

JACKSON COUNTY RURAL ELECTRIC MEMBERSHIP CORPORATION BYLAWS

Article I – Membership

Section 1. Conditions of Membership

1.01 The corporate purpose of the Jackson County Rural Electric Membership Corporation (hereinafter called the “Cooperative”) shall be to render service to its members and no person shall become or remain a member of the Cooperative, unless such person shall purchase electric energy services from the Cooperative and shall have complied with the terms and conditions in respect to membership contained in these Bylaws.

1.02 Any person (meaning natural person who is an adult or emancipated minor, firm, association, company, corporation, business trust, partnership, limited liability company or body politic) may become a member of the Cooperative by:

- a. Filing a written application for membership therein.
- b. Agreeing to purchase from the Cooperative electric energy services as hereinafter specified.
- c. Paying the membership fees, as hereinafter specified.
- d. Agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and by such Rules, Regulations and Policies as may be adopted from time to time by the board of directors, and,
- e. Receiving electric energy services supplied by the Cooperative.

1.03 Legal spouses may jointly become a member provided they comply jointly with the terms of membership.

1.04 No person, as defined in Section 1.02 of these Bylaws, shall be permitted to own more than one (1) membership in the corporation regardless of the number of locations of the person receiving electrical service from the corporation.

Section 2. Application for Membership

2.01 Any person or body desiring to purchase electric energy services from the Cooperative shall file with the Cooperative a Service Agreement, which also serves as an application for membership if said person or body is not already a member, agreeing to all of the conditions set forth in Section 1 of this article, for each and every separate service location to be supplied by the Cooperative.

2.02 Each Service Agreement shall also contain or be accompanied by:

- a. A description of the location to be served.
- b. If applicable, an agreement to purchase energy at the location described for a minimum

period from its availability and to pay the prescribed minimum bills for such period.

- c. An agreement to make payment of such other fees and deposits incidental to providing electric service as is stipulated in the Rules, Regulations and Policies adopted by the board of directors of the Cooperative.

2.03 No Service Agreement or application for membership will be considered to be complete until all fees specified herein have been paid.

Section 3. Purchase of Electric Energy Services

The Cooperative shall not permit the sale of electric energy from any service connection until the purchaser of said energy has filed with the Cooperative a written application for membership and has complied with all terms and conditions of the Bylaws of the Cooperative and Amendments thereto and of such Rules, Regulations and Policies, all as may be adopted from time to time by the board of directors. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his applications and shall pay therefor at rates, which shall be set from time to time by the board of directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be set from time to time by the Cooperative. It is expressly understood that members furnish amounts paid for electric energy services in excess of the cost of service as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay the Cooperative such minimum amounts, regardless of the amount of electric energy consumed, as shall be set by the board of directors 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 4. Membership and Other Fees

A membership fee of thirty dollars (\$30.00) shall accompany each application for membership unless otherwise determined by the board of directors. In case of withdrawal or termination of membership in any manner, unless otherwise mutually arranged, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

Section 5. Acceptance to Membership

5.01 An applicant for membership in the Cooperative shall become a member when he has met all specified conditions for membership.

5.02 A patron of the Cooperative, in consideration of receiving services from the Cooperative, acknowledges that the terms and provisions of the Articles of Incorporation and Bylaws, as may be amended, shall constitute and be a contract between the Cooperative and the patron, and both the Cooperative and the patron are bound by such contract, together with Cooperative's Rules and Regulations and policies, as fully as though the patron had individually signed a separate

instrument containing such terms and provisions.

Section 6. Term of Membership

Membership in the Cooperative and all rights, privileges and liabilities thereto shall continue as long as the member:

- a. Purchases electric energy services from the Cooperative, and
- b. Complies with terms and conditions in respect to membership contained in the Bylaws of the Cooperative and any amendments thereto and such Rules, Regulations and Policies, all as may be adopted from time to time by the board of directors.

Section 7. Membership Certificates

Membership in the Cooperative may, if the board so resolves, be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the board, shall be signed by the President and by the Secretary, and the seal shall be affixed thereto: PROVIDED, that the seal and the signatures of the President and the Secretary may be imprinted thereon by facsimile. No membership certificate shall be issued for less than the membership fee specified by these Bylaws nor until such membership fee has been fully paid. In case of a lost, destroyed, or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the board of directors may prescribe.

