

**Corporate Bylaws of the
JAY COUNTY RURAL ELECTRIC MEMBERSHIP CORPORATION
Portland, Indiana**

The Jay County Rural Electric Membership Corporation (hereinafter called "cooperative")
is incorporated under the laws of the state of Indiana.

ARTICLE 1 - Membership

Section 1. Condition 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 supplied by the cooperative and shall have complied with the terms and conditions in respect to membership contained in these bylaws.

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

- a. filing a written application for membership therein;
- b. agreeing to purchase from the cooperative electric energy as hereinafter specified;
- c. paying the fees, dues assessments, deposits, contributions or other amounts, as hereinafter specified; and
- d. agreeing to comply with and be bound by the articles of incorporation and by the bylaws of the cooperative and such rules and regulations as may be adopted from time to time by the board of director.

Section 2. Application for Membership

- a. Any person who desires to purchase electric energy from the cooperative shall file with the board of directors a written application for membership which shall contain (1) an agreement that electric energy will be purchased from the cooperative at a service connection, the location of which shall be designated in the application for membership; (2) an agreement that the applicant will comply with and be bound by the articles of incorporation of the cooperative, the bylaws of the cooperative and any amendments thereto and such rules and regulations as may be adopted from time to time by the board of directors; and (3) an agreement that the applicant will make payment of such other fees, dues, assessments, deposits, contributions, or other amounts required by the Articles of Incorporation, Bylaws, Policies adopted by the board of directors, or Indiana law, which are incidental to providing electric energy at the service connection.

Section 3. Joint Membership

A husband and wife 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 a husband and wife 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, but in case of their disagreement, each may cast one-half 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 board member, provided that both meet the qualifications for such office.
- h. Either or both may sign a petition for nomination of a candidate for director, however, if both sign the same petition, they shall be counted as one member.

Section 4. Purchase of Electric Energy and Protection of Facilities

Each member shall, as soon as electric energy shall be available, purchase from the cooperative electric energy used on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be established by the board of directors. Each member shall also pay all amounts owed by him to the cooperative as and when the same shall become due and payable.

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 fixed from time to time by the cooperative.

Each member shall make available to the cooperative a suitable site, as determined by the cooperative, to place the cooperative's physical facilities for the furnishing and metering of electric service and shall permit the cooperative's authorized employees, agents and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration for such service, each member shall be the cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's care and surveillance could have prevented such, the member shall indemnify the cooperative and any other person against death, injury, loss or damage resulting therefrom, including but not limited to the cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the cooperative extend beyond the point at which its service wires are attached to the meter loop provided for measuring electricity used on such premises, or beyond the combination circuit breaker-meter base panel if such is owned and maintained by the cooperative, except that the cooperative shall, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment.

Section 5. Consumer Refundable Memberships

- a. Effective February 1, 2004, no membership fee shall be charged or collected, however, connection fees and deposits may be established by the board of directors.
- b. All membership fees and service connection fees assessed prior to February 1, 2004, shall be subject to the following:
 - 1. A membership fee of twenty-four dollars (\$24.00) shall be charged to each applicant for membership in the Corporation when the applicant desires to purchase energy from a service connection at a location which is not being served by the Cooperative at the time said application is made to the Board of Directors. Said fees shall entitle the member to one service connection.

An additional sum of thirty dollars (\$30.00) shall be paid for each additional service connection requested by the member.

2. Any membership or special fee paid for obtaining initial service connection to a particular property may be applied toward payment of the membership fee of the owner or occupant of the property.
3. It shall be a refundable membership and the fee charged will be refunded except that the whole or any part of such twenty-four dollars (\$24.00) may be applied without notice to the depositor toward payment of delinquent charges for electric energy furnished to the meter. Whenever any such member ceases using electric energy, he shall be refunded the amount of such fee less any part thereof applied as aforesaid.
4. Any membership fee or portion thereof in the possession of the cooperative sixty (60) days after the termination of service to the service connection for which such fee was established may be transferred to the donated capital account of the cooperative, provided that the member has been notified in writing of such proposed action with such notice being deposited in the United States mail, not less than sixty (60) days prior to such transfer, in accordance with the address shown on the records of the cooperative, and upon failure of the member to make claim upon said notification within the time specified.
5. As of September 21, 1972, each twenty-four dollars (\$24.00) refundable membership fee shall bear no interest.
6. With respect to all members of the corporation prior to September 21, 1972, and who are still members and who have paid a non-refundable membership fee or who have paid a meter deposit to the cooperative, such non-refundable membership fee so paid and deposits, if any, are hereby merged together and considered to be a refundable membership fee, without further membership fee to be paid to said cooperative, notwithstanding the fact that such non-refundable membership fee and meter deposit might be less than the twenty-four dollar (\$24.00) membership now required to be paid.

