

BOONE COUNTY RURAL ELECTRIC MEMBERSHIP CORPORATION

The mission of Boone County Rural Electric Membership Corporation (hereinafter called the “Boone REMC” or “Cooperative”) is to be the provider of choice for energy services, to improve the communities we serve and to meet the unique needs of our individual members.

BY-LAWS

ARTICLE I – MEMBERSHIP

Section 1. Conditions of Membership.

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

Any person, firm, association, corporation or body politic may become a member in the Cooperative by:

- A. Filing a written application for membership therein;
- B. Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- C. Agreeing to comply with and be bound by the Articles of Incorporation and the bylaws of the Cooperative and such rules and regulations as may be adopted from time to time by the board of directors.

Section 2. Application for Membership

- A. Any person who desires to purchase electric energy from the Cooperative shall file an application for membership agreeing that:
 - 1. Electric energy will be purchased from the Cooperative at a service connection, the location of which shall be designated in the application for membership, and
 - 2. The applicant will comply with and be bound by the Articles of Incorporation of the Cooperative, the bylaws of the Cooperative, and any amendments thereto and such rules and regulations as may be adopted from time to time by the board of directors, and
 - 3. The applicant will make payment of such other fees designated in the rules and regulations which are incidental to providing electric energy at the service connection.

- B. Payment for electricity shall include for each member a subscription to the Electric Consumer, or its successor publication, published by Indiana Statewide Association of Rural Electric Cooperatives, Inc., and/or a publication of the Cooperative.

Section 3. Purchase of Electric Energy.

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

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the board.

Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

Section 4. Term of Membership.

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

- A. Purchases electric energy from the service connection designated in said person's application for membership, and
- B. Complies with the terms and conditions in respect to membership contained in the bylaws of the Cooperative and any amendments thereto and such rules and regulations which may be adopted from time to time by the board of directors.

Section 5. Membership Certificates.

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

Section 6. Conversion of Membership.

- A. A membership may be converted to a joint membership of the member and his or her spouse upon the written request of the member and the agreement by the spouse to

comply with the Articles of Incorporation, the By-Laws of the Cooperative, and any amendments thereto, and such rules and regulations as may be promulgated by the Indiana Utility Regulatory Commission or adopted by the board of directors. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

- B. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status; provided, however, that the estate of the deceased shall not be released from any debts due to the Cooperative.

Section 7. Termination of Membership.

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

- A. A member ceases to purchase electric energy from the Cooperative.
- B. A member withdraws from membership upon such terms and conditions as the board of directors may prescribe.
- C. A member is expelled by the affirmative vote of not less than two-thirds of all the board of directors for refusal or failure to comply with any of the provisions of the Articles of Incorporation, the bylaws of the Cooperative and any amendments thereto and such rules and regulations as may be adopted from time to time by the board of directors, but only if such member shall have been given written notice by the secretary of the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the board of directors or by vote of the members at any annual or special meeting.
- D. Upon the death or cessation of existence of the member. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

ARTICLE II – RIGHTS OF MEMBERS

Section 1. Membership Rights and Authority Generally.

Members' rights and authority are limited to those matters expressly reserved to members by the Indiana Rural Electric Membership Corporation Act, the Cooperative's articles of incorporation, or these bylaws. In accordance with Indiana law, the authority in all other matters relating to the governance, conduct and operation of the Cooperative is reserved to the exclusive judgment and decision of the Cooperative's board of directors or management.

Section 2. 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 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 indebtedness, if any, to the Cooperative.

Section 3. Non-Liability for Debts of the Cooperative.

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

Section 4. Removal of Directors by Members.

Any member or members may bring charges of misconduct against a director by filing them in writing with the secretary, together with a petition signed by at least ten percent (10%) of the members, requesting the removal of such director. The petition shall contain the specific charges of misconduct and must include the address of each member signing the petition. The charges and petition must be presented to the secretary at least fifteen (15) days prior to any regular or special meeting of the members at which such charges are to be considered.

The directors who are not subject to the removal petition shall determine if the charges and petition have been timely filed in proper form and, if so, the secretary shall then notify in writing each director against whom charges have been brought as to the nature of such charges at least five (5) days prior to the meeting. The removal issue shall be considered at the next regular or special meeting of the members. The member or members bringing the charges shall have an opportunity at the meeting to present evidence, either in person or by counsel. Each director charged with misconduct shall then have the same rights and opportunity. After presentation of evidence and argument thereon, the membership shall vote on the question of whether the director shall be removed. In the event there is more than one director sought to be removed, a separate vote shall be taken as to each director.

