

**BYLAWS OF  
INTERNATIONAL GROUND SOURCE HEAT PUMP ASSOCIATION**

**ARTICLE I  
Offices**

The corporation shall continuously maintain in the State of Illinois a registered office and a registered agent whose business office is identical with such registered office and may have other offices within or without the state.

**ARTICLE II  
Statement of Purposes**

**SECTION 1. PURPOSES.** The corporation is organized and operated exclusively for purposes permitted to be exempt from taxation under Section 501(c) of the United States Internal Revenue Code (26 U.S.C. 501), as now in or hereafter amended. More specifically, the corporation is organized to serve the ground source heat pump industry in the development and delivery of standards and training that protect the integrity of the technology and ensure industry professionals have the certifications and accreditations to safeguard the proper design and installation of the technology. In carrying out its purposes, the corporation shall affiliate with Geothermal Heat Pump Consortium, Inc., a non-stock corporation incorporated in the State of Virginia organized and operated exclusively for purposes permitted to be exempt from taxation under Section 501(c)(6) of the Code. As an affiliate of the Geothermal Heat Pump Consortium and pursuant to the United States Internal Revenue Service's Revenue Procedure 80-27, the Geothermal Heat Pump Consortium shall exercise its required governance of the affiliate including but not limited to its annual budget, activities and compliance with annual filings.

**SECTION 2. OBJECTIVES.** The objectives of the corporation shall be:

- A. To develop standards; recommend installation procedures; performance and design criteria; and promote their dissemination and acceptance.
- B. To support the development of codes, specifications and other instruments which regulate the proper application of ground source heat pump systems.
- C. To seek and support code approvals for products which meet recognized standards.
- D. To educate installers, users and regulatory officials regarding the proper application of and recommended installation practices for ground source heat pump systems.
- E. To publicize the advantages of ground source heat pumps to the marketplace.
- F. To serve as a forum for all those in the ground source heat pump and related products industry internationally.
- G. To provide a vehicle for mutual communications and organization of ground source heat pump industry sectors for the purpose of initiating and pursuing programs of common technical interests.
- H. To provide liaison and foster cooperation with other trade, technical, and labor groups interested in development and increased adoption of ground source heat pump systems.

- I. To be the repository of technical and relevant application information for the industry and to sponsor the compilation and dissemination of statistical performance data and other relevant information of interest to the public and the ground source heat pump industry.

**SECTION 3. MEMBER ORGANIZATION.** The corporation is formed as a member organization. Members are entitled to submit material to the editorial staff for committee review and possible inclusion in publications of the corporation and to attend all meetings and to request the published proceedings of all meetings. Members that desire to adopt the copyrighted material of the corporation may do so by requesting and completing official adoption forms. The secretary will maintain copies of completed adoption forms. All Members, including nonvoting members, may participate on committees.

### **ARTICLE III Members**

**SECTION 1. VOTING MEMBERS.** The corporation shall have one class of voting members. Voting membership shall be limited to individuals and entities engaged in education, research, consulting, installation, construction, sales, marketing, support or pursuits related to the application, system operation, ownership or development of ground source heat pump systems. Voting membership shall be held automatically by those members of Geothermal Heat Pump Consortium, Inc.

**SECTION 2. NONVOTING MEMBERS.** The board of directors may from time to time approve classes of nonvoting members. The designation of each class of nonvoting members and the qualifications of the nonvoting members of each class shall be determined by the board of directors.

**SECTION 3. APPROVAL OF MEMBERS.** New members shall be approved either by verification of qualification of membership by the organization, or in special circumstances a vote by the board of directors. In the case that a vote is required by the BoD, an affirmative vote of a majority of the directors shall be required for approval.

**SECTION 4. VOTING RIGHTS.** Each member shall be entitled to one vote on each matter submitted to a vote of the members. Each entity member shall designate an individual representative entitled to vote on behalf of the entity.

**SECTION 5. TERMINATION OF MEMBERSHIP.** The board of directors by affirmative vote of two thirds of all of the members of the board may suspend or expel a member for cause after an appropriate hearing and may, by a majority vote of those present at any regularly constituted meeting, terminate the membership of any member who becomes ineligible for membership or suspend or expel any member who shall be in default in the payment of dues, if any. Cause is also defined as not acting in the best interest of the corporation or conduct unbecoming.