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 from the Cooperative; and (b) complies with the items and conditions in respect to membership contained in the bylaws of the cooperative and any amendments thereto and such rules and regulations which may be adopted from time to time by the board of directors.

Section 7. Membership Certificates

Membership in the cooperative may be evidenced by a membership card which shall be in such form as may be determined by the board of directors.

Section 8. Conversion of Membership

- a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, the bylaws of the cooperative and any amendments thereto and rules and regulations adopted by the board of directors. The membership card shall be reissued by the cooperative in such manner as shall indicate the changed membership status.
- b. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The membership card shall indicate the changed membership status; provided, however, that the estate of the deceased shall not be released from any debts due the cooperative.

Section 9. Termination of Membership

A person's membership in the cooperative shall be terminated under any one or more of the following conditions by resolution of the board of directors:

- a. A member ceases to purchase electric energy from the cooperative.
- b. A member withdraws from membership upon 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 regulations as may be adopted from time to time by the board of 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 10 days after such notice was given. Any expelled member may be reinstated by a majority vote of the members present at any annual or special meeting.
- d. Upon the death or cessation of existence of the member.
- e. Termination of membership in any manner shall not release a member or his estate from any debts due the cooperative.

ARTICLE II - Rights And Liabilities Of Members

Section 1. Property Interest of Members

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

Section 2. Non-liability for Debts of the Cooperative

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

ARTICLE III - Meetings of Members

Section 1. Annual Meeting

The annual meeting of the members shall be held during the months of March or April at any place within one of the counties served by the cooperative as designated by the board of directors in the notice of the meeting, for the purposes of electing directors, hearing and passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. In the event that the national welfare or the best interest or convenience of the cooperative shall, in the judgment of the board of directors, demand a postponement of the annual meeting, such annual meeting may be postponed for a period not exceeding 180 days, by the board of directors. All members shall be notified of the postponement and the date fixed for the postponed annual meeting and such annual meeting when so held in accordance with such notice shall be and constitute the regular annual meeting of members. Failure to hold the annual meeting at the designated time shall not work as forfeiture or dissolution of the cooperative.

Section 2. Special Meetings

Special meetings of the members may be called by the chairman, by the board of directors or upon a written request signed by at least five percent (5%) of all the members and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the cooperative as designated by the board and shall be specified in the notice of the special meeting.

Section 3. Notice of Members' Meeting

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or 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, in a sealed envelope addressed to the member at his address as it appears on the records of the cooperative with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such annual or special meeting.

Section 4. Quorum

At least two percent (2%) of the total number of members of the cooperative present in person shall constitute a quorum for the transaction of business at all meetings of the members; provided that if less than two percent (2%) of the total number of members are present at said meeting, a majority of the members so present may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

Section 5 Voting

Each member 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 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. If a husband and wife hold a joint membership, they shall jointly be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 6. 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 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:

1. Ascertaining which members are present.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver of notice of the meeting, as the case may be.
3. Reading of minutes of previous meeting of the members and taking of necessary action thereon.
4. Presentation, consideration of, and acting upon, reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.