Any vacancy created by a removal proceeding shall be filled by the vote of members at such meeting following nominations from the floor for the position. The person so elected shall serve the balance of the unexpired term, subject to other applicable provisions of these bylaws.

ARTICLE III – MEETING OF MEMBERS

Section 1. Annual Meeting.

The annual meeting of the members shall be held at such time as may be designated by the board of directors and at such place in Boone County, Indiana, as shall be designated in the notice of the meeting for the purpose of electing directors, passing upon reports covering the previous year, and transacting such other business as may properly come before the meeting.

Section 2. Special Meetings.

Special meetings of the members may be called by the president, by resolution of the board of directors, or upon a written request signed by at least ten percent (10%) of all the members and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held in Boone County as specified in the notice of the special meeting.

Section 3. Notice of Member's Meeting.

Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business other than that listed in Section 7 of this Article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon default in duty by the secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such annual or special meeting.

Section 4. Waiver of Notice.

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

Section 5. Quorum.

At least two 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, however, that in the absence of a member, the member's spouse or another adult person of the immediate family residing in the household of the member may represent the interests of the member at the meeting. If less than two percent (2%) of the total number of members are present at said meeting, a majority of the members so present may adjourn the meeting from time to time without further notice, and in such

event the secretary shall notify any absent members of the time and place of the rescheduled meeting.

Section 6. Voting.

Except as otherwise provided in these bylaws, the articles of incorporation, and applicable rules and regulations of the Cooperative, each member shall be entitled to one vote upon each matter submitted to a vote at a meeting of the members. In the absence of the member, a member's spouse or another adult person of the immediate family residing in the household of the member may represent the member for voting purposes provided that each member may not have more than one (1) vote on each matter submitted.

If a husband and wife hold a joint membership, they shall jointly be entitled to one vote upon each matter submitted. In the event of a dispute arising between the owners of a joint certificate, the Cooperative shall consider the person whose name appears first on said certificate as having preferred rights for voting purposes and in all other respects.

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 or represented as set forth herein above, except as otherwise provided by law, the articles of incorporation, or these bylaws.

Section 7. Order of Business.

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

- A. Call to order.
- B. Reading of the notice of the meeting and proof of the publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- C. New business.
- D. Election of directors.
- E. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
- F. Unfinished business.
- G. Adjournment.

ARTICLE IV – DIRECTORS

Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of nine (9) directors, each of whom shall be elected for a term of three (3) years, except as herein otherwise provided, and which board shall exercise all the powers of the Cooperative except as are by law or by the articles of incorporation, or these bylaws, conferred upon or reserved to the members.

Section 2. Election Districts for Directors.

Directors shall be so nominated and chosen that the board of directors shall be composed of one director residing in nine districts. A map of the districts shall be posted on the Cooperative's website and a copy kept at the office. Elections will be conducted on a 3-year rotating basis with districts 1, 2 & 3 held one year, districts 4, 5 & 6 held the next year, and districts 7, 8 & 9 held the following year.

Section 3. Qualification and Tenure.

At each annual meeting of the members, directors shall be elected by and from the members as hereinafter provided to serve for the term for which they are elected or until their successors shall have been elected and qualified. If the election of directors shall not be held on the day designated for the annual meeting or any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

In recognition of a director's fiduciary obligations to the Cooperative and in order to avoid circumstances which might cause a director's economic interests to conflict with those of the Cooperative, no member may become or remain a director of the Cooperative, or hold any position of trust in the Cooperative, who is either (a) employed by, or receives substantial income from, a competing utility or business or (b) entitled to receive or does receive a significant benefit from holdings in a business which competes with the Cooperative, sells electricity or supplies to the Cooperative, or sells electricity or a competing form of energy to members of the Cooperative.

A person shall be eligible for election or appointment to the board of directors if he (a) is a member or a designated representative of a corporate member, (b) is a bona fide resident of the district, (c) is not a minor, (d) is not a convicted felon, and (e) is not a member of the immediate family of a board member or full-time employee of the Corporation and if he is not a member of the household of a board member or employee. The term "immediate family" shall mean children, spouse, siblings, parents, foster parents, stepparents, grandparents, parents-in-law, sister or brother-in-law, or son or daughter-in-law.

When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director to hold a position of trust in the Cooperative unless both shall meet the qualifications herein above in this section set forth.