**SECTION 6. RESIGNATION.** Any member may resign by filing a written resignation with the secretary, but such resignation shall not relieve the member so resigning of the obligation to pay any dues, assessments, or other charges theretofore accrued and unpaid.

**SECTION 7. REINSTATEMENT.** Upon written request signed by a former member filed with the secretary, the board of directors may, by the affirmative vote of a majority of the members of the board, reinstate such former member to membership on such terms as the board of directors may deem appropriate.

**SECTION 8. TRANSFER OF MEMBERSHIP.** Membership in this corporation is not transferable or assignable.

**SECTION 9. NO MEMBERSHIP CERTIFICATES.** No membership certificates of the corporation shall be required.

#### **ARTICLE IV Meetings of Members**

**SECTION 1. ANNUAL MEETING.** An annual meeting of the members shall be held each year for the purpose of electing directors and for the transaction of such other business as may come before the meeting. The date and time for the annual meeting of the members shall be fixed by resolution of the board of directors. Annual meetings of the members may be convened in person or electronically

**SECTION 2. SPECIAL MEETING.** Special meetings of the members may be called either by the chairman or the board of directors, or by not less than 1/20 of the members having voting rights, for the purpose or purposes stated in the call of the meeting.

**SECTION 3. PLACE OF MEETING.** The board of directors may designate any place as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made or if a special meeting is otherwise called, the place of meeting shall be the registered office of the corporation in the State of Illinois.

**SECTION 4. NOTICE OF MEETINGS.** Written notice stating the place, date, and hour of any meeting of members shall be delivered to each member entitled to vote at such meeting not less than 5 nor more than 60 days before the date of such meeting, or, in the case of a removal of one or more directors, a merger, consolidation, or dissolution, or a sale, lease, or exchange of assets, not less than 20 nor more than 60 days before the date of the meeting. In case of a special meeting or when required by statute or by these bylaws, the purpose for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

**SECTION 5. INFORMAL ACTION BY MEMBERS.** Any action required to be taken at a meeting of the members of the corporation, or any other action that may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed either (a) by all the members entitled to vote with respect to the subject matter thereof or (b) by the members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voting. If such consent is signed by less than all of the members entitled to vote, then such consent shall become effective only (a) if, at least five days prior to the effective date of such consent, a notice in writing of the proposed action is delivered to all of the members entitled to vote with respect to the subject matter thereof, and (b) if, after the effective date of such consent, prompt notice in writing of the taking of the corporate action without a meeting is delivered to those members entitled to vote who have not consented in writing.

**SECTION 6. FIXING OF RECORD DATE.** For the purpose of determining the members entitled to notice of or to vote at any meeting of members, or in order to make a determination of members for any other proper purpose, the board of directors of the corporation may fix in advance a date as the record date for any such determination of members, such date in any case to be no more than 60 days and, for a meeting of members, not less than 5 days, or in the case of a merger, consolidation, or dissolution or a sale, lease, or exchange of assets, not less than 20 days before the date of such meeting. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the date on which notice of the meeting is delivered shall be the record date for such determination of members. When determination of members entitled to vote at any meeting of members has been made, such determination shall apply to any adjournment of the meeting.

**SECTION 7. QUORUM.** The holders of 1/10 of the votes that may be cast at a meeting of the corporation, represented in person or by proxy, shall constitute a quorum for consideration of such matter at any meeting of members; provided that, if less than 1/10 of the outstanding votes are represented at said meeting, a majority of the votes so represented may adjourn the meeting at any time without further notice. If a quorum is present, the affirmative vote of a majority of the votes represented at the meeting shall be the act of the members, unless the vote of a greater number or voting by classes is required by the General Not For Profit Corporation Act, the articles of incorporation, or these bylaws. At any adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the original meeting. Withdrawal of members from any meeting shall not cause failure of a duly constituted quorum at that meeting.

**SECTION 8. PROXIES.** Each member entitled to vote at a meeting of members or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted on after 11 months from its date, unless the proxy provides for a longer period.

**SECTION 9. VOTING.** Each member, regardless of class, shall be entitled to one vote in each matter submitted to vote at a meeting of members. Each member may vote either in person or by proxy as provided in Section 8 of this Article.

