

BYLAWS
OF
PARKE COUNTY RURAL ELECTRIC
MEMBERSHIP CORPORATION

ARTICLE I
MEMBERSHIP

Section 1. Conditions of Membership

The corporate purpose of Parke County Rural Electric Membership Corporation, (hereinafter referred to as the “Cooperative”) shall be to render service to its Members. No person shall become or remain a Member of the Cooperative, unless such person shall purchase electricity from the Cooperative and shall have complied with the terms and conditions in respect to membership contained in these Bylaws.

Any natural person, firm, association, corporation or body politic may become a Member in the Cooperative by purchasing electricity from the cooperative pursuant to the rates, terms and conditions for such service adopted from time to time by the Board of Directors and by:

- A. Agreeing to purchase from the Cooperative electric energy as hereinafter specified;

- B. Completing a membership application and furnishing appropriate credit information and/or paying a deposit as may be required by the Cooperative;
- C. Agreeing to comply with and be bound by the Articles of Incorporation, the Bylaws and the Rules and Regulations of the Cooperative as the same may be adopted or amended from time to time.

Section 2. Membership

The term “Member” as used in these Bylaws, unless otherwise specified, shall mean the individual applicant signing an individual membership application or the joint applicants signing a joint membership application. If requested, a membership may be issued in the name of a single natural person, two or more natural persons, a firm, association, partnership, corporation, body politic, or subdivision thereof. 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:

- 1. The presence at a meeting of any shall be regarded as the presence of all and shall constitute a joint waiver of notice of the meeting;

2. The vote of any separately or all jointly shall constitute one joint vote;
3. Notice to any shall constitute notice to all;
4. Expulsion of any shall terminate the joint membership;
5. Withdrawal of any shall terminate the joint membership;
6. Any one, but not more than one, may be elected and appointed as an Officer or Board Member.

Section 3. Sale or Purchase of Electric Energy

Except as required by law, the Board of Directors shall not permit the sale of electric energy from any service connection to any purchaser except by the Cooperative or its power provider. In accordance with the rules, regulations and rate schedules adopted from time to time by the Board of Directors, each Member shall pay all amounts owed by the Member to the Cooperative as and when such amounts become due and payable.

Section 4. Refundable Membership Fees

When electric service is terminated, the refundable membership fee collected prior to July 1, 2004, shall be refunded to the Member. No membership fee shall be collected as a condition of membership in the Cooperative after June 30, 2004.

Section 5. Term of Membership

Membership in the cooperative and all rights and privileges thereto shall continue as long as the Member purchases electric services from the Cooperative.

Section 6. Conversion of Membership

- A. A membership may be converted from an individual to a joint Membership upon the request of the holder thereof and the acknowledgement by such holder and the prospective joint members to comply with the terms and conditions of the Cooperative's Articles of Incorporation, the Bylaws and the Rules and Regulations and any amendments thereto adopted from time to time by the Board of Directors. The original individual membership application shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status.
- B. Upon the death of the next to last party to a joint membership, the sole survivor shall retain such membership and the membership records shall be modified in such manner as shall indicate the changed membership status. Notwithstanding the foregoing, the estate of a deceased joint member shall not be released from any debts due the Cooperative.

- C. Upon dissolution of marriage by divorce, the joint membership of a husband and wife shall remain the same unless a membership application signed by both parties is received requesting removal of one of the parties from the membership and the waiver by such removed party to any patronage dividend, capital credits and fees paid.
- D. A membership in the Cooperative cannot be transferred by a Member to any other person, firm, association, corporation, body politic or subdivision thereof.

Section 7. Termination of Membership

A person's membership in the Cooperative may be terminated by resolution of the Board of Directors of said Cooperative if one or more conditions apply:

- A. A Member ceases to purchase electric services from the Cooperative.
- B. A Member withdraws from the membership upon such uniform terms and conditions as the Board of Directors may prescribe from time to time; or
- 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 terms and conditions of the Cooperative's Articles of Incorporation, Bylaws and Rules and Regulations as the same may be amended from time to time, but only if:

1. Such Member shall have been given written notice by the Secretary of the Cooperative of such failure to comply;
2. Such refusal or failure shall have continued for at least ten (10) days after such notice was given; and
3. The Member is given an opportunity to be heard in person or by counsel.

An expelled Member may be reinstated by vote of the Board of Directors or by vote of the Members at any annual or special meeting. Termination of membership in any manner shall not release a Member or his/her estate from any debts due the Cooperative.

