

**BYLAWS OF
JOHNSON COUNTY RURAL ELECTRIC MEMBERSHIP CORPORATION**

**ARTICLE I
Membership**

Section 1. Conditions of Membership

The corporate purpose of this cooperative shall be to render service to its members only and no person shall become or remain a member of the cooperative unless such person shall purchase electric energy or other services supplied by the cooperative and shall have complied with the terms and conditions in respect to membership contained in these bylaws.

Any person, corporation, firm, association or body politic may become a member in the Johnson County Rural Electric Membership Corporation (hereinafter the "cooperative") by:

- a. Agreeing to purchase from the cooperative electric energy as hereinafter specified.
- b. Agreeing to purchase from the cooperative services as hereinafter specified.
- c. Agreeing to comply with and be bound by the articles of incorporation and bylaws of the cooperative and such rules and regulations as may be adopted from time to time by the board of directors; and being accepted for membership by the board of directors or members of the cooperative as hereinafter specified.
- d. Agreeing to grant an easement to Johnson County REMC, each member shall, upon being requested to do so by the cooperative, execute and deliver to the cooperative grants of easement or right-of-way over, on and under such lands owned or leased by the member in accordance with such reasonable terms and conditions as the cooperative shall require for the furnishing of electric service or other services to the member or for the construction, operation, maintenance or relocation of the cooperative's facilities.

Section 2. Joint Membership

Two or more individuals that are accepted for membership shall be deemed a joint membership subject to their compliance with the requirements set forth in Section 1 of this article. The term "member" as used in these bylaws shall include two or more individuals 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 any of the joint members shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting.
- b. The vote of any of the joint members shall constitute one joint vote.
- c. A waiver of notice signed by any of the joint members shall constitute a joint waiver.
- d. Notice to any of the joint members shall constitute notice to all of the joint members.
- e. Expulsion of any of the joint members shall terminate the expelled person's rights in the membership.

- f. Withdrawal of any of the joint members shall terminate the withdrawing person's rights in the membership.
- g. Any one of the joint members, but no more than one, may be elected or appointed as an officer or member of the board, provided that all of the joint members meet the qualifications for such office.
- h. A joint membership shall be entitled to one (1) vote on any matter submitted to a vote at a meeting of the members.
- i. Upon the death of any individual(s) who is a party to a joint membership, the membership shall be held solely by the survivor(s).

Section 3. Purchase of Electric Energy

The board of directors shall not permit the sale of electric energy from any service connection unless the purchaser of said energy has complied with the terms and conditions of the bylaws of the cooperative and amendments thereto, and such rules and regulations as may be adopted from time to time by the board of directors.

Each member shall, as soon as electric energy is available, purchase from the cooperative all electric energy purchased for use on the premises referred to in the application of such member for membership, insofar as agreed by all parties concerned; and shall pay therefore monthly at rates which shall be fixed from time to time by resolution of the board of directors. However, the electric energy which the cooperative shall furnish to any member may be limited to such an amount as the board of directors from time to time determine and that each member shall pay to the cooperative such minimum amount per month as shall be fixed by the board of directors from time to time regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the cooperative as and when the same shall become due and payable. Further, each member shall be responsible to pay costs of collection on delinquent accounts, which costs may include, but are not limited to interest, court costs and reasonable legal fees.

Production or use of electric energy on a member 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 fixed from time to time by the cooperative.

Section 4. Term of Membership

Membership in the cooperative and all rights, privileges and liabilities thereto shall continue as long as the member purchases electric energy from the service connection designated in said person's application for membership.

Section 5. Membership Certificate

Membership in the cooperative may be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board of directors. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such uniform terms and indemnity to the cooperative as the board of directors may prescribe.

ARTICLE II
Rights of Members

Section 1. Property Interest of Members

Members shall have no individual or separate interest in the property or assets of the cooperative excepting such amounts as may be credited to the capital account of the members as patrons as shown on the books of the cooperative.