No person shall be eligible for election, re-election, or appointment as a member of the board of directors if such person shall have attained the age of seventy (70) years at the date of such election, re-election, or appointment.

If a sitting director's eligibility to serve under this section is called into question, the matter shall be investigated and determined by majority vote of the remaining directors. If the question pertains to the eligibility of a member to stand for election as a director, the matter shall be investigated and determined by majority vote of all directors, except any director who is being opposed for election by the member whose eligibility is in issue may not participate in the determination. In either event, the board's decision on the issue shall be final.

Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action or any meeting of the board of directors.

Section 4. Nomination and Election of Directors.

Not less than one hundred twenty (120) days prior to the day of the annual meeting, the Board shall appoint a nominating committee consisting of not less than five (5), nor more than nine (9) members. The committee shall contain at least one member from each district from which a director is to be elected. None of the members of the committee may be an officer or director of the Cooperative nor a close relative (a person who, by blood or law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, first cousin, nephew or niece) of a member of the Board. The nominating committee shall meet at the Cooperative's office, and a minimum of five (5) members of the committee so attending shall constitute a quorum.

Not less than ninety (90) days prior to the annual meeting, the committee shall submit to the Chairman (or next highest Officer, if the Chairman is standing for election) its nomination in writing of the nominees to stand for election from each district. The committee's report shall be made available to any member upon request.

Not less than sixty (60) days prior to the annual meeting, any member may submit a nomination petition for election to the board provided the petition is signed by at least fifteen (15) members who reside in the district whose director is up for election.

Each nominee to stand for election shall confirm his or her willingness to serve if elected and satisfaction of the eligibility requirements for service as a director. In the event of a question or challenge as to the eligibility of any nominee, a committee comprised of the two highest officers of the Cooperative not up for election in that year along with counsel for the Cooperative shall fairly investigate the matter and make the written determination of eligibility. Each nominee shall cooperate in providing information relevant to the determination. The committee's determination shall be final and binding on the Cooperative and all parties.

Not less than thirty (30) days prior to the annual meeting each member shall receive notice of the meeting showing separately the nominations made by the nominating committee and the nominations made by petition, if any.

At the annual meeting the nomination report of the nominating committee shall be presented to the members. Nominations from the floor or by means other than provided herein are prohibited.

In case more than one nomination is made from any district, the election shall be conducted by written ballot, subject to count by the chair of the nominating committee along with counsel for the Cooperative, and the nominee receiving the highest number of votes in each district shall be declared to be elected. Where necessary, a tie vote shall be resolved by a drawing by lot.

Section 5. Vacancies.

Vacancies occurring in the board of directors shall be filled by the affirmative vote of a majority of the remaining directors, and directors thus elected shall serve the balance of the unexpired term, or until their successors shall have been elected and shall have qualified, subject to provisions of Article II, Section 3 or Article IV, Section 2 and Section 3, of these bylaws.

Section 6. Compensation.

Directors as such shall not receive any salary for their services, but by resolution of the board of directors, the expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors. Except in emergencies, so declared by resolution of the board of directors, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of director receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a majority vote of the directors.

ARTICLE V – MEETING OF DIRECTORS

Section 1. Regular Meeting.

A regular meeting of the board of directors shall also be held monthly at such time and place in Boone County, Indiana 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 chairperson or any three directors, and it shall be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The person or persons authorized to call special meetings of the board of directors may fix the time and place for holding of any special meeting of the board of directors called by them.

Section 3. Notice.

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

Section 4. Waiver of Notice.

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

Section 5. Quorum.

A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, provided that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further that the secretary shall notify any absent directors of the time and place of such adjourned meeting.

Section 6. Manner of Acting.

The act of the majority of the directors present and voting at a meeting at which a quorum is present shall be the act of the board of directors. The chairperson of the meeting may vote.

ARTICLE VI – OFFICERS

Section 1. Number.

The officers of the Cooperative shall be a chairperson of the board of directors, president/chief executive officer, vice-chairperson, secretary, treasurer, and such other officers as may be determined by the board of directors from time to time. The offices of secretary and of treasurer may be held by the same person.

Section 2. Election and Term of Office.

With the exception of the person holding the position of president/chief executive officer, the officers of the board shall be elected by ballot, annually, by and from the board of directors at the first meeting of the board of directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members, or until his successor shall have been duly elected and shall

have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

Section 3. Removal.

Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interest of the Cooperative will be served thereby.

Section 4. Vacancies.