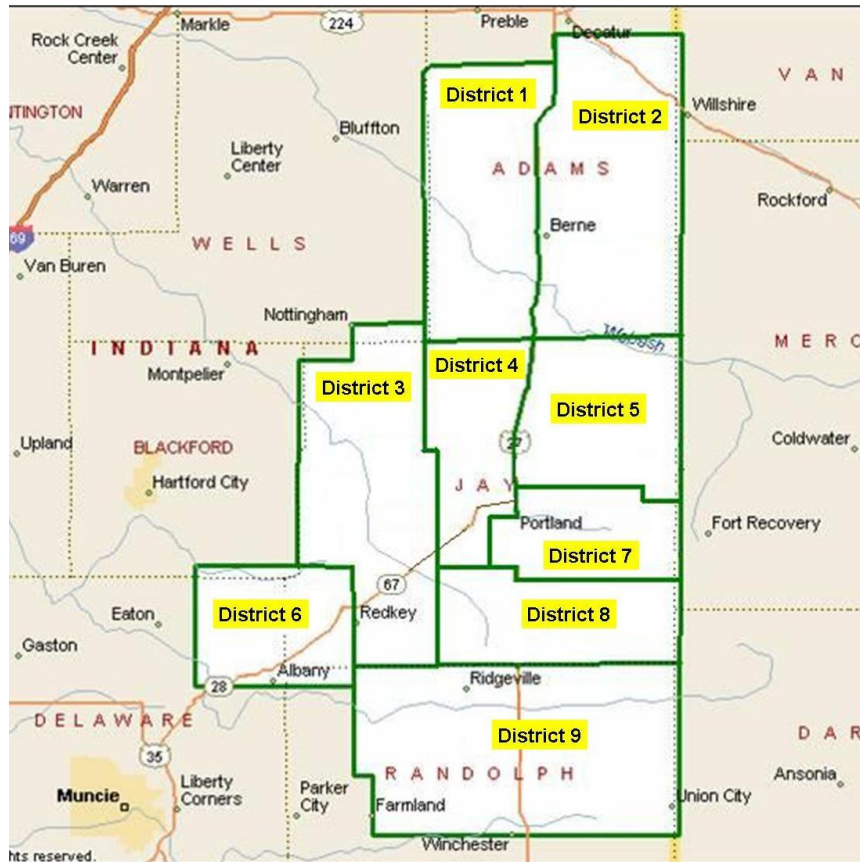
7. New business
8. Adjournment.

ARTICLE IV – Directors

Section 1. General Powers

The business and affairs of the cooperative shall be managed by the board of nine (9) directors which shall exercise all the powers of the cooperative except such as are by law, or by the articles of incorporation or by these bylaws conferred upon or reserved to the members.

Section 2. Map of Districts



Section 3. Qualifications

Members of the board shall be members of the cooperative. The members seeking election from a district shall reside in that district.

Beginning with the year 2007, the directors of the cooperative shall be divided into three classes, one consisting of two members, one consisting of three members, and one consisting of four members. At the annual meeting of the cooperative held in 2007, one director each from districts numbered 2 and 9 shall be elected by secret ballot by and from the members as directors of the first class to serve until the next annual meeting or until their successors shall have been elected and shall have qualified. One director each from districts numbered 1, 4 and 8 shall be elected by secret ballot by and from the members as directors of the second class to serve until the second succeeding annual meeting or until their successors shall have been elected and shall have qualified. One director each from districts 3, 5, 6 and 7 shall be elected by secret ballot by and from the members as directors of the third class to serve

until the third succeeding annual meeting or until their successors shall have been elected and shall have qualified. At each annual meeting thereafter directors shall be elected by secret ballot by and from the members to succeed those directors for a period of three years or until their successors shall have been elected and shall have qualified. If an election of directors shall not be held on the date designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter. Directors shall be elected by a plurality vote of the members.

Upon establishment of the fact that a board member is holding the office in violation of any provisions of the bylaws, the Board shall remove such member from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board.

Section 4. Nomination

Any fifteen (15) members of the cooperative, by signing a petition, may nominate a qualified candidate from any district of the cooperative for which there is to be elected a member of the board of directors at the next election of directors. Such petition shall be on a form provided by the cooperative and shall be filed at the principal office of the cooperative on or between December 1 and January 10 immediately prior to the date such election is to be held. Except in the case of a removal of a director, this procedure shall be the only method by which candidates for the position of director of the cooperative shall be nominated.

The secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten (10) days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates and showing the terms of office for which each candidate would be elected. The names of the candidates shall be arranged by nominating districts with the incumbents, if nominated, listed first, followed by the other candidates alphabetically.