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.

Section 3. Removal of Directors or Officers by Members

Any member or members may bring charges of misconduct against a director or directors by filing specification of charges in writing with the secretary supported by a petition signed by fifteen percent (15%) or more of the cooperative members residing in each representative district. The petition shall set forth specific charges of misconduct and shall include the petitioning members' signatures, REMC account numbers and addresses. The charges and the petitions must be presented to the secretary of the board of directors of the REMC at least fifteen (15) days prior to any regular or special meeting of the members in which the charges are to be considered.

The directors, who are not subject to removal by the petition, shall determine if the charges and petition have been timely filed and filed in proper form. If so determined, the board, through its secretary shall at least five (5) days prior to any meeting called to consider such charges, notify in writing each director against whom such charges have been brought as to the nature of such charges.

The removal issue shall be considered at the next regular or special meeting of the members. The member or members bringing the charges shall have the opportunity at the meeting to present evidence, either in person or by counsel. Each director charged with misconduct shall then have the same rights and opportunity. After the presentation of evidence and argument thereon, the members, by a majority vote of those present and voting, shall determine whether the director shall be removed. In the event there are two or more directors charged, a separate vote shall be taken as to each director.

Any vacancy created by removal proceedings shall be filled by the vote of the members present and voting at such meeting following nominations.

ARTICLE III
Meetings of Members

Section 1. Annual Meeting

The annual meeting of the members shall be held on a date, selected by resolution of the board of directors, between March 1 and July 1 of each year at a location in Johnson County, State of Indiana, as shall be designated in the notice setting forth the date, time and location of the annual meeting held 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. The annual meeting should also be held in a manner to protect the best interests and welfare of the membership. Therefore, should a national emergency, natural climate event, or other significant event be evident, the Board of Directors may by resolution provide for an appropriate protocol to carry out the purpose of the annual meeting which shall include, but not limited to, a virtual presentation. Failure to hold the annual meeting at the designated time and/or location shall not work as a forfeiture or dissolution of the cooperative.

Section 2. Special Meetings

Special meetings of the members may be called by the president, by resolution of the board of directors, or upon written request signed by at least fifteen percent (15%) of all the members of each representative district. 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 Johnson County, State of Indiana, as specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings

Written, printed or electronic notice stating the location, day and hour of the meeting and, in case of a 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. Notice shall be provided either personally, by mail, or electronically at the direction of the secretary, or upon default in duty by the secretary, by other persons calling the meeting, to each member. If mailed, such notices shall be deemed to be delivered when deposited in the United States mail, in a sealed envelope addressed to the member at his address as it appears on the records of the cooperative, with postage thereon paid. 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 a 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 the case where such member shall attend a meeting for the sole and express purpose of objecting to the transaction of any business because the member alleges that the meeting was not lawfully called or convened.

Section 5. Quorum

At least two percent (2%) of the total of all the corporation's members who either are present in person at any meeting of the members, or as authorized herein, who cast votes before the date of any meeting of members of which meeting notice shall have been given as provided herein, shall constitute a quorum for the transaction of business at such meeting.

Except as otherwise specifically provided herein, a majority vote of the total number of members who either:

- a. are present in person and voting at; or
- b. as authorized herein, cast votes before the date of;

any regular meeting, or at, or before the date of any special meeting 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. 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.

The secretary of the cooperative shall notify by mail and legal notice in local newspapers, in each county served, any absent members of the time and place of such adjourned meeting.

Section 6. Voting

Each eligible member shall be entitled to one (1) vote upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is established, all questions shall be decided by a vote of a majority of the members who are voting and immediately available to respond, except as otherwise provided by law, the articles of incorporation of the cooperative or these bylaws. Votes shall be allowed if cast as follows:

- a. after notice of a meeting is provided; and
- b. before the established voting deadline date;

whether cast in person, by mail, or by electronic ballot, to count toward the quorum requirement set forth herein above.

