee;
- (2) Indicating, on each page of the Member Petition, the Director position and District for which the Member Petition Nominee will run; and
- (3) Containing the printed names, addresses, and telephone numbers, and original dated member signatures who reside in the District.

The Secretary shall determine if the nominee and the petition meet the requirements of these Bylaws. If the Secretary is a candidate from the same District, the President shall make this decision. The Secretary shall post nominations by the petition with the other nominations at the principal office of the Cooperative at least fifteen (15) days before the annual meeting.

If, before the scheduled election, a Nominee dies, becomes incapacitated, or ceases to be qualified to be a Director, then the Nominating Committee may nominate another qualified individual to serve as a Director Nominee. As determined by the Board, the Cooperative may reasonably compensate or reimburse Nominating Committee members.

Section 9. Vacancies

Subject to the provisions of these Bylaws with respect to the removal of Directors, vacancies occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors and the Directors thus elected, shall serve until the next annual meeting of the members or until their successor shall have been elected and shall have qualified.

Section 10. Compensation

Directors may, by resolution, authorize compensation, including insurance benefits, for authorized Cooperative business as part of their duties as Directors. Directors shall be reimbursed for and may receive advancement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in attending meetings and performing duties. No Director shall receive compensation for serving the Cooperative in any other capacity. No close relative of a Director shall receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by the Board of Directors.

ARTICLE V - Meetings of Directors

Section 1. Regular Meetings

A regular meeting of the Board of Directors shall be held without notice immediately after the annual meeting of members. A regular meeting of the Board of Directors shall also be held monthly at the time and place as provided for by the Board of Directors. The regular monthly meetings may be held without notice other than the resolution fixing the time and place.

Section 2. Special Meetings

Special meetings of the Board of Directors may be called by the President or any three (3) Directors. The Secretary shall give notice of the meeting. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (the place selected for the meeting shall be reasonably accessible and shall not create undue hardship to a majority of the Board of Directors) for the holding of any special meeting of the Board of Directors called by them.

Special meetings, upon proper notice, may also be held via telephonic communication conference call, without regard to the actual location of the Directors at the time of the telephonic conference meeting, if two-thirds (2/3) of the Directors consent and are available to participate in the telephonic conference call. Minutes of any special meeting held by telephonic communication shall be taken and recorded and approved as official minutes of the board meeting. Any approved action taken at special board meetings via telephonic communication means shall be considered the action of the whole board.

Section 3. Notice

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally, electronically or mailed to each Director's residence. The notice shall be deemed to be delivered when electronically transmitted (via fax or e-mail) or deposited in the United States mail, postage prepaid.

Section 4. Waiver of Notice

Any director may waive in writing, any notice of a meeting required to be given by these Bylaws. The attendance of a Director at any meeting shall constitute a waiver of notice of that meeting by the Director, unless the Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 5. Quorum

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than a majority of the Directors are present at the meeting, a majority of the Directors present may adjourn the meeting. The Secretary shall notify any absent Directors of the time and place of the reconvened meeting.

Section 6. Manner of Acting

The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a larger number is required by the Articles Of Incorporation, these Bylaws, or by law.

Section 7. 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:

- a. Taken by all Directors.
- b. Evidenced by a waiver of notice signed by each Director.
- c. Evidenced by one (1) or more written consents:
 1. Describing the action taken;
 2. Signed by each Director; and
 3. Included with the Cooperative's official Board Minutes.

Unless the Director's written consent specifies a different effective date, action taken by Directors' written consent is effective when the last Director signs the consent and waiver of notice.

Section 8. Committees.

The Board may create a committee of the Board ("Board Committee") and appoint Directors to serve on the Board Committee. A Board Committee must consist of two or more Directors and serves at the Board's discretion. The Board may create a committee of the Members ("Member Committee") and appoint Members, including Directors, to serve on the Member Committee.

- (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: (1) creation of a Board Committee or Member Committee; (2) appointment of Directors to a Board Committee; and (3) appointment of Members to a 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. A Member Committee may act as specified by the Board, but may not exercise Board authority. Except as otherwise provided in 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: (1) retire and pay Capital Credits; (2) approve the Cooperative's dissolution or merger, or the sale, pledge, or Transfer of all, or substantially all, Cooperative Assets; (3) elect, appoint, disqualify, or remove a Director, or fill a Board or Board Committee vacancy; or (4) adopt, amend, or repeal Bylaws, rate schedules, service rules and regulations or the Articles of Incorporation.

ARTICLE VI - Officers

Section 1. Number and Ascension to Authority

The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer and other officers as may be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person. If a Director Quorum is present at a Board Meeting, then:

- (1) In descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary, and Treasurer; and
- (2) If no Officer is present or desires to preside at a Board Meeting, then the Directors attending the Board Meeting must elect a Director to preside over the Board Meeting.