Section 8. Property Interest of Members

Members shall have no individual or separate interest in the property or assets of the Cooperative except that every Member shall be eligible to receive any patronage distribution which may be declared by the Board of Directors in accordance with these Bylaws, and which is distributed among

Members in proportion to their patronage during the fiscal year in which such revenues and receipts were received; provided, however, that any sum available for distribution to a Member as aforesaid shall be first applied against such Member's past due indebtedness, if any, to the Cooperative.

Section 9. Non-liability for Debts of the Cooperative

The private property of the Members shall be exempt from the 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 10. Duties of Members

Upon request, each Member shall grant such easements or rights-of-way to the Cooperative, as determined from time to time by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric and communications services to such Member and other Members and shall permit the Cooperative and its authorized employees, agents, and independent contractors to have access thereto for inspection, maintenance, tree trimming, replacement, relocation or repair, thereof at all reasonable times. Each Member shall not interfere with, impair the operation of or cause damage to such facilities, and shall use the Member's 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, the Member shall be liable to the Cooperative and any other person injured thereby 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 loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. Evidence that access to services has been obtained by the Member without authority from the Cooperative or that a Member's metering device has been altered, removed or bypassed without the knowledge of or notification to the Cooperative shall be evidence that the Member has utilized a device or scheme to avoid being assessed for the full amount of services received from the Cooperative. In no event shall the responsibility of the Cooperative extend beyond the point at which its service wires are attached to meter loop provided for measuring electricity used on the Member's premises, or beyond the combination circuit breaker-meter base panel if such is owned and maintained by the Cooperative. The member will pay all charges assessed by the Cooperative for all services provided to the Member in accordance with these Bylaws and by the rate schedule of the Cooperative.

ARTICLE II

MEETING OF MEMBERS

Section 1. Annual Meeting

The Board of Directors shall designate by resolution the date of each annual meeting of the Members. The Board of Directors shall also select a place within the territory served by the Cooperative for the holding of such meeting as shall be designated in the notice of the meeting for the purpose of electing Directors, and transacting such other business as may come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings

Special meetings of the Members may be called by the President, by resolution of the Board of Directors, or upon written request signed by the majority of Directors, or by at least five percent (5%) of all of the Members of the Cooperative 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 the territory served by the Cooperative, selected by the person or persons calling the meeting and such place shall be specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings

Written or printed notice stating the place, day, and hour of a meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered to each Member no less than ten (10) days nor more than sixty (30) days before the date of the meeting, either personally or by mail at the direction of the Secretary, or by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Member at the Member's address as it appears on the records of the Cooperative. The failure of any Member to receive notice of an annual or special meeting of the Members shall not invalidate any action, which may be taken by the Members at any such meeting.

Section 4. Waiver of Notice

Any Member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a Member at any meeting shall constitute a waiver of notice of such meeting by such Member, except in case a Member shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 5. Quorum

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, those Members present may adjourn the meeting provided, that the Secretary shall notify any absent Members of the time and place of the reconvened meeting.

Section 6. 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. If more than one person holds a joint membership, they shall jointly be entitled to one vote and no more than one vote upon each matter. At all meetings of the Members at which a quorum is present, all questions shall be decided by a vote of a majority of the Members who are present in person, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws. No Member shall be allowed to vote by proxy at any meeting of the Members.

ARTICLE III

DIRECTORS

Section 1. General Powers

The business and affairs of the Cooperative shall be managed by a Board of Directors consisting of eight (8) Directors which shall exercise all the powers of the Cooperative, except such as are by law, or by the Article of Incorporation or by these Bylaws, conferred upon or reserved to the Members. In order that there shall be representation of all the geographical areas served by the Cooperative, Directors shall be nominated and elected by district, one Director to serve from each district, and each nominee shall have his/her principal residence in the respective district to which they are nominated. Districts, as established by the Board of Directors, shall be posted in the principal office of the Cooperative.

Section 2. Qualification and Tenure

A. Effective January 1, 2003, the Cooperative should be divided into eight (8) districts numbered 1, 2, 3, 4, 5, 6, 7, and 8 and such districts shall be composed of the following territories:

District No 1 Part of Adams and Part of Wabash Township, Part
of Reserve Township, all of Penn Township in
Parke County, Indiana.