Provided, however, in the event the election of the board of directors is uncontested, the director(s) shall be elected by ballot and/or by vote of acclamation. The Election Committee as established by Section 8 of this article will oversee the receipt of and tabulation of the ballots voted in the election of directors.

Section 7. Order of Business

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

- a. Call of the roll.
- b. Reading of the notice of the meeting and proof of the due publication or mailing thereof or the waiver or waiver of notice of the meeting as the case may be.
- c. Taking action on minutes of prior meetings.
- d. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
- e. Nomination for directors.
- f. Election of directors.
- g. Unfinished business.
- h. New business
- i. Adjournment.

Section 8. Election Committee

The Board of Directors shall, at least thirty (30) days before voting ends wherein a director or directors may be elected, appoint an Election Committee; provided that the appointment of an Election Committee is not required if the director positions to be filled are uncontested. The

Election Committee shall consist of an uneven number of members not less than three (3) nor more than five (5) who are not existing cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives or members of the same household of existing cooperative employees, agents, officers, directors or known candidates for director. No Election Committee representative shall be a representative of the current Nomination and Credentials Committee.

"Close relative" shall include the following schedule: current spouse or significant other, child or step-child, parent or step-parent, sibling or step-sibling, grandparent, grandchild, mother-in-law, father-in-law, daughter-in-law, son-in-law, aunt, uncle, sister-in-law, brother-in-law, niece, nephew and first cousin. Further, no former member of the Board of Directors or former employee of JCREMC shall be eligible to serve on the Election Committee for a period of five (5) years after their termination date. The Election Committee shall:

- a. elect its own chairperson during the Election Committee's first meeting,
- b. validate or invalidate the election results and provide a report to the membership, and
- c. if results are invalidated convene a meeting with the Nomination and Credentials Committee to determine the steps to take to validate or rerun the voting process.

In the exercise of its responsibility, the Election Committee shall have available to it the advice of counsel provided by the cooperative.

In the event a protest or objection is filed concerning any tabulation of votes, such protest or objection must be filed in writing during, or within three (3) business days following the announcement of election results in which the voting is conducted. The Election Committee shall be reconvened not more than seven (7) days after the protest or objection is filed. The Election Committee shall hear the evidence presented. Protesters or objectors may be heard in person, by counsel or both. The Election Committee, by vote of the majority of those present and voting, shall within a reasonable period of time not more than sixty (60) days after the hearing, render a decision, the results of which shall be to affirm the election, to change the outcome, or set it aside. The Election Committee's decision on all matters covered by this Section shall be final.

As determined by the Board, the cooperative may reasonably compensate or reimburse the Election Committee members for the performance of their Election Committee duties.

ARTICLE IV

Board of Directors

Section 1. General Powers

The business affairs of the cooperative shall be managed by a board of seven (7) directors who shall be chosen, one from each of the following districts in the service area of the cooperative (see attached map): **District 1** comprised of a portion of Pleasant Township, Franklin Township, Needham Township, and Clark Township, in Johnson County with ranges from; Township 12 North Range 4 East sections 1 through, and 9 through 12, Township 12 North Range 5 East sections 5 through 8, Township 13 North Range 4 East sections 9 through 11, 14 through 17, and 19 through

