

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 and complies with the terms and conditions of the Cooperative's Bylaws, Articles of Incorporation, and Rules and Regulations.

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 or in the event of a legal separation or divorce, the joint membership shall be terminated and the sole survivor or the member that directly continues to occupy or use the premises covered by the membership from the Cooperative shall retain such membership in the same manner and the same effect as if the membership had never been joint, 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 or the other spouse shall not be released from any debts due the Cooperative.
- C. 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 allocated among the 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. Member access to services without authority from the Cooperative or alteration, removal or bypass of a Member's metering device 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 and shall be grounds for immediate disconnection of the Member's service in accordance with applicable law. 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

Effective September 12, 2013, the business and affairs of the Cooperative shall be managed by a Board of Directors, consisting of seven (7) Directors, which shall exercise all of 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. 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 September 1, 2013, the Cooperative should be divided into seven (7) districts numbered 1, 2, 3, 4, 5, 6, and 7, and such districts shall be composed of the following territories:

District No. 1: Adams Township, Penn Township, Reserve Township,
and Wabash Township in Parke County, Indiana.

District No. 2: Brown Township, Ripley Township, Scott Township, and

Union Township in Montgomery County, Indiana.

District No. 3: Jackson Township and Millcreek Township in Fountain County, Indiana; and Greene Township, Howard Township, Liberty Township, Sugar Creek Township, and Washington Township in Parke County, Indiana.

District No. 4: Cloverdale Township, Madison Township, Warren Township, and Washington Township in Putnam County, Indiana.

District No. 5: Brazil Township, Jackson Township, and Van Buren Township in Clay County, Indiana; and Jackson Township and Union Township in Parke County, Indiana.

District No. 6: Dick Johnson Township in Clay County, Indiana; and Florida Township and Raccoon Township in Parke County, Indiana; and Nevins Township and Otter Creek Township in Vigo County, Indiana.

District No. 7: Clinton Township, Floyd Township, Franklin Township, Greencastle Township, Monroe Township, and Russell Township in Putnam County, Indiana.

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.
- C. No person shall be eligible to become or remain a Director who:
 - 1. Is 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. Has a close relationship with an employee or director of the Cooperative (as used in these Bylaws, "close relationship" means a person who, by blood or marriage, including half, step, by adoption or in-law, is either a spouse, child, grandchild, parent, grandparent, brother, or sister); or any other person who resides in the same household of an active, serving member of the Board of directors or permanent full-time employee of Parke County REMC on any basis

other than as a casual, occasional visitor.

3. Has entered a plea of guilty to, or no contest to, or been convicted of, a felony;
4. Is employed by or financially interested in a competing enterprise, a business selling electric energy, or a business selling supplies or other services to the Cooperative (excluding Board representation on Wabash Valley Power Association dba Wabash Valley Power Alliance and Indiana Statewide Association of Rural Electric Cooperatives dba Indiana Electric Cooperatives);
5. Was employed, at anytime during the five years prior to the first day of the term for which the person seeks election, by: (i) a statewide association of electric cooperatives, (ii) a national association of electric cooperatives, (iii) a generation and transmission cooperative, (iv) any entity or organization in which electric cooperatives comprise the majority of the entity's or organization's membership, (v) any organization or entity that co-owns electric facilities with an electric cooperative, (vi) any organization or entity that operates and/or maintains an electric cooperative's electric facilities; or (vii) an electric utility. Subparagraphs (i) through (vii) include, but are not limited to, Indiana Statewide Association of Rural Electric

Cooperatives dba Indiana Electric Cooperatives, Wabash Valley Power Association, Inc. dba Wabash Valley Power Alliance, Duke Energy Indiana, and the National Rural Electric Cooperative Association;

6. Possesses a continuing conflict of interest with the Cooperative; or
 7. Does not possess and maintain the physical, mental, or emotional ability to serve as a Director competently.
- D. 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.
- E. Subject to Sections 2.F and 2.G, if a Director no longer complies with the prescribed Director qualifications as stated in these Bylaws, the Board of Directors may disqualify the Director, provided the Director is provided with reasonable notice of and an opportunity to comment regarding the disqualification. After disqualification, such person will no longer hold the position of Director.
- F. In the event there is a Close Relationship between a permanent full-time employee and a Director, as decided by the affected parties, the employee or the Director must resign his/her position with the Cooperative within thirty

(30) days of the inception of the Close Relationship.

- G. A Director or a candidate for director may sell his or her excess power back to the Cooperative at an amount not to exceed up to twenty-five percent (25%) of his or her power consumption.

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 Chair 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.

B. Ties between two or more Director candidates will be decided by the vote of the Chair of the Credentials and Election Committee, who is otherwise prohibited from voting in 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 remain so vacant until a successor is duly elected and qualified at the next annual meeting of the Members.

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 regular October meeting of the Board of Directors. 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 regular October meeting of the Board of Directors held in the following calendar year 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 judgment, 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 chair 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. Nonprofit and Cooperative Operation

The Cooperative: (1) shall operate on a nonprofit and cooperative basis for the mutual benefit of all Members; and (2) may not pay interest or dividends on capital furnished by Members.