Section 8. Joint Membership

8.01 Legal spouses 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 legal spouses 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 jointly 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. Withdrawal of either shall terminate the joint membership.
- g. Either, but not both, may be elected or appointed as an officer or director provided that both meet the qualifications for such office.

- h. Neither will be permitted to have any additional service connections except through their one joint membership.

8.02 A membership may be converted to a joint membership of legal spouses 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 Incorporation, the Bylaws of the Cooperative and any amendments thereto and with Rules, Regulations and Policies adopted from time to time by the board of directors. The Cooperative in such manner as shall indicate the changed membership status shall issue a new membership certificate.

8.03 Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint. PROVIDED, that the estate of the deceased shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall be closed unless otherwise ordered by a court of competent jurisdiction or agreed in writing by both parties: PROVIDED, that neither spouse shall be released from any existing debts due the Cooperative.

Section 9. Termination of Membership

9.01 A person's membership in the Cooperative shall be terminated under any one or more of the following conditions:

- a. A member ceases to purchase electric energy services from the Cooperative.
- b. A member withdraws from membership upon such 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 of all the board of directors for refusal or failure to comply with any of the provisions of the Articles of Incorporation, the Bylaws of the Cooperative and any amendments thereto and directors, but only if such member shall have been given written notice by the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten 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.
- d. Upon the death or cessation of existence of the member.

9.02 Except as provided in Section 8.03, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership.

9.03 Upon the termination in any manner of a person's membership, he shall be entitled to refund of his membership fee and any additional service connection fees still held by the Cooperative, less any amount due the Cooperative; but neither he nor his estate may be released from any debts then remaining due the Cooperative.

Article II – Rights and Liabilities of Members

Section 1. Property Interest of Members

- a. Upon dissolution, the remaining property and assets of the Cooperative shall be distributed in accordance with the applicable provisions of law, after:
- b. All debts and liabilities of the Cooperative shall have been paid, and
- c. All capital furnished through patronage shall be retired as provided in these Bylaws.

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 individually 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 each year on a date to be determined by the board of directors of the Cooperative in regular meeting, beginning with the year 1951, at Brownstown, in the County of Jackson in the State of Indiana, or such 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 such other business as may come before the 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 the President, by Resolution of the board of directors, upon written request signed by three or more directors, or upon a written request signed by at least five per centum (5%) of all members and it shall 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 Members Meeting

Written printed, or electronic notice stating the place, day and hour of the meeting, and in case of a special meeting or annual meeting at which business other than that listed in Section 7 of this Article 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 sixty (60) days before the date of the meeting, either personally, by mail, or electronically, 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. If transmitted electronically, the notice is considered delivered when transmitted to the electronic mail address or other address provided by the member for electronic communications. 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 annual or special 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 two per centum (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; provided that if less than two per centum (2%) of the total number of members are present at said meeting, any votes cast after notice of the meeting has been provided in accordance with Section 3 above and before the meeting of the members may be counted toward establishment of a quorum, regardless of whether such votes were cast in person, written ballot mailed, or electronic ballot submitted. At any meeting of the members at which a quorum does not exist as set forth above, 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

6.01 Each member, regardless of the number of connections in his name, shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members who are present in person except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws. Voting by proxy shall not be permitted.

6.02 Voting by members other than those who are natural persons shall be allowed upon presentation to the Cooperative prior to, or upon registration at, each member meeting, of satisfactory evidence entitling the person presenting the same to vote.

6.03 Member Voting by Mail or Electronic Ballot. Except as otherwise provided in these Bylaws or by the Board, a member may vote or act by mail or Electronic transmission only as provided in this Bylaw and in a manner determined by the Board.

6.04 Mail or Electronic Ballot with Member Meeting. A Member may vote or act by mail or Electronic transmission only on an action that may be taken at a Member Meeting including the

election of Directors in conjunction with a Member Meeting by the Cooperative delivering or providing access to a written or Electronic mail ballot (“Mail Ballot With Member Meeting”) to each Member entitled to vote on the matter and from whom the Cooperative received a written request for a Mail Ballot With Member Meeting at least thirty (30) days before the Member Meeting. A Member submitting a completed Mail Ballot With Member Meeting by mail or by Electronic transmission may not vote at the Member Meeting regarding the matter described in the Mail Ballot With Member Meeting. The Cooperative must count completed Mail Ballots With Member Meeting received either by mail or by Electronic transmission before the Member Meeting in determining whether a Member Quorum exists at the Member Meeting. The Cooperative must count as a Member’s vote a properly completed Mail Ballot With Member Meeting received on, or before, the time and date stated in the Mail Ballot With Member Meeting.