36, Township 13 North Range 5 East 20, sections 19, 29, and 30. **District 2** comprised of a portion of Pleasant Township, Clark Township, and Needham Township, in Johnson County with ranges from; Township 12 North Range 4 East section 1, Township 12 North Range 5 East sections 3, 4, 16, 15, 21, 22, 27, 28, 33, and 34, Township 12 North Range 5 East sections 9 and 10, Township 13 North Range 4 East sections 12 and 13, Township 13 North Range 5 East sections 27, 28, 33, and 34, Township 13 North Range 5 East sections 3 through 9, 15 through 18, 21, and 22, Township 14 North Range 4 East sections 33, through 36, Township 14 North Range 5 East sections 25 through 34. **District 3** comprised of a portion of White River Township, Franklin Township, Union Township, and Needham Township in Johnson County and Harrison Township, and Green Township in Morgan County, with ranges from; Township 12 North Range 2 East sections 1, 2, 11 through 14, 23 through 26, 35, and 36, Township 12 North Range 3 East sections 1 through 36, Township 12 North Range 4 East sections 5 through 8, and 13 through 30, Township 12 North Range 5 East sections 17 through 20, 29, and 30. **District 4** comprised of a portion of Blue River Township, Franklin Township, Needham Township, Nineveh Township, and Hensley Township in Johnson County and Jackson Township in Morgan County with ranges from; Township 11 North 2 East sections 1, 2, 11 through 14, 23 through 26, 35, and 36, Township 11 North 3 East sections 1 through 36, Township 11 North 4 East sections 1 through 36, Township 11 North 5 East sections 3 through 10, 15 through 22, and 27 through 34, Township 12 North Range 2 East sections 35, and 36, Township 12 North Range 3 East sections 31 through 36, Township 12 North Range 4 East sections 31 through 36, Township 12 North range 5 East sections 31, and 32. **District 5** comprised of a portion of White River Township and Pleasant Township, in Johnson County with ranges from; Township 13 North 3 East sections 1, 2, and 3, Township 13 North 4 East sections 5 through 8, Township 14 North 3 East sections 25, 26, 27, 34, 35, and 36, Township 14 North 4 East sections 29 through 32. **District 6** comprised of a portion of White River Township in Johnson County and Harrison Township in Morgan County, with ranges from; Township 13 North Range 2 East sections 1, 2, and 11 through 14, Township 13 North Range 3 East sections 4 through 10, and 15 through 18, Township 14 North Range 2 East sections 25, 26, 35, and 36, Township 14 North Range 3 East sections 28 through 33. **District 7** comprised of a portion of White River Township in Johnson County and Harrison Township in Morgan County, with ranges from; Township 13 North Range 2 East sections 23 through 26, Township 13 North Range 3 East sections 11, 12, 13, and 19 through 30. These directors shall exercise all powers of the cooperative such as are by law or by the articles of incorporation or by these bylaws conferred upon or reserved to the members.

Section 2. Qualifications and Tenure

The persons named as directors in the articles of incorporation of the cooperative shall compose the board of directors until the first annual meeting or until their successors shall have been elected and qualified. At each annual meeting of the members, directors shall be elected by ballot from and by the members to serve a term of three (3) years each or to serve until their terms have expired and their successors have been elected and qualified, subject to the provisions of these bylaws with respect to the removal of directors. Directors from District 5 and 6 shall be elected in the first year; directors from Districts 1 and 4 shall be elected in the second year; and directors from Districts 2, 3 and 7 shall be elected in the third year.

If the election of directors shall not be held on the day designated herein for any annual board

meeting, or at any adjournment thereof, the board of directors may cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be held.

No member shall be eligible to become or remain a director or to hold any position of trust in the cooperative who is not a bona fide resident of the area served by the cooperative or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or a supplier to the cooperative or has been convicted of a felony. No current or past employee shall be eligible to become a director on the board of directors of the cooperative who has less than five years of separation from the cooperative.

The board of directors shall have power to make, adopt and enforce such board policies not inconsistent with the law, the articles of incorporation, or these bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the cooperative. Nothing in this section shall be construed to affect in any manner the validity of any action taken at any meeting of the board of directors.

Section 3. Nominations

The candidates for election to the Board of Directors of the cooperative shall be determined by the Nomination and Credentials Committee, as follows:

- a. The Nomination and Credentials Committee (hereinafter the "N&C Committee") shall be comprised of seven (7) representatives who shall be impartial and not apply bias or favor to any candidate or incumbent, shall be appointed by the Board of Directors annually, and may not be an existing, or a Close Relative, as defined elsewhere in these bylaws, of an existing Director, Cooperative Official or known Director candidate. Further, no former member of the Board of Directors or former employee of JCREMC shall be eligible to serve on the N&C Committee for a period of five (5) years after their termination date.