Section 2. Allocating Capital Credits

The Cooperative shall allocate Capital Credits as provided in this Bylaw. The Cooperative must allocate Capital Credits in a Patron's name as shown in the Cooperative's records, regardless of the Patron's marital status.

- A. Patron. The term "Patron" means, during a fiscal year: (1) a Member; and (2) any other person using a cooperative service to whom the Cooperative is obligated to allocate Capital Credits, which obligation existed before the Cooperative received payment for the cooperative service.
- B. Allocating Earnings. For each cooperative service provided during a fiscal year, the Cooperative shall equitably allocate to each Patron, in proportion to the quantity or value of the cooperative service used by the Patron during the fiscal year and timely paid by the Patron, the Cooperative's operating earnings from providing the cooperative service during the fiscal year.

Operating earnings mean the amount by which the Cooperative's operating

revenues from providing a cooperative service exceed the Cooperative's operating expenses of providing the cooperative service, all as determined under federal cooperative tax law.

For each fiscal year, the Cooperative shall allocate to each Patron, in proportion to the quantity or value of cooperative services used by the Patron during the fiscal year and timely paid for by the Patron, the Cooperative's nonoperating earnings. Nonoperating earnings mean the amount by which the Cooperative's nonoperating revenues during a fiscal year exceed the Cooperative's nonoperating expenses during the fiscal year, less any amount needed to offset an operating loss.

- C. Allocating Losses. To the extent permitted by law and by the Cooperative's lenders, for each cooperative service provided during a fiscal year, the Cooperative shall offset the Cooperative's operating loss from providing the cooperative service during the fiscal year: (A) against the Cooperative's operating earnings from providing the Cooperative Service during the most recent past fiscal year(s) or the next succeeding future fiscal year(s).

Operating loss means the amount by which the Cooperative's operating expenses of providing a cooperative service during a fiscal year exceed the Cooperative's operating revenues from providing the cooperative service during the fiscal year, all as determined under federal cooperative tax law.

To the extent permitted by law and by the Cooperative's lenders, for each fiscal year, the Cooperative shall offset the Cooperative's nonoperating loss against the Cooperative's nonoperating earnings during any fiscal year(s).

Nonoperating loss means the amount by which the Cooperative's nonoperating expenses during a fiscal year exceed the Cooperative's nonoperating revenues during the fiscal year.

D. Capital Credits. For each amount allocated to a Patron, the Patron shall contribute a corresponding amount to the Cooperative as capital. The Cooperative must credit all capital contributions from a Patron to a capital account for the Patron. The Cooperative shall maintain books and records reflecting the capital contributed by each Patron. At the time of receipt by the Cooperative, each capital contribution is treated as though the Cooperative paid the amount allocated to the Patron in cash pursuant to a pre-existing legal obligation and the Patron contributed the corresponding amount to the Cooperative as capital. The term "Capital Credits" means the amounts allocated to a Patron and contributed by the Patron to the Cooperative as capital.

Consistent with this Bylaw, the allocation of Capital Credits is in the discretion of the Board and the Board must determine the manner, method, and timing of allocating Capital Credits. The Cooperative may use or invest

unretired Capital Credits as determined by the Board. To secure a Patron's obligation to pay amounts owed to the Cooperative, including any compounded interest and late payment fee, and in return for the Cooperative providing a cooperative service to the Patron, the Cooperative has a security interest in Capital Credits allocated to the Patron. The Patron authorizes the Cooperative to perfect this security interest by filing a financing statement.

Section 3. Notification and Assignment of Capital Credits

Within a reasonable time after the end of each audited fiscal year, the Cooperative shall notify each Patron in writing of the stated dollar amount of Capital Credits allocated to the Patron for the preceding fiscal year. Except as otherwise provided by the Board or these Bylaws, to assign or transfer a Patron's Capital Credits: (1) the Cooperative must receive a written request signed by the Patron to assign or transfer the Capital Credits; (2) the Patron and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and (3) the Board must approve the assignment or transfer. Except as otherwise ordered by a court or instructed by a deceased individual Patron's legal representative, the Cooperative may assign or transfer the Patron's Capital Credits to a close relative using a cooperative service at the location previously occupied by the Patron. Except as otherwise ordered by a court or instructed by a dissolved or liquidated entity Patron's legal representative, the Cooperative may assign or transfer equal

portions of the Patron's Capital Credits to the Patron's owners.

Section 4. Retiring Capital Credits

The Cooperative may retire and pay Capital Credits allocated to Patrons and former Patrons as provided in this Bylaw. If the Cooperative retires and pays Capital Credits, then the Cooperative must retire and pay Capital Credits in a Patron's name as shown in the Cooperative's records, regardless of the Patron's marital status. If the Cooperative mails a retired Capital Credit payment, then the Cooperative shall mail the payment to the Patron or former Patron's address as shown in the Cooperative's records.