6.05 Form of Mail or Electronic Ballot. A Mail or Electronic Ballot With Member Meeting must:

- a. Set forth and describe a proposed action, identify a candidate or candidates, and include the language of a motion, resolution, Articles of Incorporation Amendment, or other written statement, upon which a Member is asked to vote or act;
- b. State the date, time and place of the Member Meeting at which Members are scheduled to vote or act on the matter;
- c. Provide an opportunity to vote for or against, or to abstain from voting on, the matter;
- d. Instruct the Member how to complete, return, or cast the Mail Ballot; and
- e. State the time and date by which the Cooperative must receive the completed Mail Ballot. Except as otherwise provided by the Board, a Member may not revoke a completed Mail or Electronic Ballot received by the Cooperative. A Member’s failure to receive a Mail or Electronic Ballot does not affect a vote or action taken by Mail or Electronic Ballot.

6.06 A Mail or Electronic Ballot may not be procured or cast through fraud or other improper means. As determined by the Cooperative, a Mail or Electronic Ballot procured or cast through fraud or other improper means is invalid.

Section 7. Order of Business

7.01 The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

- a. Report on the number of members present in person in order to determine the existence of a quorum.
- b. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- c. Reading of unapproved minutes of previous meetings and the taking of necessary action thereon.

- d. Presentations and consideration of, and acting upon, reports of officers, directors, and committees.
- e. Election of directors.
- f. Unfinished business.
- g. New business.
- h. Adjournments.

7.02 The board of directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business: provided, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

Section 8. Election and Credentials Committee

The board of directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15), who are not close relatives or members of the same household of existing directors or known candidates for directors to be elected at such meeting. In appointing the Committee, the board shall have regard for equitable representation of the several areas served by the cooperative. The Committee shall elect its own chairman and secretary. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot voting, to pass upon all questions that may arise with respect to the registration of members, to count all ballots cast in any election or any other ballot vote taken, to rule upon the effect of any ballots irregularly or indecisively marked, and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election.

If there should be a tie vote, the Committee shall oversee an election by lot between the tied candidates, preparing a slip of paper to be blindly drawn by each of the tied candidates, with one slip saying "elected".

In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the adjournment of the meeting in which the election is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s) who may be heard in person, by counsel, or both; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, which may be either to affirm or change the results of the election or to set aside such election. The Committee's decision (as reflected by a majority of those actually present and voting) on all such matters shall be final.

Section 9. Parliamentary Procedure

At all meetings of the members, and of any committees thereof, meeting procedure, except as provided by law, the Articles of Incorporation or these Bylaws, shall be governed by the latest edition of Robert's Rules of Order.

Article IV – Directors

Section 1. General Powers

The business and affairs of the Cooperative shall be managed by a board of nine (9) directors who shall exercise all the powers of the Cooperative except such as are by law, or by the Articles of Incorporation or by these Bylaws, conferred upon or reserved to members.

Section 2. Qualification and Tenure

2.01 Directors shall be elected by secret ballot at the annual meeting of the members. They shall be elected by and from the members to serve terms of office of three (3) years. The election of directors shall be so arranged that only three (3) directors will be elected each calendar year. The order of expiration of the terms of the directors for the various districts shall begin as follows: Districts 3, 6 and 9 in the year 1942. Districts 2, 5 and 8 in the year 1943. Districts 1, 4 and 7 in the year 1944.

2.02 No person shall be eligible to become or remain a director of the Cooperative:

- a. Who is not a member of the Cooperative;
- b. Whose primary residential abode is not within the district represented by him;
- c. Who does not receive electrical service at his primary residential abode from the Cooperative;
- d. Who is a close relative of an incumbent director or of an employee of the cooperative; or
- e. Who has been an employee of the Cooperative within the last five (5) years.