Each N&C Committee representative shall serve until they choose to no longer serve on the N&C Committee, subject to removal by the Board of Directors or non-reappointment by the Board of Directors, at the discretion of the Board. An N&C Committee representative choosing to resign their position is encouraged to select their replacement from within their district. Should they choose not to select a replacement, the Board of Directors shall select a replacement N&C Committee representative. Nevertheless, one representative of the N&C Committee shall be selected from each of the seven districts of the cooperative and the Director from each district shall select such representative of the N&C Committee when necessary. Each representative of the N&C Committee shall serve for successive one (1) year terms commencing July 1 of each calendar year. Representatives who resign from the N&C Committee are encouraged to do so by March 31 before the upcoming term. The Board of Directors shall formally approve all new appointments subject to each member of the N&C Committee representing that they will remain impartial and not apply bias or favor to any candidate or incumbent. The names of the N&C Committee representatives so appointed and approved by the Board of Directors shall be annually advertised to the cooperative members along with the date of the N&C Committee meeting at which director candidates will be considered for inclusion on the ballot at the next annual meeting. This shall be accomplished by publication in the cooperative membership newsletter or

by any other communication means reasonably calculated to provide notice of the N&C Committee representatives and the N&C Committee meeting date.

- b. After appointment, the N&C Committee shall meet and:
 - 1. elect a chairperson and secretary,
 - 2. establish and oversee the procedure for nominating and selecting candidates to be on the ballot to fill director positions to be filled, and
 - 3. nominate at least one, but no more than two, persons who are willing to stand for election for each director position with an expiring term or that otherwise needs to be filled.

An eligible and qualified cooperative member may also petition to be on the ballot through a petition signed by at least 50 of the resident cooperative members of the petitioner's district with a director position to be filled. This nominating petition shall be filed with the Chairperson of the N&C Committee, via the Johnson County REMC office, along with required director candidate application materials, at least ninety (90) days prior to the annual meeting of the members of the cooperative. This petition shall be on forms provided by the N&C Committee and shall be available at the Johnson County REMC office. This petition form shall be available for use at least one hundred twenty (120) days prior to the annual meeting of the cooperative members. If a cooperative member satisfies the petition procedures as set out in this subsection, then the N&C Committee shall review and determine whether the petitioner(s) has satisfied the requirements for director candidates.

- c. At least sixty (60) days before the annual cooperative member meeting, the N&C Committee shall provide a report of the nominees of the N&C Committee and the list of petitioners eligible to be included on the ballot; provided, however, the ballot shall include a maximum of three (3) candidates for each director position to be filled. This nominating report shall be available upon request to all cooperative members and shall be presented at the annual meeting of the cooperative members.
- d. Upon receipt of a written challenge or request submitted by a cooperative member within thirty (30) days of an N&C Committee decision or action, the N&C Committee shall prepare a written report summarizing and explaining the N&C Committee's decision or action. The failure of the Cooperative or the N&C Committee to act as required by these Bylaws shall not, by itself, affect a vote, Director election, or other action taken at a Cooperative Member Meeting. The N&C Committee's decision regarding a challenge is final.
- e. In order to be considered for election, all candidates, including incumbent directors, shall complete, sign, and file with the N&C Committee, in care of the Johnson County REMC office, a director application on the form provided by the cooperative, a bio, and any other information of the applicant's choosing (together "Director Candidate Application"), no later than ten (10) days prior to the advertised date of the N&C Committee meeting. The director application form shall include a requirement for a good faith pledge regarding the bona fide interest of the candidate. In the event a director candidate is nominated and later withdraws its candidacy, the N&C Committee is authorized to place a previously interviewed candidate on the ballot as a replacement, at the discretion of the N&C Committee. Failure to timely file a complete Director Candidate Application shall prohibit the candidate from being considered by the N&C Committee. Director Candidate Applications shall be confidential until the filing deadline has passed. After the 10-day application deadline period has passed, candidate names will be

available to members if requested. Unless otherwise authorized by these bylaws, all N&C committee deliberations regarding candidate selection shall remain confidential to the N&C Committee.