- District No 2 Part of Scott, Part of Union, Part of Brown, and
Part of Ripley Townships in Montgomery County,
Indiana.
- District No 3 All of Greene, all of Washington and all of
Howard, Part of Liberty, all of Sugar Creek
Townships in Parke County, Indiana; and Part of
Mill Creek and Part of Jackson Townships in
Fountain County, Indiana.
- District No 4 Part of Madison, Part of Washington, Part of
Warren and Part of Cloverdale Townships in
Putnam County, Indiana.
- District No 5 Part of Jackson Township and all of Union
Township in Parke County, Indiana; Part of
Jackson Township and Part of Van Buren and Part
of Brazil Townships in Clay County, Indiana.
- District No 6 Part of Russell Township and all of Clinton
Township in Putnam County, Indiana.
- District No 7 Part of Franklin, Part of Monroe and Part of
Greencastle Townships in Putnam County,
Indiana.

District No 8 Part of Florida and Part of Raccoon Townships in Parke County, Indiana; Part of Dick Johnson Township in Clay County, Indiana; Part of Otter Creek and Part of Nevins Townships in Vigo County, Indiana.

In 2006, three (3) Directors shall be elected, one each from Districts 1, 4, 5 for a term of three (3) years and one (1) Director shall be elected from District 8 for a term of two (2) years. In 2007, two (2) Directors shall be elected, one each from District 2 and 6, for a term of three years. In 2008, three (3) Directors shall be elected, one each from District 3 and 7 and 8, for a term of three (3) years. In 2009, three (3) Directors shall be elected, one each from Districts 1, 4 and 5, for a term of three (3) years. All of the Directors so elected shall serve for the term for which they are elected or until their successors shall have been duly elected and qualified, subject to the provisions of these Bylaws with respect to the removal of these Directors. Subsequent elections shall follow the foregoing rotation with respect to the number of Directors to be elected for three-year terms and the districts for which they are elected at each successive annual meeting of the Members of the Cooperative.

B. No Member shall be eligible to become or remain a Director or hold any position of trust in the Cooperative who is not a bona fide resident in the district or area heretofore set out and served by the Cooperative.

No person shall be eligible to become or remain a Director who is:

1. An employee, former employee, or retired employee of the Cooperative; or an employee or former employee, or retired employee of the former Cooperative in the event of a consolidation;
2. A relative of an employee or director of the Cooperative. (As defined in these bylaws, “relative” means a person who by blood or marriage, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, uncle, aunt, nephew, or niece of the person); or
3. Has entered a plea of guilty to, or no contest to, or been convicted of, a felony.

When a membership is held jointly, only one joint member, but not more than one, may be elected a Director. Nothing in this Section shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Section 3. Nominations

- A. It shall be the duty of the Board of Directors to appoint, not less than seventy-five (75) days prior to the day of the date of a meeting of the Members at which Directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eight (8) Members who shall be selected so as to give equitable representation of the committee to the geographical areas served or to be served by the Cooperative. No Officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least sixty (60) days before the meeting a list of nominations for Directors for each district for which elections are to be held that year.
- B. Any fifty (50) or more Members from a district may by petition make nominations for Director from the district in which they reside, which petition shall be in writing over their signatures and shall be filed with the office of the Cooperative not less than sixty (60) days prior to the date of the annual meeting of the Members. A Member may not sign more than one petition for the nomination of a Director from a district and only one joint member of a joint membership may sign a

nominating petition. The nominating petition shall state the name and address of the person being nominated for Director, the District involved, and each Member signing said petition shall also date his or her signature and place his or her address on the petition. Forms of the petition may be obtained at the Cooperative headquarters and will be mailed to any Member requesting same. The Credentials and Election Committee established under Section 4 of this Article III shall examine and determine that all nominating petitions meet the requirements of these Bylaws, the Articles of Incorporation and the laws of the State of Indiana. Upon receipt of a nominating petition, certified by the Credentials and Election Committee as being validly filed, the Secretary shall post the same at the same place where the list of nominations made by the committee is posted.

- C. The Secretary shall notify each Member at least ten (10) days before the meeting, and such notice shall contain a statement of the number of Directors for each district to be elected showing separately the nominations made by the committee on nominations and the nominations by the petition, if any. There shall be no nominations from the floor.