The Board may promulgate or approve rules, policies, and procedures regarding:

- (1) Attendance at, participation in, or presentation during Board Meetings by Persons other than Directors;
- (2) The right to access, inspect, or copy minutes, records, or other documents relating to a Board Meeting by Persons other than Directors; or
- (3) The conduct of Board Meetings.

Section 2. Election and Term of Office

The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at the meeting, the election shall be held as soon as convenient. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until a successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws for the removal of officers.

No person may be elected to the same office for more than two consecutive one-year terms. A person may serve a partial term in addition to that. If a person serves as President for two consecutive years, that person is ineligible to hold any office for one year after his or her term as President expires.

Section 3. Removal

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

Section 4. Vacancies

Except as otherwise provided in these Bylaws, a vacancy in any office may be elected by the Board of Directors for the unexpired portion of the term.

Section 5. President

The President shall be the principal executive officer of the Cooperative and shall preside at or appoint a Board Member, General Manager, Executive Vice-President, Chief Executive Officer or designated Attorney, to preside at meetings of the members and of the Board of Directors. The President may (a) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution shall be expressly delegated by the Board of Directors or by these Bylaws to another officer or agent of the Cooperative; and (b) in general, shall perform all duties incident to the office of President and other duties as may be assigned by the Board of Directors.

In addition to the other qualifications, the President must have obtained both the Credentialed Cooperative Director (CCD) and Board Leadership (BL) certifications from NRECA.

Section 6. Vice-President

In the absence of the President, or in the event of the President's 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 perform other duties as assigned by the Board of Directors.

Section 7. Secretary

The Secretary shall be responsible for:

- a. Preparing minutes of Board and members' meetings.
- b. Authenticating the corporate records.
- c. Performing all duties incident to the office of Secretary and other duties assigned by the Board of Directors.

Section 8. Treasurer

The Treasurer shall be responsible for the performance of all duties incident to the office of the Treasurer and other duties assigned by the Board of Directors.

Section 9. Delegation of Secretary's and Treasurer's Responsibilities

The Board of Directors may delegate part of the responsibility and authority for the regular or routine administration of an officer's duties to other officers or to employees of the Cooperative who are not Directors. An employee delegated with such responsibility may be, but is not required to be, a member of the Cooperative. To the extent that the Board delegates duties, that officer is released from those duties and responsibilities.

Section 10. Executive Vice-President/Chief Executive Officer

The Board of Directors may appoint an Executive Vice-President (EVP) or Chief Executive Officer (CEO) who may be, but who shall not be required to be, a member of the Cooperative. The EVP or CEO shall have the duties, authority and responsibilities as assigned by the Board of Directors.

Section 11. General Manager

The Board of Directors may appoint a General Manager who may be, but who shall not be required to be, a member of the Cooperative. The General Manager shall perform duties and shall exercise authority as assigned by the Board of Directors.

Section 12. Bonds of Officers

The Board of Directors may require the purchase of a bond at the Cooperative's expense for the Treasurer or any other officer or employee of the Cooperative charged with responsibility for its funds or property.

Section 13. Indemnification of Directors, Officers, and Employees

Each director, officer, employee or authorized agent is entitled to the rights and remedies provided by I.C. 23-17-16 and any amendments thereto or substitution thereof in addition to any other rights or remedies provided to such director, officer, employee or authorized agent in this article.

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

The Cooperative may select the attorney to represent the person to be indemnified. The Cooperative may determine the reasonable amount of attorney fees and other expenses incurred in a defense.

Section 14. Reports

The officers of the Cooperative shall submit at each annual meeting of the members reports governing the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of the fiscal year.

ARTICLE VII - Seal of Cooperative

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative, the words "Southeastern Indiana Rural Electric Membership Corporation, Versailles, Seal, Indiana" and the figures "1939".

ARTICLE VIII - Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January each year and end on the 31st day of December in the same year.

ARTICLE IX - Financial Transactions

Section 1. Contracts

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

Section 2. Checks, Drafts, etc.

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

Section 3. Deposits

All funds of the Cooperative shall be deposited to the credit of the Cooperative in a bank or banks as the Board of Directors may select.

ARTICLE X - Disposition of Property

The Cooperative shall not sell, lease, or otherwise dispose of all, or substantially all, the property of the Cooperative unless it shall have been authorized by resolution duly adopted by affirmative vote of two-thirds (2/3) of the Board of Directors of the Cooperative at a regular or special meeting called for that purpose and unless it shall have been authorized by resolution duly adopted at a meeting of the members called and held as provided in these Bylaws. The resolution must receive an affirmative vote of at least two-thirds (2/3) of all of its members and must also be approved by Hoosier Energy, REC and the Rural Utilities Service (RUS).