- f. Upon request, potential petitioners, and nominees and petitioners who will be on the ballot shall be provided detailed district maps. Individual member information including addresses and contact information is not available in any circumstance to any member, board member, petitioner, or potential board candidate.
- g. In no event, while the nominating and election process is pending, shall current Board members, JCREMC staff or employees, or director candidates have direct communication with the N&C Committee related to the nomination of director candidates unless requested by the Chair of the Committee or the attorney for the N&C Committee.
- h. As determined by the Board, the Cooperative may reasonably compensate or reimburse N&C Committee representatives for the performance of their N&C Committee duties.

Section 4. Vacancies

Subject to the provisions of these bylaws with respect to the removal of directors, all other vacancies occurring in the board of directors shall be filled by the affirmative vote of a majority of the remaining directors. Any directors thus elected shall serve out the unexpired term or until their successors shall have been elected and qualified.

Section 5. Compensation

Members of the board of directors shall receive fair remuneration by the Cooperative for serving as Director, in accordance with the limitations of Ind. Code 8-1-13-6. Such compensation shall be established by a Resolution of the Board of Directors or a policy duly adopted by the Board of Directors. Further, directors should be reimbursed for reasonable and necessary expenses incurred by them in the performance of their duties as a Director.

Except in an emergency situation as declared by an adopted resolution of the board of directors, no director of the board shall receive compensation for services to the Cooperative other than as a director. No close relative, as defined elsewhere in these bylaws, of a director of the board shall receive compensation for services to the cooperative unless this compensation is specifically authorized by an adopted resolution of the board of directors.

ARTICLE V

Meeting of Board of Directors

Section 1. Regular Meetings

A regular meeting of the board of directors shall be held without notice other than these bylaws, 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 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

Special meetings of the board of directors may be called by the president or any three (3) directors and it shall be the duty of the secretary to cause a 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 for the holding of any special meeting of the board of directors called by them.

Section 3. Notice

Notice of the time, place and purpose of any special meeting of the board of directors shall be given at least three (3) days prior thereto, by written notice, delivered personally, electronically, or mailed to each director at his last known address. If mailed, so addressed, and with postage thereon prepaid, such notice shall be deemed to be delivered when deposited in the United States mail.

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 the case where a director shall attend a meeting for the sole and express purpose of objecting to the transaction of any business at such meeting because the director alleges that the meeting was not lawfully called or convened.

Section 5. Quorum

A majority of the board of directors shall constitute a quorum for the transaction of business of any meeting of the board, provided that if less than a majority of 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 director of the time and place of such adjourned meeting. A director attending a meeting for the sole and express purpose of objecting to the transaction of business because the director alleges that the meeting was not lawfully called or convened shall not be considered as attending for purposes of establishing a quorum.

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 offices of secretary and treasurer may be held by the same person.

Section 2. Election and Term of Office

The officers of the cooperative shall be elected by ballot annually by and from the board of directors at the first meeting of the board of directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such elections shall be held as soon thereafter as conveniently

may occur. Each officer shall hold office until the first meeting of the board of directors following the next 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

Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests 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, the issue of which shall have been authorized by resolution of the board of directors or the members 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 powers 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; being custodian of the corporate records and of the seal of the cooperative and see that the seal of the cooperative is affixed 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;
- c. Keeping a register of the post office address of each member which shall be furnished to the secretary by such member;
- d. Signing, with the president, certificates of membership, the issue of which shall have been authorized by resolution of the board of directors or the members;

- e. Having general charge of the books of the cooperative in which a record of members is kept;
- f. 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, forward a copy of the bylaws as amended to any member upon his written request; and
- g. Performing all duties incident to the office of secretary and such other duties as from time to time shall be assigned to him by the board of directors.