Section 4. Conduct of Elections

A. Credentials and Election Committee. Not less than sixty (60) days prior to the date of the annual meeting of the members, the Board of Directors shall appoint a Credentials and Election Committee, which shall consist of three (3) Members residing in districts not involved in the election process. Members of this committee shall not be a member of the committee of Nominations, current Cooperative employees, agents, officers, directors or known candidates for director, and relatives as defined in Article III, Section 2, or members of the same household thereof. The Board of Directors shall appoint a member to serve as Chairman of the Credentials and Election Committee. The responsibilities of the Credentials and Election Committee are as follows:

1. To examine and audit the nominating petitions filed for the election to the office of Director to determine if the same comply with the requirements of the Articles of Incorporation and these Bylaws.
2. To pass upon and determine the validity of each of the signatures, printed names, and addresses on nominating petitions to determine if those signing are qualified Members of the Cooperative and entitled to vote for the election of the

director nominated. If the committee shall disapprove a signature, printed name, and/or address on a petition or petitions, they shall list same in writing giving the reason or reasons why the signature, printed name and/or address was not approved.

3. The Committee shall determine if the required number of Members have signed a petition after having deducted from the petition the names disapproved. If a petition does not contain the required number of valid signatures, printed names, and addresses of Members, then the Committee shall not certify to the Secretary, the name of the nominee as on said petition as a candidate to be placed upon the official ballot. Upon completion of the examination of the petitions, the Credentials and Election Committee shall certify to the Secretary of the Cooperative the name or names of those persons properly nominated by petition so that those nominated may be listed on the official ballot.
4. To approve the manner of Member registration at the meeting of the Members.

5. To count all ballots or other votes cast in any election or other matter.
6. To rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast.
7. To rule on all other questions that relate to Member voting and the election of Directors.

Section 5. Removal of Directors by Members

Any Member may bring charges against a Director by filing such charges in writing with the Secretary, together with a petition signed by a least ten percent (10%) of the Members residing in the district from which the Director was elected, requesting the removal of the Director in question.

The removal shall be voted upon by the Members residing in such district at the next regular or special meeting of the Members. The Director against whom such charges have been brought shall be informed in writing of the charges at least five (5) days prior to the meeting at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him/her shall have the same opportunity.

Section 6. 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 the affirmative vote of a majority of the remaining Directors and the Directors thus elected shall serve until the next annual meeting of the Members or until their successor shall have been duly elected and qualified.

Section 7. Compensation

The Officers, members of the Board of Directors and members of the Executive Committee are entitled to a fair compensation for the time actually spent by such Officers, Directors, and members of the Executive Committee in the performance of their duties as such, and each shall be paid the sum as set by the Board of Directors from time to time for each meeting attended, and in addition thereto, they and each of them shall be entitled to reimbursement for expenses incurred by them in performance of their duties as such.

ARTICLE IV

MEETING OF DIRECTORS

Section 1. Regular Meetings

A regular meeting of the Board of Directors shall 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. 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 five (5) days previous thereto, by written notice, delivered to each Director either personally, by mail to the Director's last known address or by electronic mail to the Director's last known e-mail address. If mailed, such notice shall be deemed to be delivered when deposited in United States mail so addressed, with postage thereon prepaid.

Section 4. Waiver of Notice

Any Director may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting by such Director, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 5. Quorum

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting.

Section 6. Manner of Acting

The act of the majority of the Directors present and voting at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V

OFFICERS

Section 1. Number

The Officers of the Cooperative shall be a President, a Vice President, a Secretary, a Treasurer, a General Manager/CEO and such other Officers as may be determined by the Board from time to time. The office of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office

The Officers shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Members. All Officers, with the exception of the General Manager/CEO , shall be elected from the Board of Directors. The office of General Manager/CEO may be filled from management personnel of the Cooperative. If the election of Officers is not held at such meeting, such election shall be held as soon as possible thereafter. 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 or her successor is duly elected and qualified.

Section 3. Removal

Any Officer elected by the Board of Directors may be removed by a majority vote of the Board of Directors whenever, in its judgement, the best interest of the Cooperative will be served.

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 of such office.

Section 5. President

The President:

- A. Shall be the principal chairman of the Cooperative and shall preside at all meetings of the Members and of the Board of Directors;
- B. May with the Secretary, 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/her 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/her by the Board of Directors.

Section 7. Secretary

The Secretary shall:

- A. Keep the minutes of meetings of the Members and the Board of Directors in one or more books provided for that purpose;
- B. See that all notices are duly given in accordance with these Bylaws or as required by law;
- C. Be custodian of the corporate records and 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 provision of these Bylaws;
- D. Keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member;
- E. Have general charge of the books of the Cooperative in which a record of the Members is kept;

- F. Keep 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 a current copy of the Bylaws will be furnished upon request; and
- G. In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 8. Treasurer:

The Treasurer shall:

- A. Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- B. Receive and give 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 provision of these Bylaws; and
- C. In general, perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 9. General Manager/CEO

The General Manager/CEO shall serve as the chief executive officer of the Cooperative with responsibility for the day-to-day operations of the Cooperative. The General Manager/CEO shall be authorized to sign tax returns and other instruments to be executed on behalf of the Corporation as authorized by the Board of Directors and shall perform such other duties that may from time to time be assigned to him/her by the Board of Directors.

