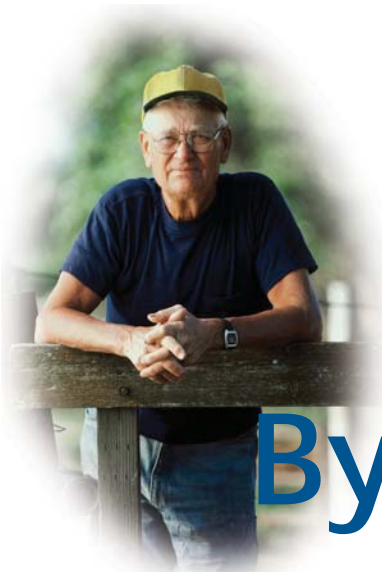


HENDRICKS POWER

Cooperative



Bylaws

Bylaws

Hendricks County Rural Electric Membership Corporation

doing business as

Hendricks Power Cooperative

ARTICLE I

MEMBERSHIP

Section 1. Requirements for Membership

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Hendricks County Rural Electric Membership Corporation (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- a. Made a written application for membership therein;
- b. Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- c. Agreed to comply with and be bound by the Articles of Incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors, and
- d. Paid the membership fee hereinafter specified.

Section 2. Membership Certificates

Membership in the Cooperative shall be evidenced by a receipt which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. No receipt shall be issued for less than the refundable membership fee fixed in these bylaws, nor until such membership fee has been fully paid.

Section 3. Joint Membership

Two or more persons 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 the persons holding 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. 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 vote of either separately or both shall constitute one joint vote;
- c. A waiver of notice signed by either or both shall constitute a joint waiver;
- d. Notice to either shall constitute notice to both;
- e. Expulsion of either shall terminate the joint membership;
- f. Either but not both may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office.

Section 4. Conversion of Membership

- a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of the Incorporation, bylaws and rules and regulations adopted by the Board.
- b. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 5. Membership Fees

- a. On and after March 28, 2006, the Cooperative shall charge a refundable membership fee of \$20.00, payment of which shall make a member eligible for all rights of membership. All or any part of such membership fee may be applied, without notice, to the account of the member. On or after March 28 2006, the cooperative may charge a member a non-refundable fee as determined by the cooperative for additional meters.
- b. Such refundable membership fee shall not bear interest.
- c. The non-refundable memberships issued through August 30, 1976, are to be refunded to the original payer, or their transferees or successors in interest, as the accounts they serve become inactive.
- d. All meter deposits issued through August 30, 1976, shall and will become refundable membership fees and will be refunded to the original payer, or their transferees or successors in interest, as the accounts they serve become inactive.

e. All refunds of \$5.00 membership fees as contemplated herein shall go to the original payer or his personal representative and/or by the transferee or personal representative as contemplated by the probate laws of the State of Indiana.

f. It is the intent of this bylaw to consolidate former membership fees and/or meter deposits in the amount that they may appear on the Cooperative's books to refundable membership fees and to pay to the original members or their successors or transferees the amount of said fee when they no longer are members of the Cooperative.

g. All memberships that previously had been transferred to any member or any successor in occupancy or ownership of the premises occupied or owned by him shall be deemed to be vested in that member and shall be non-transferable but shall be refundable in accordance with the other provisions of the bylaw.

Section 6. Purchase of Electric Energy

Each member shall, as soon as electric energy shall be available, obtain from the Cooperative all electric energy purchases for use at the location specified in his application for membership, and shall pay therefore at rates which shall from time to time be approved by 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 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 approved by the regulatory body from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 7. Termination of Membership

a. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board of Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, bylaws, or rules and regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such

notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting.

b. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

c. Membership shall also terminate when the member no longer receives electric energy at each service connection from the Cooperative, and his refundable membership fee or fees less any amounts owed by him to the Cooperative shall be refunded to him for each terminated service connection of said member.

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 in accordance with the applicable provisions of law.