The board of directors shall have full power and authority to lease, lease-sell, exchange, transfer or otherwise dispose of services and electric energy, property acquired for resale, merchandise, property not necessary or useful for the operation of the Cooperative: PROVIDED, that sales of such unnecessary property shall not in any one year exceed ten percent in value of all the property of the Cooperative other than merchandise and property acquired for resale.

Supplementary to any other applicable provisions of law or these bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of any of the Cooperative's properties and assets shall be authorized except in conformity with the following:

- (1) If the board of directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition in excess of ten percent of the value of all the property of the Cooperative other than merchandise and property acquired for resale, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the board of directors. The board of directors may employ various professional consultants in the appraiser selection process at the expense of the cooperative.
- (2) If the board of directors, after receiving such appraisals, (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every other electric cooperative corporately sited and operating in Indiana (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal, which the Cooperative has already received, and copies of the respective reports of the three (3) appraisers. Such electric cooperative shall be given not less than ninety (90) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (3) If the board of directors then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall first adopt by the affirmative note of three-fourths of all directors a resolution recommending the sale and directing the submission of the proposal to a vote of the members at a duly held member

meeting, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety (90) days after giving of such notice to the members; PROVIDED, that consideration and action by the members may be given at the next annual member meeting if the board so determines, and if such annual meeting is held not sooner than ninety (90) days after the giving of such notice.

- (4) Any four hundred (400) or more members, by so petitioning the board of directors not less than forty (40) days prior to the date of such special or annual meeting may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members of record any opposing or alternative positions which they may have to the proposals that have been submitted and/or any recommendations that the board of directors has made.
- (5) In connection with the exercise of its independent judgment in determining what is in the best interest of the Cooperative and its members when evaluating any proposal for dissolution, merger, consolidation, sale of assets, lease, transfer, or other disposition of all or substantially all of the Cooperative's assets, the board of directors shall consider all of the following factors and other factors which, in its sole discretion, deems relevant:
 - (1) The long-term as well as short-term interest of the Cooperative and its members, including the possibility that those interests may be best served by the continued existence of the Cooperative;
 - (2) The societal and economic impact of the transaction upon the community(s) and service territories;
 - (3) The societal and economic effects of the transaction upon the Cooperative's employees; and
 - (4) The long-term as well as short-term effect on the Cooperative's system engineering, integrity and reliability, service restoration time due to electric outages and change in representation and/or governance, if applicable.

These provisions shall not apply to the sale, lease, exchange, transfer or disposition of all or substantially all of the Cooperative's assets to one or more rural electric cooperatives if the substantive or actual legal affect is to merge or consolidate with one or more rural electric cooperatives.

ARTICLE XI - Financing

The Board of Directors of the Cooperative shall have authority without authorization by the members to authorize the execution and delivery of a mortgage or mortgages, a deed or deeds of trust, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative whether acquired or to be acquired and wherever situated, as well as the revenues therefrom, for the purpose of financing the construction or maintenance of the Cooperative's distribution or transmission system or systems and for general plant or special equipment as may be defined in the Uniform System of Accounts prescribed by the Rural Utilities Service (RUS) and upon terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to any federal agency or to any financial institution. The Board of Directors is authorized to issue its obligations in anticipation of its revenues for any corporate purpose in compliance with the laws of the State of Indiana.

ARTICLE XII - Non-Profit Organization

Section 1. Interest or Dividends on Capital Prohibited

The Cooperative shall be operated on a Cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on capital furnished by its members. (Security deposits are not to be construed as capital furnished for purposes of this section.)

Section 2. Patronage Capital in Connection with Furnishing Electric Energy

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all members will furnish capital for the Cooperative through their patronage. 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 members for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All amounts in excess of operating costs and expenses are received with the understanding that they are furnished by the member as capital. The Cooperative is obligated to pay by credits to a capital account for each member all amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital. The books and records of the Cooperative showing capital credits to a member's account shall be made available to the member upon request at the business office of the Cooperative.

Any other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital credits to the accounts of members as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired in accordance with Section 1 of Article II. If the Board of Directors shall determine at other times that the financial conditions of the Cooperative will not be impaired thereby, the capital credited to member's accounts may be retired in full or in part in accordance with the decision of the Board of Directors.

The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. The rules shall (a) establish a method of determining the power supply portion of capital credited to each member for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to Cooperative's members.

If the Cooperative shall be entitled to receive, or shall be credited with, other patronage refunds or capital credits from any other cooperative in which the Cooperative as a member transacts business, patronage refunds or capital credits shall be allocated to the members of the Cooperative by the same methodology used to allocate the "members patronage capital" and all patronage refunds or capital credits shall be paid to this Cooperative's members only after the same are received in cash, by this Cooperative and when the Board of Directors shall determine that the financial condition of the Cooperative will not be adversely impaired thereby, the capital thus credited to member's accounts may be retired in full or in part.