The Board of Directors may appoint a General Manager/CEO who may be, but who shall not be, required to be a Member of the Cooperative.

Section 10. Bonds of Officers

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

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 conditions of the Cooperative at the close of such fiscal year.

ARTICLE VI

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 “Rockville, Seal, Indiana” and the figures “1937”.

ARTICLE VII

FISCAL YEAR

The fiscal year of the Cooperative shall begin the 1st day of January of each year and end on the 31st day of December in the same year.

ARTICLES VIII

FINANCIAL TRANSACTIONS

Section 1. Contracts

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any Officer or Officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the

Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc.

All checks, drafts, or other orders for the payment of money, and all notes, bonds, deposits, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such Officer or Officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits

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

ARTICLE IX

DISPOSITION OF PROPERTY

The Cooperative may not sell, lease, or otherwise dispose of all or any substantial portion of its property unless such sale, lease or the disposition is authorized at a meeting of the Members by the affirmative vote of not less than two-thirds of all of the Members of the Cooperative, and unless the

notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the Members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative.

ARTICLE X

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 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 service to its Members, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amount in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron on 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 may within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the Member's account. 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 been furnished the Cooperative corresponding amounts for capital.

All non-operating income 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, 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 shall determine that the financial conditions of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital. 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 provision of these Bylaws, the Board of Directors may retire capital credited to any deceased patron who is a natural person immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial conditions 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 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 with the Cooperative and each of its Members. The Bylaws containing this provision shall be available to any patron of the Cooperative at the Cooperative's office.

Section 3. Forfeiture of Patronage Capital Credit Allocations

Notwithstanding any provisions herein contained to the contrary and pursuant to the statues of the State of Indiana (I.C.8-1-13-11), the Cooperative shall recover, after a period of two (2) years, any unclaimed stocks, dividends, capital credits, patronage refunds, utility deposits, membership fees, account balances, or book equity for which the owner (Member or former Member) cannot be found and are the result of distributable savings of the Cooperative giving sixty (60) days' notice printed in the cooperative newsletter. Such notice shall state the owner's name and approximate amount of owner's interest, and that if not duly claimed within sixty (60) days of said notice, the same shall be turned over to the Cooperative, which shall reallocate the same to other Members. If no provable claim shall have been filed by such notice within sixty (60) days after the one-time publication of said notice, the Cooperative may credit against said account any amounts due and owing 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 sixtieth (60th) day falls after the published notice. Any Member or former Member who fails to claim

any cash retirement or capital credit or other payment within two (2) years after payment has been made available to such person, then such failure will constitute an irrevocable assignment and gift to the Cooperative of such capital credits or other payments.

Section 4. Lien on Capital Credits

The Cooperative shall have a lien on all amounts credited to the capital account of any Member for unpaid amounts or for any indebtedness or obligations owed the Cooperative by the Member.

Section 5. Patronage Capital in Connection With Power Supply

Cooperatives

Capital credits received from Wabash Valley Power Association, the power supplier for the Cooperative, shall be maintained as a separate special capital credit account of the then patrons of the Cooperative and shall be allocated to the accounts of those patrons of the Cooperative in the year in which the Cooperative receives official written notice that Wabash Valley Power Association has allocated capital credits to the Cooperative. The separate capital credits received from Wabash Valley Power Association that are credited to the special capital accounts of the patrons of the Cooperative shall not be retired or distributed to the patrons until such time as capital credit has been actually distributed by Wabash Valley Power Association to

the Cooperative and until such time as the Board of Directors, by appropriate resolution duly adopted and passed, authorize the distribution of the special capital credits to the accounts of the patrons. No notice of the allocation of these special capital credits shall be given to the patron, but each patron's special capital credits information shall be available at the Cooperative for the patron's inspection.

ARTICLE XI

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 law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the management, administration, or 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 that complies with applicable laws. The Board of Directors may also 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. Such audit reports shall be submitted to the Members at the following annual meeting.

Section 3. Membership in Other Organizations

The Cooperative may become a Member of or purchase stock in other profit or non-profit organizations, associations, partnerships, or joint ventures when the Board finds that the general or long-term interests of its membership will be served by such investments or participation.