Section 2. Non-Liability for Debts of the Cooperative

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

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meeting

The annual meeting of the members shall be held at such time as designated by the board of directors at such place within a county served by the Cooperative, as selected by the Board of Directors and which shall be designated in the notice of the meeting, for the purpose of electing Board members, reviewing 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 of

Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings

Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three (3) Board members, by the President, or by five percent (5%) or more of the members from each and every area served as defined in Section 1 of Article IV, 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 of Directors and shall be specified in the notice of the special meeting.

Section 3. Notice of Member's Meetings

Written or printed notice stating the place, day and hour of the meetings, and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Waiver of Notice

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 case a member 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

At least one-fiftieth (1/50) of the total number of members of the Cooperative present in person shall constitute

a quorum for the transaction of business at all meetings of the members; provided if less than one-fiftieth (1/50) of the total number of members are present at said meeting, a majority of the members so present may adjourn the meeting from time to time without further notice, provided, that the secretary shall notify any absent members of the time and place of such adjourned meeting.

Section 6. Voting

Each Member is entitled to one vote only. A majority vote of those members who are voting at any regular meeting, or any special meetings of the members called for that purpose, shall be necessary for the taking of any action, adoption of any resolution, or the election of any directors, or otherwise, as the case may be, except as otherwise provided by law, the Articles of Incorporation or these bylaws. Provided, that if more than two (2) persons are running for election as a director from the same district, then the person receiving the most votes shall be elected.

Section 7. Order of Business

The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members, shall be essentially as follows:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, of the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees and committees.
5. Election of Board members.
6. Unfinished business.
7. New business.
8. Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members may establish a different order of business for the purpose of assuring the consideration of any item of business.

Section 8. Rules of Order

Except for the order of business as hereinbefore provided in Section 7 of this Article, all questions of parliamentary procedure coming before any meeting of the members shall be governed and resolved according to

Roberts Rules of Order, latest revision as of the date of such meeting.

ARTICLE IV

BOARD MEMBERS

Section 1. General Powers

The business and affairs of the Cooperative shall be managed by the Board of Directors of ten (10) members which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or by these bylaws, conferred upon or reserved to the members.

Section 2. Designation of Area Served

The territory now served by the Cooperative is divided into ten (10) areas and designated as follows:

The territory served in Morgan County, all territory south of U.S. 40 in Liberty Township, Hendricks County, and Guilford Township, Hendricks County is designated as Area Number 1.

All territory served in Center Township, Hendricks County, and all territory served in Liberty Township, Hendricks County, north of U.S. Route 40 is designated as Area Number 2.

All territory served in Brown Township, Hendricks County, and all territory served in Lincoln Township, Hendricks County north of Indiana State Road 136, is designated as Area Number 3.

All territory served in Union Township and Middle Township, Hendricks County, is designated as Area Number 4.

All territory served in Marion Township, Hendricks County, and Jackson Township, Putnam County, is designated as Area Number 5.

All territory served in Clay Township, Hendricks County, and Floyd Township, Putnam County, is designated as Area Number 6.

All territory served in Washington Township, Hendricks County, and all territory served in Lincoln Township, Hendricks County, south of Indiana State Road 136, is designated as Area Number 7.

All territory served in Franklin Township, Hendricks County, and Marion and Greencastle Township, Putnam County, is designated as Area Number 8.

All territory served in Eel River Township, Hendricks County, and all territory in Montgomery County is designated as Area Number 9.

All territory served in Jefferson, Cloverdale and Warren Townships, Putnam County, is designated as Area Number 10.

At the annual meeting of the members to be held in 1976, Directors shall be elected from the areas designated as 7, 8, 9 and 10, by secret ballot from members present to serve for a period of three (3) years, or until their successors have been fully elected and qualified. The directors from the areas designated 1, 2, and 3, shall be elected the following year (1977), and the Directors from the areas designated 4, 5, and 6 shall be elected the next year (1978), for the same periods as heretofore set out until their successors have been fully elected and qualified.

Section 3. Election and Tenure of Office

The persons named as Board members in the Articles of Incorporation shall compose the Board of Directors until their successors have been elected and shall have qualified. Members of the Board of Directors shall be elected by secret ballot for a term of three (3) years each in the manner set forth in Section 2 above, 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 purpose of electing Board members within a reasonable time thereafter.