Section 5. Election Committee

The board shall annually elect an election committee from within its membership consisting of three (3) directors whose terms do not expire during their term of membership on this committee. It shall be the committee's responsibility to review and validate petitions of nominations or qualifications of candidates for the office of director of the cooperative. The cooperative counsel shall be available to provide advice to the committee.

Section 6. Election of Directors

Election of directors shall be by printed ballot, except as modified hereinafter. The ballots shall list names of candidates nominated and such names shall be arranged by nominating districts with the incumbents, if nominated, listed first, followed by other candidates alphabetically.

Each member of the cooperative present in person at the meeting shall be entitled to vote for one candidate from each district from which a director is to be elected. The candidate from each district from which a director is to be elected receiving the highest number of votes at such meeting shall be declared elected as director. Drawing by lot shall resolve, where necessary, any tie votes. In the event that only one (1) candidate is nominated from a district for which a director is to be elected, then and in such event, such director may be elected by a voice vote of the membership.

Section 7. Vacancies

Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring on the board of directors shall be filled by a majority vote of the remaining directors and directors thus

elected shall serve for the unexpired portion of the term in which the vacancy has occurred or until a successor shall have been qualified, provided the director elected to fill the vacancy shall meet all qualifications of a director.

Section 8. Compensation

Directors shall, as determined by a resolution of the board, receive insurance benefits and a fixed sum for each day or portion thereof spent on cooperative business, such as attendance at meetings, conferences and trade programs or performing other director duties when such has had prior approval of the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for such expenses. No board member shall receive compensation for serving the cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the board as an emergency measure. However, a director who is also an officer of the board, and who as such officer performs regular or periodic duties of a substantial nature for the cooperative in its fiscal or corporate affairs, may be compensated in such an amount as shall be fixed and authorized in advance of such service by the board.

Section 9. Removal of Directors or Officers by Members

A director may be removed for cause at any time by the members pursuant to the procedures specified in this section. Any member may bring charges, specifying the causes for removal, against a director by filing such charges in writing with the secretary, together with the petitions signed by 25% percent of the members of the cooperative requesting the removal of the director in question. The petition shall contain the specific charges of misconduct. The removal shall be voted upon at the next regular or special meeting of members. The affirmative vote of 25% of the members of the cooperative is required to affect such removal. Any vacancy created by such removal may be filled by the members at such meeting provided that the director resides in the same district as the director in respect to whom the vacancy occurs.

The director against whom such charges have been brought shall be informed in writing of the charges at least thirty (30) days prior to the meeting. That director 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 will have the same opportunity. If the removal of more than one director is sought, a separate vote shall be taken as to each director. The term "for cause" as used in this Section is defined as being malfeasance in office; that is, the commission of an act which is unlawful and which affects, interrupts or interferes with the performance of official duties.

Section 10. 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 a spouse, child, grandchild, great grandchild, parent, grandparent, great grandparent, brother, sister, aunt, uncle, nephew or niece, by blood or in law, of the principal.

ARTICLE V - Meeting of Directors

Section 1. Regular Meeting

A regular meeting of the board of directors shall be held monthly at such time and place within one of the counties served as the board of directors may provide by resolution fixing the time and place thereof.

Section 2. Special Meetings

Special meetings of the board of directors may be called by the Chairman or Secretary or any three (3) directors. 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 time, place and purpose of any special meeting of the board of directors shall be given at least two (2) days previous thereto, by written notice, delivered personally, or mailed to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of such notice 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 4. 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 without further notice.

Section 5. 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 - Board and Corporate Officers

Section 1. Number

The officers of the cooperative shall be President/CEO and Secretary, and such other officers as may be determined by the board of directors from time to time. The officers of the board shall be Chairman, and such other officers as may be determined by the board of directors from time to time.

Section 2. Election of Chairman of the Board of Directors

The Chairman of the Board shall be elected by majority vote on paper ballot, annually by the board of directors at the first meeting of the board of directors held after each annual meeting of the members.

The Chairman shall hold office until the first meeting of the succeeding annual meeting of the members or until his successor shall have been duly elected.

The Chairman of the Board shall preside at all meetings of the board of directors, and unless otherwise determined by the board of directors, at all meetings of the members.

Section 3. Election and Term of Corporate Officers

The President/CEO and the Secretary of the corporation shall be elected by majority vote on paper ballot, annually by 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 4. Vacancies

Except as otherwise provided in these bylaws, a vacancy in any office shall be filled by the board of directors for the unexpired portion of the term.