No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative:

- a. Who, outside of his duties as a director or agent of the Cooperative, is in any way employed by or financially interested in a competing enterprise; or
- b. Who, is subject to an undischarged sentence for a felony conviction.

Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the board of directors to withhold such position from such person or to cause him to be removed

therefrom, whichever be the case. Upon the establishment of the fact that a director is holding office in violation of this Section, it shall be the duty of the remaining directors on the board to remove such director from office. Nothing in this Section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

2.03 When a membership is held jointly by legal spouses, either one, but not both, may be elected as director. Neither one, however, shall be eligible to become or remain a director unless both shall meet the qualifications set forth for such office.

Section 3. Nominations

3.01 It shall be the duty of the board of directors to appoint, not less than sixty (60) days nor more than one hundred twenty (120) days before the date of a meeting of members at which directors are to be elected, a committee on nominations consisting of not less than three (3) members from each district from which a director is to be elected. Said committee from each such district shall attempt to nominate at least two (2) candidates for director from the district who possess the qualifications set out in Article IV, Section 2, of these Bylaws. No officer, incumbent director, or close relative, or member of the same household of, an incumbent director or known candidate for director shall be appointed to or serve as a member of any nominating committee. The Cooperative shall post at the principal office, at least twenty (20) days before the meeting, a list of nominations of directors.

Any twenty-five (25) or more members from within a district may make other nominations for director from that district in writing by member petition not less than seventy (70) days nor more than one hundred (100) days prior to the meeting of members at which directors are to be elected. After verification of member petition and Bylaw requirements, the Cooperative shall post such nominations at the same place where the list of nominations made by committee is posted.

Nominations for director from the floor during the meeting of members at which directors are to be elected shall not be allowed.

The Secretary shall be responsible for mailing to each member at least ten (10) days before the meeting a statement of the number of directors to be elected and showing separately the nominations made by the committee on nominations and the nominations made by the petition, if any.

3.02 The members may, at any meeting at which a director or directors shall be removed, as provided in these Bylaws, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any action thereafter taken by the board of directors.

Section 4. Vacancies

4.01 Subject to the provisions of these Bylaws with respect to the removal of directors, vacancies occurring in the board of directors shall be filled by the affirmative vote of a majority of the remaining directors, and a director thus elected shall serve for the balance of the unexpired term of the office in which the vacancy occurred.

4.02 Failure of an election for a given year shall allow the incumbents whose directorates would have been voted on to be appointed to serve only until the next member meeting at which a quorum is present.

Section 5. Compensation

Directors shall not receive any salary for their services as such, except that the board of directors may by resolution authorize certain insurance benefits and 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. If authorized by the board, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or may be granted a reasonable per diem allowance by the board in lieu of detailed accounting for some or all of these expenses. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the service and amount of compensation shall be specifically authorized by a resolution of the board of directors.

Section 6. Executive Committee - Powers and Duties

The board of directors by a majority vote of all the directors at any regular meeting may create an executive committee. The President, Vice-President, Secretary, and Treasurer shall constitute such committee and the President shall be chairman. If the offices of Secretary and Treasurer are combined as authorized by Article VI, Section 1, of these Bylaws, then the President, Vice President, and Secretary-Treasurer shall constitute such committee with the President being chairman. During the intervals between the meetings of the board of directors, the executive committee shall consider such business of the Cooperative as it deems advisable or as directed by the board of directors. The executive committee shall have power only to make recommendations to the board of directors. All recommendations determined by the executive committee shall be reported to the board of directors at its meeting next succeeding such determination. Regular minutes of the proceedings of the executive committee shall be kept in the regular minute book of the Cooperative. A majority of the executive committee shall be necessary to constitute a quorum, and in every case the affirmative vote of a majority of the members shall be necessary for the passage of any recommendation. The executive committee shall fix its own rules of procedure and shall meet as provided by such rules or resolution of the committee, and it shall also meet at the call of the chairman or of any member of the committee. The board of directors by a majority vote of all the directors at any regular meeting may disband and terminate such executive committee.