Section 4. Qualifications

No person shall be eligible to become or remain a Board member of the Cooperative who:

- a. Is not a member and bona fide resident in the area from which he / she is nominated; or
 - b. Is in any way employed or financially interested in a competing enterprise or a business selling electric energy, or a business selling supplies or services to the Cooperative.
- However, a Board member's election to the Board of Directors of the Indiana Statewide Association of Rural Electrics, Inc. or to Wabash Valley Power Association, Inc. does not make such Board member ineligible and does not constitute any conflict of interest.

c. Fails to attend three meetings of the Board of Directors, including regular and special board meetings during the twelve month period commencing each April 1, unless such absences are approved by the Board of Directors. A Board member should notify the President of the Board of Directors if they will not be attending or, in an emergency, as soon as feasible. In the event a Board member's absences exceed the standards established in this subsection the Board President will determine if the excessive absences are acceptable and advise the Board of the finding. The Board will have the final determination as to approval of absences.

d. Is a relative of an employee or employee's spouse, or director or director's spouse. For purposes of these bylaws, relatives shall mean: spouse, mother, mother-in-law, father, father-in-law, daughter, daughter-in-law, son, son-in-law, stepchild, brother, brother-in-law, sister, sister-in-law, uncle, aunt, niece, nephew, cousin or cousin by marriage.

e. Who has been or is convicted of a felony.

f. Has been an employee of the cooperative within the last three (3) years.

g. Fails to comply with the policies approved by the Board of Directors.

Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board of Directors shall remove such Board member from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Section 5. Nominations

Any thirty (30) or more members from an area from which a director is to be elected may make nominations for that area in writing over their signatures. Said petition shall be signed not more than one hundred fifty (150) days before the date of the meeting of the members and shall be delivered to the Cooperative not less than sixty (60) days prior to the meeting. The Secretary shall forthwith post the list of nominations by petition at the principal office of the Cooperative at least thirty (30) days before the meeting.

A member currently serving on the board of directors will be automatically nominated upon providing written notification to the cooperative not more than one hundred fifty (150) days before the date of the meeting of the members and not less than sixty (60) days prior to the meeting.

In order to be eligible for nomination to the board of directors, the individual being nominated must meet all

qualifications of a director as per Article IV Sec 4 of these bylaws and must complete and submit a director application form. There shall be no nominations from the floor.

Failure to comply with any of the provisions in this Section shall not affect the validity of any election of directors.

Section 6. Removal of Board Member 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 ten percent (10%) of the members residing in each and every area from which Board members are nominated as specified in Section 2 of Article IV, 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 (10) 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 and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

Section 7. Vacancies

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of Board members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of the majority of the remaining Board members for the unexpired portion of the term.

Section 8. Compensation

Board members shall not receive any salary for their services as such, except that the Board of Directors of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board of Directors. If authorized by the Board of Directors, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for

some of these expenses. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Board member or his close relative shall have been certified by the Board as an emergency measure.

ARTICLE V

MEETING OF BOARD

Section 1. Regular Meetings

A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members unless otherwise determined by the Board of Directors. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meeting

Special meetings of the Board of Directors may be called by the President or by any three (3) 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 3. Notice of Board Meetings

Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each Board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board members at this address as it appears on the records of the Cooperative, with postage thereon prepaid, at least three days before the date set for the meeting.

Section 4. Quorum

A majority of the Board of Directors 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 5. Waiver of Notice

Any Director may waive in writing any notice of meetings required to be given by these bylaws. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting by such Director, except in case a 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.

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 of Directors 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 President, Vice-President and Secretary 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. The Treasurer may be appointed by the Board of Directors and need not be a member. If the election of the President, Vice-President and Secretary shall not be held at such meeting an election shall be held as soon as thereafter may be 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 his successor shall have been duly elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

Section 3. Removal

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever

in its judgment the best interests of the Cooperative will be served thereby.

Section 4. President

The President shall:

- a. Be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors;
- b. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c. In general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 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 of Directors.