Section 4. Electric Energy Rate Schedules

The schedule of rates on electric energy sold to Members shall be revised from time to time by resolution of the Board of Directors, provided, however, that such rate schedules shall be established on a nondiscriminatory basis.

Section 5. Rules of Order

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

ARTICLE XII

IDEMNIFICATION OF DIRECTORS

OFFICERS AND EMPLOYEES

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 Cooperative against any liability asserted against him or her and incurred by him or her in any capacity or arising out of his or her status as such, whether or not the Cooperative would have the power to indemnify him or her against such liability under the provisions of this Section or otherwise. Every person who is or was a Director, Officer, employee or agent of this Cooperative or of any other Cooperative for which he or she is or was serving in any capacity at the request of this Cooperative shall be indemnified by this Cooperative against any and all liability and expense that may be incurred by him or her in connection with or resulting from or arising out of any claim action, suit or proceeding, provided that such person is wholly successful with respect thereto or acted in good faith in what he or she reasonably believed to be in or not opposed to the best interest of this Cooperative or such other Cooperative, as the case may be, and, in addition, in any criminal action or proceeding in which he or she had no reasonable cause to believe that his or her conduct was unlawful. As used here, “claim, suit, or proceeding whether

brought by or in the right of this Cooperative or such other Cooperative or otherwise, civil, criminal, administrative or investigative, whether actual or threatened or in connection with an appeal relating thereto, in which a Director, Officer, employee, or agent of this Cooperative may become involved, as a party or otherwise, (1) by reason of his or her being or having been a Director, Officer, employee or agent of this Cooperative or such other Cooperative or arising out of his or her status as such or (2) by reason of any past or future action taken or not taken by him or her in any such capacity, whether or not he or she continues to be such at the time such liability or expense is incurred. The terms “liability” and “expense” shall include, but shall not be limited to, attorneys’ fees and disbursements, amounts of judgement, fines, or penalties, and amounts paid in settlement by or on behalf of a Director, Officer, employee or agent, but shall not in any event include any liability or expenses on account of profits realized by him or her in the purchase or sale of securities of the Cooperative in violation of the law. The termination of any claim, action, suit, or proceeding, by judgement, settlement (whether with or without court approval) or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption that Director, Officer, employee or agent did not meet the standards of conduct set forth in this paragraph. Any such

Director, Officer, employee or agent who has been wholly successful with respect to any such claim, action, suit or proceeding shall be entitled to indemnification as a matter of right. Except as provided in the preceding sentence, any indemnification hereunder shall be made only if (1) the Board of Directors acting by a quorum consisting of Directors who are not parties to such claim, action, suit or proceeding shall find that the Director, Officer, employee or agent has met the standards of conduct set forth in the preceding paragraph; or (2) independent legal counsel, mutually agreed upon by the involved Director, Officer, employee or agent and the executive committee of the Cooperative, shall deliver to the Cooperative their written opinion that such Director, Officer, employee or agent has met such standards of conduct. If several claims, issues or matter of action are involved, any such person may be entitled to indemnification as to some matters even though he or she is not entitled as to other matters. The Cooperative may advance expenses to or, where appropriate may at its expense undertake the defense of any such Director, Officer, employee or agent upon receipt of any undertaking by or on behalf of such person to repay such expenses if it should ultimately be determined that he or she is not entitled to indemnification hereunder. The provisions of this Section shall be applicable to claims, actions, suits or proceedings made or

commenced after the adoption thereof, whether arising from acts or omissions to act during, before or after the adoption hereof. The rights of indemnification provided hereunder shall be in addition to any rights to which any person concerned may otherwise be entitled by contract or as a matter of law and shall insure to the benefit of the heirs, executors, and administrators of any such person.

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, amendments or repeal shall have been given with the notice of the meeting.

The foregoing Bylaws were duly adopted by the Board of Directors of the Parke County Rural Electric Membership Corporation on May 20, 2004 and supersede all Bylaws and amendments theretofore adopted by it.

Keith Blaydes
President

SEAL

Attest Janean Pyle DePlanty
Secretary

STATEMENT OF NONDISCRIMINATION

Parke County REMC is the recipient of Federal financial assistance from the Rural Utilities Service, and agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, religion, age, disability (Not all prohibited bases apply to all programs.)

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

Bylaws Revised May 20, 2004
Parke County REMC
119 West High Street
Rockville, IN 47872
Phone: (765) 569-3133
(800) 537-3913