**ARTICLE V**  
**Board of Directors**

**SECTION 1. GENERAL POWERS.** The affairs of the corporation shall be managed by or under the direction of its board of directors. Directors shall serve without compensation but may be reimbursed for ordinary travel expenses associated for in person board meetings. Such request for reimbursement shall be approved by the Board of Directors prior to the meeting.

**SECTION 2. NUMBER, TENURE, AND QUALIFICATIONS.** The number of directors shall be no less than five (5) and no greater than nine (9). Each director shall hold office for a period of 3 years, with the ability to serve two consecutive terms. Directors can run for a third term, however, there must be at minimum a 1 term hiatus. All elections shall occur at the annual meeting of members and until his or her successor shall have been elected and qualified. Directors need not be residents of Illinois or members of the corporation. The number of directors may be decreased to not fewer than three or increased to any number from time to time by amendment of this section, unless the articles of incorporation provide that a change in the number of directors shall be made only by amendment of the articles of incorporation. No decrease shall have the effect of shortening the term of an incumbent director.

**SECTION 3. ELECTION.** The Board of Directors shall be elected annually by the members, with final approval and review by the Geothermal Heat Pump Consortium Inc.

**SECTION 4. REGULAR MEETINGS.** A regular annual meeting of the board of directors shall be held without other notice than these bylaws immediately after and at the same place as the annual meeting of members. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings of the board without other notice than such resolution.

**SECTION 5. SPECIAL MEETINGS.** Special meetings of the board of directors may be called by or at the request of the chairman or any two directors. The person or persons authorized to call special meetings of the board may fix any place as the place for holding any special meeting of the board called by them.

**SECTION 6. NOTICE.** Notice of any special meeting of the board of directors shall be given at least 2 days previous thereto by written notice to each director at his or her address as shown by the records of the corporation except that no special meeting of directors may remove a director unless written notice of the proposed removal is delivered to all directors at least 20 days prior to such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegram company. Notice of any special meeting of the board of directors may be waived in writing signed by the person or persons entitled to the notice either before or after the time of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the

business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in the notice or waiver of notice of such meeting unless specifically required by law or by these bylaws.

**SECTION 7. 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 to another time without further notice.

**SECTION 8. MANNER OF ACTING.** The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute, these bylaws, or the articles of incorporation. No director may act by proxy on any matter.

**SECTION 9. VACANCIES.** Any vacancy occurring in the board of directors or any directorship to be filled by reason of an increase in the number of directors shall be filled by Geothermal Heat Pump Consortium, Inc. A director elected or appointed, as the case may be, to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

**SECTION 10. RESIGNATION AND REMOVAL OF DIRECTORS.** A director may resign at any time upon written notice to the board of directors. A director may be removed with or without cause, as specified by statute.

**SECTION 11. INFORMAL ACTION BY DIRECTORS.** The authority of the board of directors may be exercised without a meeting if a consent in writing, setting forth the action taken, is signed by all of the directors entitled to vote.

**SECTION 12. PRESUMPTION OF ASSENT.** A director of the corporation who is present at a meeting of the board of directors at which action on any corporation matter is taken shall be conclusively presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

## **ARTICLE VI Officers**

**SECTION 1. OFFICERS.** The officers of the corporation shall be a chairman, one or more vice chairmen (the number thereof to be determined by the board of directors), a treasurer, a secretary, and such other officers as may be elected or appointed by the board of directors. Officers whose authority and duties are not prescribed in these bylaws shall have the authority and perform the duties prescribed, from time to time, by the board of directors. Any two or more offices may not be held by the same person. All officers need to be members in good standing. No two officers can be from the same company or organization to encourage diversity.

The representation of the officers shall have one director per sector represented by membership.

**SECTION 2. ELECTION AND TERM OF OFFICE.** The officers of the corporation shall be elected **annually** by the board of directors at the regular annual meeting of the board of directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the board of directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified, until his or her death, or until he or she shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not of itself create contract rights.