Section 6. Secretary

The Secretary shall be responsible for:

- a. Keeping the minutes of meetings of the members and of the Board of Directors in books provided for that purpose;
- b. Seeing 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 certificates of membership prior to the issue thereof, and 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 of Directors.

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 issuance of receipts for all monies due and payable to the Cooperative and for the deposit 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 of Directors.

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 shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him.

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 shall be bonded in such sum and with such surety as the Board of Directors 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 of Directors subject to the provisions of these bylaws with respect to compensation for a Board member and close relatives of a Board member.

Section 11. Reports

The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports 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 Prohibited

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

Section 2. Patronage Capital in Connection with Furnishing Electric Energy

In the furnishing of electric energy the Cooperative's operations shall be conducted so that all members will, through their patronage, furnish capital for the Cooperative. To induce patronage and assure 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 such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital. The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and record of the Cooperative shall be set up and kept so that at the end of each fiscal year the amount of capital so furnished by each member is clearly reflected and credited in an appropriate record to each member's capital account.

All such amounts credited to the capital account of the member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had furnished the Cooperative corresponding amounts for capital.

All other revenue and receipts received by the Cooperative in excess of costs and expenses shall, insofar as permitted by law, be: (a) used to offset any losses incurred during the current or prior fiscal year; and (b) to the extent not utilized for that purpose, allocated as capital credits to the members in the same manner as the cooperative allocates operating patronage capital and said non-operating patronage capital will then be included as part of the member's capital credit account as herein set forth; provided, the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of the capital credited to the

members' accounts which is non-operating patronage capital and may preclude the retirement of said capital until after all operating patronage capital has been retired and paid.

In the event of the dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired in accordance with policies of the Board of Directors. 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 credited to the members' accounts may be retired in full or in part in accordance with the decision of the Board of Directors, including, but not limited to, a determination of the method, basis, priority, and order of retirement.

Notwithstanding any other provisions of these Bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of any member, if the legal representative of his / her estate shall request in writing that the capital credited to any member be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any member immediately upon such terms and conditions as the Board of Directors shall determine; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The members of the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the member are bound by such contract as fully as though each member had individually signed a separate instrument containing such terms and provisions. Provided further, however, that the Board of Directors shall have the power to adopt rules providing for the separate allocation and retirement of the capital credited to the account of the cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) permit the cooperative to not allocate said generation and transmission patronage capital to the members until said capital is paid to the cooperative; (b) establish a method for determining the power supply portion of the capital credited to each member's account for the applicable fiscal year; (c) provide for separate identification on the cooperatives books of said generation and transmission patronage capital credited to the Cooperatives members; and (d) provide for appropriate notifications to members with respect to the power supply

portion of capital allocated to their accounts. The Board of Directors shall have the power to adopt rules providing for the separate retirement of generation and transmission patronage capital which rules may preclude a general retirement of said power supply portion of the capital credited to the members for the same year or any prior fiscal year.

Section 3. Unclaimed Funds of Members

Pursuant to the statutes of the State of Indiana, the Cooperative shall recover any capital credits, patronage refunds, utility deposits, membership fees, account balances, or book equities 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 said 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 failure to claim shall constitute an assignment and contribution of said funds by the member or former member to the Cooperative. If after sixty (60) days the funds remain unclaimed, said funds shall be considered a contribution to capital to the Cooperative. Nothing in this section shall be construed to prohibit the Cooperative from crediting any of the above-described funds against the member's debt to the Cooperative prior to their payment to the member.

ARTICLE VIII

DISPOSITION OF PROPERTY AND FINANCING

The Corporation may not sell, lease or otherwise dispose of all, or substantially all, of the property of the Corporation unless (a) the same shall be authorized by a resolution duly adopted at a meeting of its members duly called and held, which resolution shall have received the affirmative vote of a majority of all members residing in each and every area from which the ten Board members were nominated as set forth in Article IV of these bylaws and unless (b) the same shall be approved by the Indiana Utility Regulatory Commission; provided, however, that the Board of Directors of the Corporation shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust of, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the

Corporation, 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 Corporation's distribution system and for general plant as defined in the Uniform System of Accounts prescribed by the Indiana Utility Regulatory Commission, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Corporation to the United States of America or any agency or instrumentality thereof or to any financial institution.