Before retiring any capital credited to any member's account, the Cooperative shall deduct any amounts owed by the member to the Cooperative together with interest thereon at the legal rate on judgments in effect when the amount became overdue, compounded annually.

Section 3. Distribution of Unclaimed Patronage Capital

Pursuant to the statutes of the State of Indiana, the Cooperative shall recover any capital credits, patronage refunds, utility deposits, account balances or book equity which remain unclaimed for a period of two (2) years following the attempted payment by the Cooperative to a member or former member. Prior to the recovery of the unclaimed funds, the Cooperative shall give reasonable notice to the membership of the names of those members who are entitled to claim the funds, and that if not claimed at the office of the Cooperative within sixty (60) days of the notice, the funds shall be forfeited to the Cooperative and reallocated for distribution as provided by Statute. All unclaimed funds recovered by the Cooperative shall be considered an irrevocable assignment and gift to the Cooperative of the funds by the member formerly entitled thereto. Nothing in this Section shall be construed to prohibit the Cooperative from crediting any of the above described funds against the member's or members' debt to the Cooperative prior to the payment to the member or allocation in favor of other members.

Section 4. Patronage Capital in Connection with Joint Membership

All capital credits as provided for in this Article shall be regarded as being held jointly with rights of survivorship between members holding a joint membership. Upon the death of any joint member(s), said capital credits shall become the sole propriety of the surviving member(s).

ARTICLE XIII - Miscellaneous

Section 1. Rules and Regulations

The Board of Directors shall have power to make, adopt, and enforce rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 2. Accounting System and Reports

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

The Board of Directors shall also, after the close of each fiscal year, cause to be made by a Certified Public Accountant a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of the fiscal year. A report of the audit shall be submitted to the Board of Directors as soon as practicable after its receipt by the Cooperative.

Section 3. Membership in Other Organizations

The Cooperative may become a member of any other organization as determined by the Board of Directors in its sole discretion and the Board of Directors shall have full power and authority on behalf of the Cooperative to purchase stock in or to become a member of, any corporation, partnership, association or cooperative if deemed by the Board of Directors to be advantageous to the Cooperative's purpose.

Section 4. Cooperative Newsletter

For the purposes of disseminating information, the Board of Directors may provide a periodic newsletter(s) to members or may subscribe to a publication of another organization. The annual cost shall be approved by the Board of Directors and shall be treated as any other expense of the Cooperative.

Section 5. Stray Voltage - Duties and Responsibilities

Neutral-to-earth voltage (commonly referred to as "stray voltage") results from the normal operation of an electric distribution or transmission system and normally would not exceed ten volts. This voltage, although present, is not normally perceptible to humans but may cause adverse animal (mainly livestock including dairy cattle) reactions. It shall therefore be the duty of any member suspecting detrimental effects from neutral-to-earth voltage to notify the Cooperative in writing of the suspected detrimental effect and the consequences thereof.

Section 6. Electric Energy Rate Schedules

The Board of Directors establishes the rates and charges for electric energy sold to members. The Board of Directors has also adopted rules, regulations, and standards of service for this Cooperative. The Board of Directors may change Bylaws, rates, charges, rules, regulations, and standards of service at its sole discretion.

Section 7. Economic Development Rates

The Cooperative and its power supplier, Hoosier Energy REC, Inc., offer a special economic development rate to industrial users. Power used under the economic development rate will not be considered in determining patronage capital.

Section 8. Area Coverage

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

Section 9. Parliamentary Procedure

Meetings of the members, Board of Directors or any committee shall be governed by:

- a) The laws of the State of Indiana.
- b) The Cooperative's Articles of Incorporation.
- c) The Cooperative's Bylaws.
- d) The most recent edition of "Roberts Rules of Order".

ARTICLE XIV - Amendments

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than three-fourths (3/4) of all the members of the Board of Directors, which vote may be taken at any regular or special meeting of the Board of Directors; provided that notice of such alteration, amendment or repeal shall have been given with the notice of the meeting.

These Bylaws were duly adopted by the Board of Directors of the Southeastern Indiana Rural Electric Membership Corporation on June 15, 2015 and supersede all prior Bylaws and amendments.

/S/ **Brad Bentle**
President
Board of Directors

(CORPORATE SEAL)

ATTEST: /S/ **Chris Schmaltz**
Secretary
Board of Directors

Statement of Nondiscrimination

Southeastern Indiana REMC is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is the General Manager, Southeastern Indiana REMC. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural Utilities Service, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discriminatory action, or by such later date to which the Secretary of Agriculture or the Administrator of RUS extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purpose of the rules and regulations of the U.S. Department of Agriculture.