Section 8. Treasurer

The treasurer shall be responsible for:

- a. Having charge of and be responsible for all funds and securities of the cooperative;
- b. Receiving and giving receipts for monies due and payable to the cooperative from any source whatsoever and deposit 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. Performing all duties incident to the office of treasurer and such other duties as from time to time shall be assigned to him by the board of directors.

Section 9. Delegation of Authority

The above-named officers may delegate administrative portions of their duties to qualified persons to perform the day by day operations required by law of the corporate officers involved.

Section 10. Chief Executive Officer

The board of directors shall appoint a Chief Executive Officer (hereinafter the "CEO") who shall perform such duties and shall exercise such authority as the board of directors may from time to time require; and shall have such authority as the board of directors from time to time may vest in the CEO.

Section 11. Bonds of Officers

The board of directors shall require the treasurer and 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 12. Fiduciary Liability

No person serving as a director, officer, partner, trustee, employee, or agent of the cooperative or serving any other corporation, partnership limited liability company, limited liability partnership, or other entity in a similar capacity at the request of the cooperative shall be liable to the cooperative for any loss or damage suffered by the cooperative for any action taken or omitted to be taken by him as a director, officer, CEO, partner, trustee, employee or agent where he has 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 where his action or omission occurred in reliance on the advice of counsel, information furnished by other officers or the CEO, or information furnished by an independent financial advisor, where he had reasonable grounds to rely on such information.

Additionally, the cooperative shall indemnify against suits or proceedings whether civil, criminal or administrative, any individual serving or who has previously served as a director, officer, CEO, employee, or agent of the cooperative; or where he has served another entity at the cooperative's request as a director, officer, partner, trustee, employee or agent; and where such suit or proceeding has been threatened or occurred because of such service. Such indemnification shall also include the estate or personal representative of such director, officer, CEO, employee or agent. This indemnification shall be for reasonable expenses, including attorney fees, judgments, settlements, penalties, or fines where the individual to be indemnified has:

- a. acted in good faith;
- b. reasonably believed that his conduct as an official was in the best interest of the cooperative or not opposed to the cooperative's best interest; or
- c. in the case of any alleged criminal activity, had no reasonable cause to believe that his conduct was unlawful.

For purposes of providing indemnification, a majority vote of the board of directors, excluding any director who would be indemnified by its decision, shall determine that the individual to be indemnified met the above standard and shall determine the amount of reasonable indemnification expense to incur.

In addition to the indemnification provided herein, the cooperative may purchase and maintain appropriate insurance on behalf of or covering the individuals described above for whom the cooperative may indemnify.

Section 13. 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 condition of the cooperative at the close of the fiscal year.

ARTICLE VII Seal of Cooperative

The corporate seal of the cooperative shall be in the form of a circle and shall have inscribed thereon the name of the cooperative, the words "Johnson County Rural Electric Membership Corporation, Franklin, Seal, Indiana" and the figures "1936".

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 agent to enter into a 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 by such officer, agent, or employee of the cooperative and in such a 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 in the credit of the cooperative in such bank or banks as the board of directors may select.

ARTICLE X
Disposition of Property

The cooperative may not sell, lease, exchange, mortgage, pledge, or otherwise sell property, other than:

- a. Property which, in the judgment of the board of directors is or will be neither necessary nor useful in operating or maintaining the cooperative's system, provided, however, that sales of such property shall not in anyone year exceed in value ten percent (10%) of the value of all the property of the cooperative.
- b. Services of all kinds, including electric energy.
- c. All, or substantially all, of its property unless 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 at least three-fourths (3/4) of all members in each of its seven (7) Director Districts, who must be present at such meeting and the affirmative vote of at least three-fourths (3/4) of its directors who are present at the meeting of its board of directors duly called and held as provided in its bylaws.