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

Section 5. Chairperson

The chairperson of the board of directors:

- A. Shall be the principal officer of the Cooperative and shall preside at all meetings of the members and of the board of directors;
- B. Shall sign, with the secretary, 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 chairman and such other duties as may be prescribed by the board of directors from time to time.

Section 6. Vice-Chairperson

In the absence of the chairperson, or in the event of his inability or refusal to act, the vice-chairperson shall perform the duties of the chairperson and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the chairman and shall perform such other duties as from time to time may be assigned to him by the board of directors.

Section 7. Secretary

The secretary shall:

- 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 provisions 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 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 forward a copy of the bylaws as amended to any member upon his written request;
- 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 by the board of directors.

Section 8. Assistant Secretary.

An assistant secretary may be appointed by the board of directors from time to time at its discretion, whose duties it shall be to assist the secretary in keeping and preparing the minutes of the board of directors' meetings, and who shall further attend to any and all duties which the secretary shall so require and delegate from time to time, and who shall be directly responsible to the secretary.

Section 9. 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 provisions of directors.

Section 10. President/Chief Executive Officer and Assistant Manager.

The board of directors may appoint a president/chief executive officer and/or assistant manager who may be, but who shall not be required to be, a member or members of the Cooperative. The president/chief executive officer and/or assistant manager shall perform

such duties and shall exercise such authority as the board of directors may from time to time vest in him or them.

Section 11. Bonds of Officers.

The board of directors may require the treasurer or any other officer of the Cooperative charged with the 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 12. Compensation.

The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these bylaws, and the powers, duties, and compensation of any other officers, agents, and employees shall be fixed by the board of directors.

Section 13. Reports.

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

ARTICLE VII – SEAL OF COOPERATIVE

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative, the words “Boone REMC, Seal, Indiana” and the figures “1936”

ARTICLE VIII – FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of July of each year and end on the thirtieth day of June in the following year.

ARTICLE IX – FINANCIAL TRANSACTIONS

Section 1. Contracts.

Except as otherwise provided by law or these bylaws, the board of directors may authorize any officer or agent 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, bond or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer, agent, or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 3. Deposits.

All funds of the Cooperative, excepting the petty cash account, 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 X – DISPOSITION OF PROPERTY

The Cooperative shall not sell, lease, or otherwise dispose of all, or substantially all, the property of the Cooperative unless the same shall be authorized by a resolution duly adopted at a meeting of its members duly called and held as provided by law (or) the bylaws, which resolution shall have received the affirmative vote of two-thirds of all its members. A substantial portion shall be ten percent (10%) or greater. The board of directors of the Cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust of, or the pledging of 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 therefrom, for the purpose of financing the construction or maintenance of the Cooperative's distribution or transmission system (or systems) and for general plant as defined in the Uniform System of Accounts prescribed by the Indiana Utility Regulatory Commission, all upon such terms and conditions directors shall determine, to secure the Cooperative to any federal agency or any financial institution.

ARTICLE XI – DISPOSITION OF REVENUES AND RECEIPTS

Section 1. Patronage Capital in Connection with Furnishing Electric Energy

Subject to the provisions of any mortgage, or deed of trust given or assumed by the Cooperative, the board of directors may, after the expiration of each calendar year and after paying or making provisions for the payment of all obligations and expenses of the Cooperative properly chargeable against its operating revenues and receipts for such calendar year, apply the unexpended operating revenues and receipts for such calendar year as follows:

First, to the establishment and maintenance of a general reserve fund for working capital to provide, among other things, for insurance, taxes, maintenance, improvements, new construction and contingencies in an amount which the board of directors shall deem reasonable; and

Second, to the establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes, bonds or other evidences of indebtedness issued, or the payment of which shall have been assumed, by the Cooperative in an amount which shall not be less than an amount equal to the total of the interest and principal payments required to be made during the next following calendar year in respect of such notes, bonds, or other evidences or indebtedness, and such other reserves as prudent management and operation shall, in the discretion of said board, require.

Within ninety (90) days after the expiration of each calendar year all operating revenues and receipts for such calendar year not needed for the foregoing purposes shall be applied by the board of directors for either or both of the following purposes:

- A. The establishment and maintenance of a reserve fund to be used for education in cooperation and in the effective use of electricity and for appropriate educational, charitable, community, and similar purposes;
- B. Allocation as patronage on an equitable basis among the Cooperative's members in proportion to the extent those members in each particular rate class contributed to the Cooperative's total operating margins during the calendar year; provided, however, any patronage shall be first applied against such member's indebtedness, if any, to the Cooperative.