- A. General Capital Credit Retirements. At any time before the Cooperative's dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay some or all Capital Credits allocated to Patrons and former Patrons.
- B. Special Capital Credit Retirements. The Cooperative may or may not specially retire and pay some or all Capital Credits allocated to an individual Patron or former Patron as determined from time to time through policy: (1) after the death of the individual; (2) after receiving a written request from the deceased individual's legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the deceased individual's legal representative. The Cooperative may specially retire and

pay some or all Capital Credits allocated to an Entity Patron or former Entity Patron: (1) during or after the Entity's dissolution, liquidation, or other cessation of existence; (2) after receiving a written request from the Entity or the Entity's legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the Entity or the Entity's legal representative. The Cooperative may specially retire and pay some or all Capital Credits allocated to an Entity Patron or former Entity Patron: (1) during or after the Entity's reorganization, transfer, merger, or consolidation; (2) after receiving a written request from the Entity or the Entity's legal representative; and (3) according to terms and conditions agreed upon by the Cooperative and the Entity or the Entity's legal representative. The Cooperative may specially retire and pay Capital Credits only as provided in this Bylaw.

- C. Capital Credit Recoupment and Offset. Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by the Patron or former Patron, including any compounded interest and late payment fee, by reducing the net present value amount of retired Capital Credits paid to the Patron or former Patron by the amount owed to the Cooperative.

- D. Capital Credit Retirement Discretion. The Cooperative may retire and pay Capital Credits only if the Board determines that the retirement and payment will not adversely impact the Cooperative's financial condition. Consistent with this Bylaw, the retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments. The manner, method, and timing of retiring and paying Capital Credits may be determined only by the Board.
- E. Discounted Capital Credit Payments. As determined by the Board, before the time the Cooperative anticipates normally retiring and paying Capital Credits, the Cooperative may retire some or all Capital Credits and pay the net present value of the retired Capital Credits. As agreed upon by the Cooperative and a Patron or former Patron, before the time the Cooperative anticipates normally retiring and paying Capital Credits allocated to the Patron or former Patron, the Cooperative may retire some or all of the Capital Credits and pay the net present value of the retired Capital Credits. If the Cooperative retires and pays the net present value of Capital Credits to a Patron or former Patron before the time the Cooperative anticipates normally retiring and paying the Capital Credits, then the amount of Capital Credits not paid must be retained in the name of the Patron or former Patron and paid to the Patron or former Patron upon the Cooperative's dissolution,

liquidation, or other cessation of existence.

- F. Unclaimed Capital Credits. Notwithstanding provisions herein to the contrary, and pursuant to the laws of the State of Indiana, including, but not limited to, Ind. Code § 8-1-13-11, as amended from time to time, 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 Patron or former Patron cannot be found and are the result of distributable savings of the Cooperative following notice of such Capital Credits as required by law. At such time as the unclaimed stocks, dividends, Capital Credits, patronage refunds, utility deposits, membership fees, account balances, or book equity is recovered by the Cooperative, the same shall be retained by the Cooperative and shall become permanent equity of the Cooperative.

Section 5. Patron Agreement

Each Patron and former Patron agrees that:

- A. Capital Credits are not securities under state or federal Law;
- B. The Patron's right to Capital Credits vests, accrues, becomes redeemable, and becomes payable only upon the Cooperative retiring the Capital Credits as provided in these Bylaws, and not upon the Cooperative allocating the Capital Credits; and

- C. As required by Law, each Patron will: (A) report to the appropriate Entity all allocated or retired Capital Credits; and (B) pay the appropriate Entity any tax or similar amount on allocated or retired Capital Credits.

Section 6. Non-Member Patrons and Non-Member Non-Patrons

As a condition of using a cooperative service, and except as otherwise provided by the Board:

- A. To the same extent as a Member, a Patron who is not a Member and a person using a cooperative service who is not a Member or must abide by and be bound to the duties, obligations, liabilities, and responsibilities imposed by the governing documents upon Members;
- B. A Non-Member Patron or Non-Member former Patron has none of the rights granted by the governing documents to Members, other than the rights, if any, to: (A) be allocated Capital Credits if required by law; and (B) be paid retired Capital Credits if required by law; and
- C. A Non-Member Non-Patron has none of the rights granted by the Governing Documents to Members.

Section 7. Reasonable Reserves

Regardless of a contrary Bylaw, and to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses ("Reasonable Reserves"). The Cooperative must

keep records necessary to determine, at any time, each *Patron's* rights and interest in Reasonable Reserves.

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 judgment, 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 judgment, 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

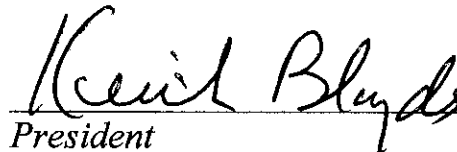
its expense undertake the defense of any such Director, Officer, employee or agent upon receipt of any undertaking by or on behalf of such person to repay such expenses if it should ultimately be determined that he or she is not entitled to indemnification hereunder. The provisions of this Section shall 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 February 20, 2020 and supersede all Bylaws and amendments theretofore adopted by it.


President

ATTEST:


Secretary

Bylaws Revised February 20, 2020

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