ARTICLE XI
Non-Profit Operation

Section 1. Interest or Dividends on Capital Prohibited

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

Section 2. Patronage Capital in Connection with Furnishing Electric Energy

In the furnishing of electric energy, the cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the cooperative. In order to induce patronage and to assure that the cooperative will operate on a nonprofit basis, the cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of that needed for all legal and necessary expenses, liquidation of indebtedness, provision of working capital, provision of extensions and replacements, fulfilling any obligation under any financial agreement, or the payment of any taxes assessed (hereinafter "operating costs and expenses"). 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 credit to the capital account for each patron all such amounts in excess of operating costs and expenses (hereinafter "capital credits"). 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, can be determined. The cooperative shall within a reasonable time after the close of the fiscal year publish notice in a newspaper of general circulation in each county where the cooperative sells electricity that the capital credit accounts of each patron are available for inspection in the general offices of the cooperative. 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 that the patron had furnished to the cooperative corresponding amounts of capital.

All other amounts received by the cooperative from its activities other than the furnishing of electric energy 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;
- b. reinvested in the facilities or services of the cooperative; or
- c. to the extent not needed for these purposes, allocated to its patrons on a patronage basis.

In the event of dissolution or liquidation of the cooperative, after all outstanding indebtedness of the cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of members. 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 patrons' accounts may be retired in full or in part. Capital credited to the account of each patron shall be assignable on the books of the cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the cooperative unless the board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these bylaws, and where the financial condition of the cooperative will not be impaired thereby; the board at its discretion shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provision of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board, acting under policies of general application, and the legal representatives of such patron's estate shall agree.

The patrons of the cooperative, by dealing with the cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the cooperative and each patron, and both the cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this paragraph of the bylaws shall be called to the attention of each patron of the cooperative by posting in a conspicuous place in the cooperative's office.

Section 3. Deposits

All funds of the cooperative shall be deposited from time to time in the credit of the cooperative in such bank or banks as the board of directors may select.

ARTICLE XII Miscellaneous

Section 1. Rules and Regulations

The board of directors shall have power to make, adopt and enforce such rules and regulations, not inconsistent with the law, the articles of incorporation, 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, is subject to applicable laws, rules and regulations of any regulatory body with jurisdiction over the cooperative's accounting systems, and shall conform to such accounting system as may from time to time be designated by the Administrator of Rural Utilities Services of the United States of America. The board of directors shall after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the cooperative as of the end of such fiscal year.

Section 3. Membership in Other Organizations

The board of directors shall have full power and authority on behalf of the cooperative to purchase stock in any for profit entity permitted by law; or to become a member of any corporation or cooperative organized on a nonprofit basis for the purpose of furthering rural electrification. Further, the cooperative may apply for and accept membership in any organization which has for its purpose the betterment of rural electrification whether or not such corporation is organized under the Rural Electric Membership Corporation Act of the State of Indiana.

Section 4. Electric Energy Rate Schedules

The schedule of rates on electric energy sold to members shall be fixed from time to time by resolution of the board of directors, provided, however, that such rate schedules shall be established in accordance with the law and sound rate making principles. Energy sales or load modifying agreements with members that do not conform to energy rate schedules shall be handled on a case-by-case basis, and in the best interest of JCREMC.

Section 5. Rules of Order

Meetings of the members of the cooperative may be conducted according to Robert's Rules of Order.

**ARTICLE XIII
Amendments**

These bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the members of the board of directors, which vote may be taken at any regular or special meeting of the board of directors provided that notice of such alteration, amendment or repeal shall have been given with the notice of the meeting. These bylaws may be altered, amended or repealed by the affirmative vote of all members of the board of directors at any regular meeting of said board.

Stephen Watson, President

Map of Director Districts