Section 5. President/CEO

The President/CEO:

- a. shall be the chief executive officer of the cooperative;
- b. may be a member of the cooperative but shall not be required to be;
- c. shall sign with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the board of directors, 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
- d. 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 5. Secretary

The Secretary shall be responsible for:

- a. keeping the minutes of meetings of the members and of the board of directors in one or more books provided for that purpose;
- b. seeing that all notices are duly given in accordance with these bylaws or as required by law;
- c. being custodian 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 provision of these bylaws;
- d. keeping a register of the post office address of each member which shall be furnished to the Secretary by such member;
- a) signing, with the President, certificates of membership, the issue of which shall have been authorized by resolution of the board of directors;
- b) having general charge of the books of the cooperative in which a record of the members is kept;
- c) keeping on file at all times a complete copy of the 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 and all amendments thereto to each member; and
- d) in general, performing all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the board of directors.

Section 6. Bonds of Officers

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

Section 7. Compensation

The powers, duties and compensation of officers, agents and employees shall be fixed by the board subject to the provisions of these bylaws with respect to compensation for a board member and close relatives of a board member.

Section 11. Reports

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

ARTICLE VII - Non-profit Operation

Section 1. Interest or Dividends on Capital Prohibited

The cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its 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

In the furnishing of electric energy, the cooperative's operation shall be so conducted that all patrons (members and non-members alike) 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 patrons (members and non-members alike) for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the cooperative are received with the understanding that they are furnished by the patrons (members and non-members alike) 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 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 notifies all patrons of 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. Said notice shall be deemed given if placed in a newsletter or other common communication to the members. 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.

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 part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the cooperative, all 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 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. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the cooperative being first retired. Provided, however, that the board of directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited the account of the cooperative by an organization furnishing electric service to the cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to the account of the cooperative by an organization furnishing electric service to the cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year; (b) provide for separate identification on the cooperative's books of the power supply portion of capital credited to the cooperative's patrons; (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts; and (d) preclude a general retirement of the power supply portion of a capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

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 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 provisions of these bylaws, the board at its discretion shall have the power at any time upon the death of any patron, if the legal representative 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 provisions 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 upon; provided, however, that the financial condition of the cooperative will not be impaired thereby.

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 article 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. Patronage Refunds from Generation and Transmission Cooperatives

The board of directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of patrons which corresponds to capital credited to the account of the cooperative by an organization furnishing electric service to the cooperative. Such rules shall:

- a) Establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year.
- b) Provide for separate identification on the cooperative's books of the power supply portion of capital credited to the cooperative's patrons;
- c) Provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts; and

- d) Preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Section 4. Disposition of Unclaimed Property

Notwithstanding any provisions herein contained to the contrary and pursuant to the statutes of the State of Indiana (IC 8-1-13-11), the cooperative shall recover, after a period of 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 60 days' notice in a newspaper printed in the English language and published in the county in which the cooperative locates its general headquarters. Such notice shall state the owner's name and approximate amount of owner's interest, and that if not duly claimed within 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 60 days after the one-time publication of said notice, the cooperative may credit against said account any amounts due and owing the cooperative by said member and thereafter allocate to the other members of the cooperative on a pro rata basis. Such amounts of said members (the allocation herein contemplated) shall be allocated to those who are members as of the year and on a pro rata basis for the year in which the 60th day falls after the published notice.

The failure of any member or former member to claim any cash retirement or capital credit or other payment within two years after payment has been made available to such person will constitute an irrevocable assignment and gift to the cooperative of such capital credits or other payments.