The board of directors shall allocate each member's patronage for any and all years on the books of the Cooperative as soon as such patronage may be reasonably determined after the close of any calendar year. The records of the Cooperative shall accurately reflect each current and past member's patronage for any year. Upon the determination of each member's patronage for any year, the board of directors shall allow each member access to information about such allocation, specifically as to year and amount. Any patronage due members for such year shall be paid only at such time and in such manner as the board of directors in its discretion shall determine. Said patronage shall be subordinated to any indebtedness of the Cooperative regardless of when indebtedness may be incurred or should become due. Unpaid patronage shall not bear interest and shall not become due and payable until and unless the board of directors in its discretion shall segregate funds and fix a date for the payment of patronage.

Whenever the board of directors shall segregate cash funds for the payment of patronage for any year, or portion thereof, it shall give notice of an intention to make such payment by publication in such manner as the board shall determine. Payment of each member's patronage shall be accomplished by the Cooperative mailing its check for payment to the member at the address shown on the Cooperative records for the year for which payment is being made or to the member at the member's then current address as shown on the Cooperative records, whichever address is most likely to reach the member.

After issuance of a check for the payment of any member's patronage, in the event the payee or payees fail to cash or present the check for payment within ninety (90) days

after issuance, such check shall become invalid and void. The funds represented thereby shall be held for payment to any person found to be properly entitled thereto with appropriate identification and indemnification of the Cooperative or retained by the Cooperative in accordance with the provisions of Article XI, Section 3 of these bylaws. This plan of allocation and payment is the means adopted by the Cooperative for the best practical method of complying with applicable federal and state statutes and regulations, and shall be accepted by each applicant for service as a new member and binding on all members of the Cooperative.

Section 2. Patronage Capital in Connection With Power Supply Cooperatives.

Capital Credits received from Wabash Valley Power Association, the power supplier for the Boone REMC, shall be maintained as a separate Capital Credit account of the members of the Cooperative and shall be allocated to the accounts of the members of the Boone REMC in the year in which the Cooperative receives 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 members shall not be retired or distributed to the members 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 of the Cooperative, by appropriate resolution duly adopted and passed, authorize the distribution of these special capital credits to the account of the members. No notice of the allocation of these special capital credits shall be given to the member, but the member's special capital credits account shall be available for the member's inspection.

Section 3. Unclaimed Funds of Members.

Notwithstanding any provisions herein contained to the contrary and pursuant to the statutes of the State of Indiana, the Cooperative shall recover any capital credits, patronage refunds, utility deposits, membership fees, account balances, or book equity which remains unclaimed for a period of two years following attempted payment by the Cooperative to the member or former member entitled thereto. Prior to the recovery of such unclaimed funds, the Cooperative shall give public notice in a newspaper published in the county in which the Cooperative locates its general headquarters as to the name of each member entitled to claim such funds, the approximate amount thereof, and that if not duly claimed at the office of the Cooperative within sixty (60) days of said notice, such funds shall be forfeited to the Cooperative and reallocated for distribution among the other members of the corporation. Thereafter, any such unclaimed funds shall be allocated on a pro-rata basis among the members of the Cooperative as of the year in which the sixtieth (60) day falls following publication of the above described notice. All unclaimed funds recovered by the Cooperative and reallocated as set forth herein above shall be considered an irrevocable assignment and gift to the Cooperative of such funds by the member formerly entitled thereto. Nothing contained in this section shall be construed to prohibit the Cooperative from crediting any of the above described funds

against the member or former member's debt to the Cooperative prior to any payment to such member or any allocation in favor of other members.

Section 4. Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

ARTICLE XII – MISCELLANEOUS

Section 1. Rules and Regulations.

The board of directors shall have power to make, adopt, and enforce such rules and regulations, not in consistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management, administration and regulation of business and affairs of the Cooperative.

Section 2. Accounting System and Reports.

The board of directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting standards as are recognized to be generally accepted accounting practices. The board of directors shall, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year by a certified public accountant. Such audit report shall then be presented to the board of directors for their review. A report of the audit shall be made to the members at the next annual meeting.

Section 3. Membership in Other Organizations.

The Cooperative shall not become a member of any other organization without an affirmative vote of the members at a meeting called as provided in these bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business; provided, however, that the board of directors shall have full power and authority on behalf of the Cooperative to purchase stock in or become a member of, any corporation or Cooperative organized on a non-profit basis for the purpose of furthering rural electrification.