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, the words "Hendricks County Rural Electric Membership Corporation, Danville, Seal, Indiana" and the figures "1938".

ARTICLE X

FINANCIAL TRANSACTIONS

Section 1. Contracts

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

Section 2. Checks, Drafts, Etc.

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

Section 3. Deposits

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

Section 4. Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI

MISCELLANEOUS

Section 1. 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 of Directors, purchase stock in or become a member of any corporation or organization organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification.

Section 2. Waiver of Notice

Any member or Board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Board member at any meeting by such member or Board member, except in case a member or 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 3. Policies, Rules and Regulations

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

Section 4. Accounting Systems and Reports

The Board of Directors 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 acceptable under the Uniform System of Accounts. 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 account, books and financial condition of the

Cooperative as of the end of such fiscal year. A report of such audits shall be available for inspection by the members after it has been accepted by the Board of Directors and pursuant to the policy on members' access and review of Corporation documents.

Section 5. 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 such service; and
- b. Meet all the reasonable requirements established by the Cooperative as a condition of such service.

Section 6. Electric Consumer

The Cooperative is hereby authorized to provide for the annual subscription price each year for each member to Electric Consumer, published by Indiana Statewide Rural Electric Cooperative, Inc., from either said members' assessment for electrical service or said members' accrued patronage refund account.

Section 7. Indemnification of Directors, Officers and Employees

No person or his heirs, executors and administrators shall be liable to the Cooperative for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director, officer or employee of the Cooperative in good faith, if such person exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs or took or omitted to take such action in reliance upon advice or counsel for the Cooperative or upon the statements made or information furnished by officers or employees of the Cooperative which he had reasonable grounds to believe. Each Director, officer and employee of this Cooperative and his heirs, executors and administrators shall be indemnified and held harmless by this Cooperative against all costs, expenses and amounts or liability therefore; including attorney's fees reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding or claim to which he may have been made a party by reason of his being or having been a director, officer or employee, or any settlement thereof, whether or not he continues to be such director, officer or employee at the time of incurring such cost, expense or amounts, and whether or not the action or

omission to act, on the part of such director, officer or employee which is the basis of such suit, action, proceeding or claim, occurred before or after adoption of these bylaws, except in relation to matters as to which he shall have been finally adjudged in such action, suit or proceeding or if there being no such action, suit or proceeding, then determined in conjunction with the settlement of any such claim, by a majority of the quorum of the Board of Directors of this Cooperative which is unaffected by self interest, to have been liable for negligence or misconduct in the performance of his duties as such director, officer or employee.

The provision of this section shall be in addition to and not a limitation of any other rights, indemnities or limitations of liability.

ARTICLE XII

AMENDMENTS

These bylaws may be altered, amended or repealed by the affirmative vote of no less than two-thirds (2/3) of all the members of the Board of Directors. This vote may be taken at any regular or special meeting of the Board of Directors; provided that notice of such alterations, amendment or repeal shall be given with the notice of the meeting. The foregoing is a true copy of the bylaws of the Hendricks County Rural Electric Membership Corporation, as adopted by the Board of Directors on January 20, 1944, as amended April 11, 1944, February 8, 1949, April 11, 1950, September 12, 1950, January 14, 1958, August 8, 1961, August 11, 1964, March 23, 1965, November 9, 1965, April 12, 1966, November 9, 1971, March 24, 1973, January 8, 1974, July 8, 1975, August 12, 1975, August 10, 1976, March 8, 1977, April 12, 1977, July 12, 1977, April 12, 1983, July 12, 1983, September 13, 1983, May 12, 1986, August 12, 1986, August 4, 1992, January 24, 1995, June 25, 2002, August 30, 2005, March 28, 2006, September 27, 2007, May 27, 2008 and supersede all bylaws and amendments theretofore adopted by it.



Your Touchstone Energy® Partner



Bylaws

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