Section 7. Removal of Directors or Officers by Members

Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by two per centum (2%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular meeting or special meeting of the members and the members at such meeting may fill any vacancy created by such removal. The director or officer against whom such charges have been brought shall be informed in writing of the charges at least twenty (20) days prior to the meeting at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

Section 8. Districts

8.01 The area served by the Cooperative shall be divided into nine (9) geographic districts for the purpose of nominating and electing director candidates. There shall be only one director from each district. The boundaries of each district shall, wherever practical, follow easily recognized landmarks or County and Township boundaries.

8.02 The board of directors shall review district boundaries at least once every three (3) years and revise them, by Resolution, where deemed appropriate, for demographic, geographic, governmental unit and membership balance.

8.03 Timely notice of any change in boundaries shall be given to the membership prior to the first nominating committee meeting for the election in which the change is to become effective, and all subsequent elections shall be consistent with such boundaries.

Article V – Meetings of Directors

Section 1. Regular Meetings

A regular meeting of the board of directors shall be held without notice other than this Bylaw immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the board of directors shall also be held monthly at such time and place in one of the counties served by the Cooperative, as the board of directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings

The President or any three (3) directors may call special meetings of the board of directors and it shall be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The person or persons authorized to call special meetings of the board of directors may fix the time and place (which shall be in one of the counties served by the Cooperative), for the holding of any special meeting of the board of directors called by them.

Section 3. Notice

Written notice of the time, place, and purpose of any special meeting of the board 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 member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

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 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.

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, provided that, if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned 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.

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 same person may hold the offices of Secretary and Treasurer.

Section 2. Election and Term of Office

The officers shall be elected, by written ballot and without prior nomination, 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 such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of

the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

Section 3. Removal

The board of directors may remove any officer elected by 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 filled by the board of directors for the unexpired portion of the term.

Section 5. President

The President:

- a. Shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the board of directors.
- b. Shall sign, with the Secretary, certificates of membership, and may 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 thereof shall be expressly delegated 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, shall 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 6. 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 power of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him by the board of directors.

Section 7. Secretary

The Secretary shall be responsible for:

- a. Keeping the minutes of meetings of the members and the board of directors in one or more books provided for that purpose.
- b. Seeing that all notices are fully given in accordance with these Bylaws or as required by law.
- c. Safekeeping of the corporate records and of the seal of the Cooperative and seeing that the seal of the Cooperative is affixed 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 the Bylaws.

- d. Keeping a register of the post office address of each member, which shall be furnished to the Secretary by such member.
- b. Signing with the President certificates of membership.
- c. Having general charge of the books of the Cooperative in which a record of the members is kept.
- d. 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 forwarding a copy of the Bylaws and all amendments thereto to each member upon request, and
- e. Performance of 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 8. Treasurer

The Treasurer shall be responsible for:

- a. Custody of all funds and securities of the Cooperative.
- b. The receipt and issuance of receipts for money due and payable to the Cooperative from any source whatsoever, and the deposit of all such moneys 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. Performance of all 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 9. President/CEO

The board of directors may appoint a President/CEO who may be, but shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties and shall exercise such authority as the board of directors may from time to time require of him and shall have such authority as the board of directors may from time to time vest in him.

Section 10. Bonds of Officers

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

Section 11. 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.

Section 12. 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 and showing the conditions of the Cooperative at the close of the fiscal year.

Section 13. Delegation of Secretary and Treasurer's Responsibilities

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 7 and 8 of this article, the board of directors by resolution may, except as otherwise limited by law, delegate wholly or in part, the responsibility and authority for, and the regular and routine administration of, one or more such officers' such duties to one or more agents or other officers of the Cooperative who are not directors. To the extent that the board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities, and authorities.

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 “Jackson County Cooperative Membership Corporation,” the words “REA CO-OP, BROWNSTOWN, INDIANA” and the figures “1937”.

Article VIII – Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January of 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, 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 the 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 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 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. Appropriate investments may also be made, as the board of directors shall determine.

Article X – Disposition of Property

The Cooperative shall not sell, lease, exchange, mortgage, pledge, or otherwise dispose of all, or substantially all, of 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, 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, and
- c. Personal property acquired for resale,

Unless such sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, the property of the Cooperative (a) is authorized at a meeting of the members thereof by a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3rds) of the members who are present and the affirmative vote at such meeting of at least one fifth (1/5th) of all its members, (b) the meeting was duly called and held and the notice of such proposed sale, lease, exchange, mortgage, pledge or other disposition was contained in the notice of the meeting, and (c) the same shall be approved by the Indiana Utility Regulatory Commission; 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 there from, 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, subject to approval of the Indiana Utility Regulatory Commission, as provided by law.

