

**ARTICLES OF INCORPORATION
OF
JACKSON COUNTY RURAL ELECTRIC MEMBERSHIP CORPORATION**

ARTICLE I - NAME

The name of this Corporation shall be the Jackson County Rural Electric Membership Corporation, hereinafter referred to as the Cooperative.

ARTICLE II – PRINCIPAL OFFICE

The location of the principal office of the Cooperative shall be in Brownstown, Indiana. The Board of Directors may, establish a branch office wherever they deem necessary for the business of the Cooperative or for the convenience of the Members, and may provide for meetings of the Board or of the Members at such convenient place or places within or outside the territory of the Cooperative.

ARTICLE III – TERRITORY

The territory in which the operations of the corporation are to be conducted shall be the assigned service area of the corporation as determined from time to time by the Indiana Utility Regulatory Commission, or its successors, in accordance with IC 8-1-2.3 as amended or as may be replaced.

ARTICLE IV – DIRECTORS

Section 1. The Cooperative shall be governed by a Board of Directors, which shall be selected by and from the Members of the Cooperative.

Section 2. The Board of Directors shall have all rights and privileges pertaining to their office for the purpose of governing the policies and actions of the Cooperative, excepting those rights and privileges reserved for the Members by Law, in these Articles of Incorporation, in the Bylaws or by a majority vote of the Members at a regular Members meeting.

Section 3. The number of members of the Board of Directors shall not be less than five (5) nor more than eleven (11). The exact number of members of the Board of Directors and the manner in which they shall be selected shall be fixed by the Bylaws.

ARTICLE V – DURATION

The duration of this Cooperative shall be perpetual.

ARTICLE VI – TERMS AND CONDITIONS OF MEMBERSHIP

Section 1. Any person (meaning natural person, trust, association, corporation, business trust, partnership, limited liability company, or body politic) may become a Member in the Cooperative by complying with the terms of Membership. Legal spouses may jointly become a Member provided both spouses comply jointly with the terms of Membership.

Section 2. Terms of Membership shall be as follows:

- (a) No applicant for Membership in this Cooperative shall be admitted to Membership until such applicant has accepted in writing the terms and conditions of these Articles of Incorporation and the Bylaws of the Cooperative.
- (b) A membership fee as determined by the Bylaws of the Cooperative shall be paid by the applicant before he shall be admitted to Membership.
- (c) No person shall become or remain a Member unless he shall use electric services supplied by the Cooperative.
- (d) No person shall become or remain a Member unless he complies with terms and conditions of Membership provided in the Bylaws of the Cooperative.
- (e) No Member of the Cooperative shall be individually liable or responsible for any of the debts or liabilities of the Cooperative.

ARTICLE VII – BYLAWS

Bylaws shall be adopted by the Board of Directors covering any or all matters necessary or desirable in the opinion of a majority of such Board of Directors and not inconsistent with law. The Method of amendment of the Bylaws shall be as from time to time provided in the Bylaws.

ARTICLE VIII – DISPOSITION OF PROPERTY

The Cooperative shall not sell, lease, exchange, mortgage, pledge or otherwise dispose of all, or substantially all, or any of its property other than:

- (a) Property which, in the judgment of the Board of Directors is or will be neither necessary nor useful in operating and maintaining the Cooperative's system, or property whose sale would be in the public interest as determined by the Board of Directors , provided, however, that sales of such property shall not in any one year exceed in value ten per centum (10%) of the value of all the property of the Cooperative.

- (b) Services of all kinds, including electric energy.
- (c) Personal property acquired for resale.
- (d) Property approved for sale, lease, exchange, mortgage, pledge or other disposition at a meeting of the Members by a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3^{rds}) of the Members present and the affirmative vote at such meeting of at least one-fifth (1/5th) of all its Members, the meeting having been duly called and held with the notice of such proposed sale, lease, exchange, mortgage, pledge or other disposition clearly contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the Members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, for the purpose of financing the construction or maintenance of the Cooperative'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 Cooperative to the United States of America or any agency or instrumentality thereof or to any financial institution.

ARTICLE IX – FINANCIAL OBLIGATIONS

Loan contracts, notes and mortgages, and any amendments thereto between the United States of America or any agency or instrumentality thereof or any financial institution and the Cooperative may be executed on behalf of the Cooperative by an affirmative vote of at least two-thirds (2/3^{rds}) of all the members of the Board of Directors at a regular or a special meeting for which due notice has been given to all members of the Board of Directors at least ten (10) days in advance of the date of the meeting.

The notice of the meeting shall state the proposed disposition of the loan contracts, notes and mortgages that the Board of Directors is to act upon.

ARTICLE X – PURPOSES

Section 1. The purposes of this Cooperative shall be as follows:

- (a) To render service to its Members without pecuniary profit.
- (b) To promote and encourage the fullest possible use of electric energy by its Members.

- (c) To make electric service available to the inhabitants of the territory of the Cooperative at the lowest cost consistent with sound economy and prudent management of the business of the Cooperative.

Section 2. In accordance with all of such purposes, the charges for electric energy and for every other service rendered to the Members shall be on a fair and non-profit basis, and shall provide sufficient revenues:

- (a) To pay all legal and other necessary expense incident to the operation of its system, to include maintenance cost, operating charges, upkeep, depreciation and amortization, repairs, and interest charges on bonds or other obligations;
- (b) To provide a sinking fund for the liquidation of bonds or other evidences of indebtedness;
- (c) To provide adequate funds to be used as working capital, as well as funds for making extensions or replacements (to the extent not provided for through depreciation);
- (d) To meet reasonable financial agreements entered into by the Cooperative in the process of securing capital; and
- (e) For the payment of any taxes that may be assessed against the Cooperative or its property.

Revenues and receipts not needed for the purposes of this section shall be returned to the members on an equitable basis, either in cash or in abatement of current charges for energy, as the board may decide.

ARTICLE XI – MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may become a member of a General District Cooperative as that term is defined by Indiana law upon an affirmative vote of two-thirds (2/3^{rds}) of all the Directors.