**SECTION 3. REMOVAL.** Any officer elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

**SECTION 4. CHAIRPERSON.** The chairperson shall be the principal executive officer of the corporation. Subject to the direction and control of the board of directors, he or she shall be in charge of the business and affairs of the corporation; he or she shall see that the resolutions and directives of the board of directors are carried into effect except in those instances in which that responsibility is assigned to some other person by the board of directors; and, in general, he or she shall discharge all duties incident to the office of chairperson and such other duties as may be prescribed by the board of directors. He or she shall preside at all meetings of the members and of the board of directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these bylaws, he or she may execute for the corporation any contracts, deeds, mortgages, bonds, or other instruments that the board of directors has authorized to be executed, and he or she may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument. He or she may vote all securities that the corporation is entitled to vote except as and to the extent that such authority shall be vested in a different officer or agent of the corporation by the board of directors.

**SECTION 5. VICE CHAIRMAN.** The vice chairman (or in the event there be more than one vice chairman, each of the vice chairmen) shall assist the chairman in the discharge of his or her duties as the chairman may direct and shall perform such other duties as from time to time may be assigned to him or her by the chairman or the board of directors. In the absence of the chairman or in the event of his or her inability or refusal to act, the vice chairman (or in the event there be more than one vice chairman, the vice chairmen, in the order designated by the board of directors, or by the chairman if the board of directors has not made such a designation, or in the absence of any designation, then in the order of their seniority of tenure) shall perform the duties of the chairman and, when so acting, shall have all the powers of and be subject to all the restrictions on the chairman. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of

execution is expressly prescribed by the board of directors or these bylaws, the vice chairman (or any of them if there is more than one) may execute for the corporation any contracts, deeds, mortgages, bonds, or other instruments that the board of directors has authorized to be executed, and he or she may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument.

**SECTION 6. TREASURER.** The treasurer shall be the principal accounting and financial officer of the corporation. He or she shall (a) have charge of and be responsible for the maintenance of adequate books of account for the corporation; (b) have charge and custody of all funds and securities of the corporation, and be responsible therefor, and for the receipt and disbursement thereof; and (c) perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the chairman or by the board of directors. The treasurer will provide regular financial reports to the full board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the board of directors shall determine.

**SECTION 7. SECRETARY.** The secretary shall (a) record the minutes of the meetings of the members and of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be a custodian of the corporate records and of the seal of the corporation; (d) keep a register of the post office address of each member that shall be furnished to the secretary by such member; and (e) perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the chairman or by the board of directors.

**SECTION 8. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES.** The assistant treasurers and assistant secretaries shall perform such duties as shall be assigned to them by the treasurer or the secretary, respectively, or by the chairman or the board of directors. If required by the board of directors, the assistant treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine.

## **ARTICLE VII**

### **Committees**

**SECTION 1. COMMITTEES.** The Board of Directors may, from time to time, establish temporary and standing committees and appoint members of the corporation to such committees provided, however, that a member of the Board is appointed to serve as liaison with such committees.

**SECTION 2. TERM OF OFFICE.** Each member of a temporary or standing committee shall continue as such until the next annual meeting of Board of Directors of the Corporation and until



his successor is appointed, unless the committee shall be sooner terminated, or unless such member shall be removed from the committee.

**SECTION 3. CHAIR.** One member of each committee, advisory board, or commission shall be appointed chair. A co-chair of a committee shall be permitted, if both chair and co-chair agree and have approval from the board of directors.

**SECTION 4. VACANCIES.** Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

**SECTION 5. QUORUM.** Unless otherwise provided in the resolution of the board of directors designating a committee, a majority of the whole committee shall constitute a quorum, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

**SECTION 6. RULES.** Each committee may adopt rules for its own government not inconsistent with these bylaws or with rules adopted by the board of directors.

## **ARTICLE VIII**

### **Contracts, Checks, Deposits, and Funds**

**SECTION 1. CONTRACTS.** The board of directors may authorize any officer or officers or agent or agents of the corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, 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, notes, or other evidences of indebtedness more than \$1,000 issued in the name of the corporation shall be signed by such officer or officers or agent or agents of the corporation and in such manner as shall from time to time be determined by affirmative resolution of a two-thirds majority of the board of directors. In the absence of such determination by the board of directors, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the chairman or a vice chairman of the corporation.