Article XI – 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 patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

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

2.01 In the furnishing of electric energy services the Cooperative's operations shall be so conducted that all patrons, will, through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons, for all amounts received and receivable from the furnishing of electric energy services in excess of operating costs and expenses properly chargeable against the furnishing of electric energy services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each active patron of the amount of capital so credited to his account, provided, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative publishes in its newsletter the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

2.01.1 All 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 patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

2.02 In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis. If, at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements are in the discretion of the board, and the board shall determine the manner, method, and timing of retiring and paying capital credits. In no event, however, may any such capital be retired unless, after the proposed retirement, the equity of the Cooperative shall equal at least fifty per centum (50%) of the total assets of the Cooperative.

2.03 Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and provided that the assignor and the assignee comply with all reasonable requirements specified by the Cooperative.

2.04 Notwithstanding any other provision of these Bylaws, the board of directors, at its discretion and at any time after a member's death or cessation of legal existence, may retire all or

any portion of capital so credited to the member, upon such terms and conditions as the board, acting under policies of general application to situations of like kind, and such member's legal representatives shall agree; PROVIDED, however, that the financial condition of the Cooperative will not be thereby impaired. If capital credits are deemed to be fully retired by such agreement by payment of less than the total capital credits allocation, the difference between the total allocation of capital credits and the amount paid shall be retained on the books of the Cooperative as permanent equity.

2.05 The Cooperative shall deduct as a recoupment from any retirement of any patronage capital to be made under the terms of this Article the amount of any past due debt or obligation owed by the member to the Cooperative from any past period of patronage or service of the member.

Section 3. Patronage Refunds in Connection with Furnishing Other Services

In the event that the Cooperative should engage in the sale or furnishing of other goods or services qualifying as a like organization activity as outlined in IRS Section 501(c)(12), all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be pro-rated annually on a patronage basis from whom such amounts were obtained. The Board of Directors through applicable policies, resolutions, other contractual authority or an affirmative vote of the members shall determine which additional services will be provided on a patronage basis. The Board of Directors shall also have the authority under accepted accounting practices, loan covenants and tax law to prescribe the manner in which losses derived from such services may be handled. The retirement of patronage capital allocated to such patrons shall be considered and made by the Board of Directors from time to time subject to the same limitations and guidance of Section 2 of this Article XI.

Section 4. Unclaimed Funds

Notwithstanding any provisions herein contained to the contrary and pursuant to the statutes of the State of Indiana (I.C. 8-1-13-11), the Cooperative shall recover, after a period of two (2) years, any unclaimed stocks, dividends, capital credits, patronage refunds, utility deposits, membership fees, account balances, or book equity for which the owner (member or former member) cannot be found and are the result of distributable savings of the Cooperative, giving sixty (60) days' notice in a legal newspaper printed in the English language and published in each county within the service territory of the Cooperative or, if no suitable local publication is available, published in a legal newspaper that circulates in the county. Such notice shall either include a listing of the members or former members entitled to claim such funds or state that a listing of such information is available on the Cooperative website and in the Cooperative office, and that, if not duly claimed within sixty (60) days of said notice, the same shall be turned over to the Cooperative, which shall reallocate the same to other members. If no provable claim shall have been filed by such notice within sixty (60) days after the one-time publication of said notice, the Cooperative may credit against said account any amounts due and owing to the Cooperative by said members.

If any member or former member fails to claim the retired or refunded capital credit within the

two-year (2) period after it is declared with notice having been given by publication as directed herein, then that member or former member contributes the unclaimed amounts to the Cooperative, and the Cooperative accepts the unclaimed amounts from the member or former member as permanent, non-allocated capital.

Article XII – Miscellaneous

Section 1. Rules and Regulations and Policies

The board of directors shall have power to make, adopt, and enforce such rules, regulations, and policies, 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 such accounting system as may from time to time be designated by the Administrator of the United States Department of Agriculture Rural Development Electric Programs or any successor federal agency thereto. The board of directors shall also after the close of each audit year cause to be made by a Certified Public Accountant a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such audit year. The Board of Directors may establish an audit year for a different time period than the fiscal year set out in Article VIII of these Bylaws.