Section 4. Electric Energy Rate Schedules.

The schedule of rates on electric energy sold to members shall be fixed from time to time by resolution of the board of directors, provided, however, that such rates schedules shall be established in accordance with the law and that written notice shall be provided to interested parties as soon as is practical following approval of any change in rates.

Section 5. Area Coverage.

The Cooperative shall make a diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who desire such service and who meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 6. Indemnification of Officers - Directors and Employees

The Cooperative shall indemnify and hold harmless any person made, or threatened to be made, a party to any action, suit, or proceeding by reason of the fact that he is or was a director, officer, or employee of the Cooperative, or of any other Cooperative, partnership, or enterprise for which he served as such at the request of the Cooperative, against all expenses actually and reasonably incurred by him in connection with the defense of such action, suit, or proceeding, or in connection with any appeal thereof, except in relation to matters as to which it shall finally be adjudged that such person is liable for negligence or misconduct in the performance of his duties to the Cooperative.

The terms “liability” and “expense” as used here in shall include, but shall not be limited to, attorney fees, costs, disbursements, amounts of judgments, penalties, and amounts paid in settlement by or on behalf of a director, officer, employee or agent.

If there is a final adjudication in the action, suit, or proceeding as to any negligence or misconduct of the director, officer, or employee, then such adjudication shall be binding for purposes of this section. Any such person, who has been successful, on the merits or otherwise, with respect to any claim, suit, or proceeding as described herein, shall be entitled to indemnification as a matter of right. If, however, the matter should be settled prior to any final adjudication of such issue, then the question of whether there was negligence or misconduct shall be determined by a majority vote of at least a quorum of the directors who are unaffected by self-interest in connection with the matter in issue. If a quorum of directors unaffected by self-interest does not exist, indemnification may be made upon receipt of a written opinion from legal counsel that the person is entitled to indemnification as set forth herein.

In determining whether negligence or misconduct has occurred, the issue shall be whether such person exercised the same degree of judgment as a reasonable man would have exercised under the circumstances in the conduct of his own affairs and whether he acted in good faith in what he reasonably believed to be in the best interests of the Cooperative. Consideration may be given to whether the person took or omitted to take action in reliance of advice of legal counsel for the Cooperative or upon statements made or information furnished by employees or agents of the Cooperative which he had reasonable grounds to believe.

If several claims, issues, or matters of action are involved, any such person may be entitled to indemnification as to some matters even though he 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 person upon receipt of an undertaking for repayment by or on behalf of the person if it should ultimately be determined that he 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 hereof, whether arising from acts or omissions to act during, before, or after the date of adoption.

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 or personal representative of such person.

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, partnership or enterprise, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Cooperative would have the power to indemnify him against liability under the provisions of this section or otherwise.

Section 7. Member Advisory Committee.

A Member Advisory Committee may be established by the board of directors consistent with the following conditions:

- a. Purpose: to assist the board of directors by reviewing issues of concern to the members of the Cooperative and making recommendations to the board on those issues.
- b. Qualifications: a member of the Member Advisory Committee must be a member or a designated representative of a member and currently receiving electric service from the Cooperative,
- c. Meetings: the board of directors shall set the meeting times and dates,
- d. Attendance: committee members missing three (3) or more committee meetings may be removed from the committee by action of the board of directors.
- e. Number: the committee shall be limited to eighteen (18) members, two from each Board district,
- f. Term: members of the committee shall serve a maximum term of three (3) years and have the right to be reappointed after a two-year hiatus.

ARTICLE XIII – AMENDMENTS

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

ARTICLE XIV – RULES OF ORDER

Except as otherwise provided by law or in the Cooperative's articles of incorporation or elsewhere in these bylaws, at all meetings of the Cooperative's membership, board and committees the chairperson shall conduct the proceedings in a fair manner so as to allow reasonable inquiry and discussion before action is taken or decisions or recommendations are made.

STATEMENT OF NONDISCRIMINATION

Boone REMC has filed with the federal government a Compliance Assurance in which it assures that it will comply fully with all requirements of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, and the Age Discrimination Act of 1975, as amended, and any other applicable statutes or regulations which provide that no person in the United States shall, on the grounds of race, color, national origin, age, gender, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and the operation of its facilities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Brian L. Newton, President/Chief Executive Officer.

Revised November 26, 2013

Revised December 18, 2013