ARTICLE VIII - Property

Section 1. Disposition and Pledging of Property

- a. Not inconsistently with the provisions of the Statutes of the State of Indiana (IC 8-1-13-12) and of subsection (b) hereof, the members of the cooperative may, at a duly held meeting of the members, authorize the sale, lease, lease-sale, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the cooperative's property and assets by the affirmative votes of a majority of the total members of the cooperative. However, the board of directors, without authorization by the members shall have full power and authority (1) to borrow moneys from any source and in such amounts as the board may from time to time determine, (2) to issue the cooperative's obligations evidencing such borrowing, and (3) to mortgage or otherwise pledge or encumber any or all of the cooperative's property or assets as security therefore. The board shall also have full power and authority, without requirement of any member authorization, to sell, lease, lease-sell, exchange, transfer or otherwise dispose of merchandise, or of property no longer necessary or useful for the operation of the cooperative, or of less than substantially all of the cooperative's property and assets.
- b. Supplementary to the first sentence of the foregoing subsection (a) and any other applicable provisions of law or these bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the cooperative's property and assets shall be authorized except in conformity with the following:
 1. If the board of directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and

as to any other terms and conditions which would be considered. The three (3) such appraisers shall be designated by the Judge of the Jay Circuit Court, Jay County, Indiana. If such Judge refuses to make such designations, they shall be made by the board of directors.

2. If the board of directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every other rural electric cooperative corporately sited and operating in Indiana (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such rural electric cooperatives, which notice shall be attached to a copy of the proposal which the cooperative has already received and copies of the respective reports of the three (3) appraisers. Such rural electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
3. If the board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than thirty (30) nor more than forty-five (45) days after the giving of notice thereof to the members: provided, that consideration and action by the members may be given at the next annual member meeting if the board so determines and if such annual meeting is held not less than thirty (30) nor more than forty-five (45) days after the giving of notice of such meeting.
4. Any fifty (50) or more members, by so petitioning the board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the cooperative, with the cost to be borne by the cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the board has made.
The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other rural electric cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more rural electric cooperatives.

Section 2. Distribution of Surplus Assets on Dissolution

Upon the cooperative's dissolution, any assets remaining after all liabilities or obligations of the cooperative have been satisfied and discharged shall, pursuant to IC 8-1-13-21, pass to and become the property of the state.

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 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 payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the cooperative and in such manner as shall from time to time be determined by resolution of the board.

Section 3. Deposits

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

Section 4. Fiscal Year

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

ARTICLE X - Indemnification

No person or his heirs, executors and administrators shall be liable to the cooperative for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director, officer or employee of the cooperative in good faith, if such person exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or took or omitted to take such action in reliance upon advice of counsel for the cooperative or upon the statements made or information furnished by officers or employees of the cooperative which he had reasonable grounds to believe.

Each director, officer and employee of this cooperative and his heirs, executors and administrators shall be indemnified and held harmless by this cooperative against all costs, expenses and amounts or liability therefor; including attorney's fees reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding or claim to which he may have been made a party by reason of his being or having been a director, officer or employee, or any settlement thereof, whether or not he continues to be such director, officer or employee at the time of incurring such cost, expense or amounts, and whether or not the action or omission to act, on the part of such director, officer or employee which is the basis of such suit, action, proceeding or claim, occurred before or after adoption of these bylaws, except in relation to matters as to which he shall have been finally adjudged in such action, suit or proceeding or if there being no such action, suit or proceeding, then determined in conjunction with the settlement of any such claim, by a majority of the board of directors of this cooperative which is unaffected by self-interest, to have been liable for negligence or misconduct in performance of his duties as such director, officer or employee.

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

The cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the cooperative or is or was serving at the request of the cooperative as a director, officer, employee or agent of another corporation, partnership or enterprise against any liability asserted against him 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 liability under the provisions of this section or otherwise.

ARTICLE XI - Miscellaneous

Section 1. Policies, Rules and Regulations

The board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the cooperative.

Section 2. Accounting System and Reports

The board shall cause to be established and maintained a complete accounting system. The board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 3. Membership in Other Organizations

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

ARTICLE XII - Seal

The corporate seal of the cooperative shall be in the form of a circle and shall have inscribed thereon the name of the cooperative, the words "Portland, Seal, Indiana" and the figures, "1936".

ARTICLE XIII - Amendments

These bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of the members of the board of directors at any regular or special meeting. The notice of the meeting shall contain a copy of the proposed alteration, amendment or repeal to be considered at the meeting.

ARTICLE XIV - Parliamentary Procedure

Parliamentary procedure at all meetings of the members, of the board of directors, of any committee provided for in these bylaws and of any other committee of the members or board of directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the cooperative's certificate of incorporation or bylaws.