Section 3. Membership in Other Organizations

The Cooperative shall not become a member of any organization without an affirmative vote of the board of directors.

Section 4. Area Coverage

The board of directors shall make diligent effort to see that electric service is extended to all unserved persons within the assigned territory of the Cooperative who:

- a. Desire such service, and
- b. Meet all reasonable requirements established by the Cooperative as a condition of such service.

The Cooperative will use its best efforts to furnish adequate and dependable electric service throughout its area although it cannot and therefore does not guarantee a continuous and uninterrupted supply of electricity.

Section 5. “Close Relative” Defined

As used in these Bylaws, “close relative” means a person who is related to the principal person,

by consanguinity or affinity, to the third degree or less - that is, a person who is either spouse, child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, aunt, uncle, nephew or niece, by blood or in law, of the principal.

Section 6. Subscription to Cooperative Newsletter

For the purpose of disseminating information devoted to the economical, effective, and conservative use of electric energy, the board of directors is authorized, on behalf of and for circulation to the members periodically, to subscribe to a newsletter entitled "Watt Highlights". The annual subscription therefore shall be determined in a reasonable amount from time to time by the Board of Directors and shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

Article XIII – Indemnification of Directors, Officers, Employees and Certain Members

Section 1. Actions by Third Parties

The Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether criminal, civil, administrative or investigative (other than an action by or in the right of the Cooperative) by reason of the fact that he is or was a director, officer, employee or agent of the Cooperative or a member of the Cooperative serving the Cooperative in an official capacity or is or was serving, at the request of the Cooperative, as a director, officer, employee or agent of another cooperative, corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that no indemnification shall be made in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of his duty to the Cooperative. A director's conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirement that the individual's conduct was at least not opposed to the best interests of the Cooperative. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Actions by or in the Right of the Cooperative

The Cooperative shall indemnify any person who was or is a party or threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Cooperative

to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Cooperative or member of the Cooperative while serving the Cooperative in an official capacity or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, corporation, partnership, joint venture, trust or other enterprise against expenses, including attorney fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Cooperative, except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in a performance of his duty to the Cooperative.

Section 3. Indemnification as a Matter of Right

Any director, officer, employee, agent, or member who has been wholly successful, on the merits or otherwise, with respect to any claim, suit, or proceeding of the character described in this Article is entitled to indemnification as a matter of right. Except as provided in the preceding either or both of the procedures hereunder may determine sentence eligibility for indemnification as follows: 1. The board of directors acting by a quorum consisting of directors who are not parties to, who have no interest in or who have been wholly successful with respect to such claim, action, suit or proceeding shall find that the director, officer, employee, agent or member has met the standards of conduct set forth in this Article; or 2. Independent legal counsel, mutually agreed upon by the involved director, officer, employee, agent or member and the executive committee of the Cooperative, shall deliver to the Cooperative their written opinion that such director, officer, employee, agent or member has met such standards of conduct.

Section 4. Advancement of Expenses

The Cooperative may advance expenses incurred in defending a civil or criminal action to, or where appropriate may, at its expense undertake the defense of, any such director, officer, employee or agent upon receipt of an undertaking by or on behalf of such person to repay such expenses if it should ultimately be determined that he is not entitled to indemnification under this Article.

Section 5. Claims to Which This Article Applies

The provisions of this Article shall be applicable to claims, actions, suits or proceedings made or commenced before or after the adoption hereof and whether arising from acts or omissions occurring before or after the adoption hereof.

Section 6. Indemnification by This Article Not Exclusive

The indemnification provided by this Article shall not be exclusive of any other rights to which those seeking indemnification may be entitled under the Articles of Incorporation, any agreement, vote of disinterested members of the Cooperative, vote of disinterested directors or as a matter of law, any insurance purchased by the Cooperative or otherwise, both as to action in his official capacity and as to action in any other capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee, agent or member

acting in an official capacity and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 7. Insurance

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, agent of the Cooperative or member acting in an official capacity for the Cooperative or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such whether or not the Cooperative would have the power to indemnify him against such liability under the provisions of this Article.

Article XIV -- Amendments

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all 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.