**SECTION 3. DEPOSITS.** All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may select.

**SECTION 4. GIFTS.** The board of directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the corporation. However, any gift received shall be explicitly owned by the corporation and will not benefit any individual member or director.

## **ARTICLE IX**

## **Books, Records, and Reports**

**SECTION 1. BOOKS AND RECORDS.** The corporation shall keep correct and complete books and records of account. It shall also keep minutes of the proceedings of its members, board of directors, and committees having any of the authority of the board of directors and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected by any member, or his or her agent or attorney, for any proper purpose at any reasonable time.

Annually, the financial statement of performance from the previous fiscal year will be posted in the member-area of the website for review by the membership.

**SECTION 2. FISCAL YEAR.** The fiscal year of the corporation shall be the same as that adopted by Geothermal Heat Pump Consortium, Inc.

**SECTION 3. BUDGET.** In advance of each fiscal year, the Treasurer shall compile a budget of estimated expenses for the upcoming fiscal year to be approved by the board of directors. The budget shall be submitted to the organization's membership for comment, but shall become effective if approved by a majority of the Board of Directors.

## **ARTICLE X**

### **Dues**

**SECTION 1. ANNUAL DUES.** The board of directors may determine from time to time the amount of initiation fee, if any, and annual dues payable to the corporation by members of each class.

**SECTION 2. PAYMENT OF DUES.** Dues shall be payable in advance. Dues of a new member shall be prorated from the first day of the month in which such new member is elected to membership for the remainder of the fiscal year of the corporation.

**SECTION 3. DEFAULT AND TERMINATION OF MEMBERSHIP.** When any member of any class shall be in default in the payment of dues for a period of two (2) months from the beginning of the period for which such dues became payable, his or her membership may thereupon be terminated by the board of directors in the manner provided in Article III of these bylaws.

## **ARTICLE XI**

### **Waiver of Notice**

Whenever any notice is required to be given under the provisions of the General Not for Profit Corporation Act of Illinois or under the provisions of the articles of incorporation or the bylaws of the corporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver of notice thereof unless the person at the meeting objects to the holding of the meeting because proper notice was not given.

## **ARTICLE XII Indemnification**

**SECTION 1. INDEMNIFICATION IN ACTIONS OTHER THAN BY OR IN THE RIGHT OF THE CORPORATION.** The corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

**SECTION 2. INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION.** The corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, provided that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

**SECTION 3. RIGHT TO PAYMENT OF EXPENSES.** To the extent that a director, officer, employee, or agent of the corporation has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

**SECTION 4. DETERMINATION OF CONDUCT.** Any indemnification under Sections 1 and 2 of this Article (unless ordered by a court) shall be made by the corporation only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; (b) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (c) by the members entitled to vote, if any.

**SECTION 5. PAYMENT OF EXPENSES IN ADVANCE.** Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the corporation as authorized in this Article.

**SECTION 6. INDEMNIFICATION NOT EXCLUSIVE.** The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

**SECTION 7. INSURANCE.** The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of this Article.

**SECTION 8. NOTICE TO MEMBERS.** If the corporation has paid indemnity or has advanced expenses under this Article to a director, officer, employee, or agent, the corporation shall report the indemnification or advance in writing to any members entitled to vote with or before the notice of the next meeting of the members entitled to vote.

**SECTION 9. REFERENCES TO CORPORATION.** For purposes of this Article, references to “the corporation” shall include, in addition to the surviving corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger that, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers, employees, or agents, so that any person who was a director, officer, employee, or agent of such merging corporation, or was serving at the request of such merging corporation as a director, officer, employee, or agent of another corporation, partnership,

joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this Article with respect to the surviving corporation as such person would have stood with respect to such merging corporation if its separate existence had continued.

**SECTION 10. OTHER REFERENCES.** For purposes of this Article, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee, or agent of the corporation that imposes duties on or involves services by such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in this Article.

### **ARTICLE XIII Amendments**

The power to alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the board of directors unless otherwise provided in the articles of incorporation or the bylaws. Such action may be taken at a regular or special meeting for which written notice of the purpose shall be given. The bylaws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation. The final adoption of the bylaws shall be contingent upon the approval of Geothermal Heat Pump Consortium, Inc. Board of Directors.