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Bylaws

of

**North Central Missouri
Electric Cooperative, Inc.**

Milan, MO



Distributed To User-Members

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The aim of North Central Missouri Electric Cooperative, Inc., (hereinafter called the "Cooperative") is to make electric energy available to its shareholders (hereinafter called "members") at the lowest cost consistent with sound economy and good management.

**BYLAWS OF
NORTH CENTRAL MISSOURI
ELECTRIC COOPERATIVE, INC.
ARTICLE I
MEMBERSHIP**

SECTION 1.01. Eligibility.

(a) Requirements for Class I Membership.

Any person, firm, association, corporation, or body politic or subdivision thereof shall be eligible to become a member of North Central Missouri Electric Cooperative, Inc., (hereinafter called the "Cooperative") by:

- (1) Executing a written application for membership in the Cooperative and contract for electric service;
- (2) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (3) Agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative, and any rules and regulations adopted by the Board of Directors; and
- (4) Paying the membership fee hereinafter specified.

(b) Requirements for Class II Membership.

Any person, firm, association, corporation, or body politic or subdivision thereof shall be eligible to become a member of North Central Missouri Electric Cooperative, Inc. (hereinafter called the "Cooperative") by becoming a customer of a corporate subsidiary which is wholly-owned by the Cooperative and to which the Cooperative furnishes electric energy, and

- (1) Executing a written application for membership in the Cooperative; and
- (2) Agreeing to comply with and being bound by the Articles of Incorporation and Bylaws of the Cooperative, and any rules and regulations adopted by the Board of Directors of the Cooperative. Class II members shall have the right to receive capital credits earned by the wholly-owned subsidiary, after municipal franchise of gross receipts, taxes,

income taxes, if any, paid by the subsidiary have been offset against such capital credits.

(c) No person, firm, association, corporation, or body politic or subdivision thereof shall be eligible to become a member of North Central Missouri Electric Cooperative, Inc., unless and until accepted for membership by the Board of Directors. No Class I member may hold more than one Class I membership in the Cooperative. No Class II member may hold more than one Class II membership in the Cooperative. In the event an application has both a Class I and Class II membership, he or it shall be considered to have a single membership for purposes of all voting and notification rights set forth in these bylaws. No membership in the Cooperative shall be transferable, except as provided in these bylaws. Any subsequent reference in these bylaws to "members" or "membership" shall include both Class I and Class II members. Any subsequent reference in these bylaws to "Cooperative" shall also include any wholly-owned subsidiary of the Cooperative.

SECTION 1.02. Application for Membership; Renewal of Prior Application. Application for membership — wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and Bylaws, and all rules, regulations and rate schedules established pursuant thereto, as all the same then exist or may thereafter be duly adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations") — shall be made in writing on such form as is provided therefor by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (Together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is by Board Resolution denied.

Any former member of the Cooperative may, by

the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the Missouri legal rate on judgements in effect when such account first became overdue, compounded annually (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application has been newly made on the date of such payment.

SECTION 1.03. Membership Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, service connection deposit or fee, facilities extension deposit, contribution in aid of construction or combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him.

SECTION 1.04. Joint Membership. A husband and wife, by specifically so requesting in writing may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership. The words "member", "applicant", "person", "his" and "him", as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them.

Without limiting the generality of the foregoing —

- (a) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote: PROVIDED, that if both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote;
- (c) notice to, or waiver of notice signed by either or both shall constitute, respectively, a joint

- notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) either, but not both concurrently, shall be eligible to serve as a director of the Cooperative, but only if both meet the qualifications required therefor; and
- (f) neither will be permitted to have additional service connections except through their one joint membership.

SECTION 1.05. Acceptance into Membership.

Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service; PROVIDED, that the Board of Directors may by resolution deny any application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause; PROVIDED FURTHER, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved by the Board of Directors may, by filing written request therefor with the Cooperative for at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

SECTION 1.05A. Transfer of Membership.

Upon the death of an individual member of the Cooperative, the surviving spouse of the deceased member may submit a written application requesting that the membership of the deceased member be transferred to the surviving spouse. The application for transfer of membership shall contain all the requirements of an application for membership except no new membership fee shall be required. Upon acceptance by the Board of Directors of the application for transfer of membership, the surviving spouse shall automatically become a member on the date of the death of the deceased member, and the membership of the deceased member shall terminate on the date of his death. No Capital Credits shall be payable upon the death of the deceased member, but instead, the Capital Credits of the deceased member shall be transferred along with the membership to the surviving spouse. Except as otherwise provided herein, the application for transfer of membership shall be subject to all of the

provisions of the Bylaws as if the application was for a new membership. No application for transfer of a membership shall be accepted unless the application is made to the Cooperative prior to the payment of Capital Credits after the death of the deceased member.

SECTION 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefore at the same times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

SECTION 1.07. Excess payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

SECTION 1.08. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for — and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of — such premises and all wiring and apparatuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protection devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing, or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from any error occurring in the

Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

SECTION 1.09. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs. Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

ARTICLE II MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. Suspension; Reinstatement. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including additional charges required for such reinstatement, and/or cessation of any other non-compliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. Termination by Expulsion; Renewed Membership. Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 1.01, he may, without further notice, but only after due hearing if

such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefor duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

SECTION 2.03. Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Directors specifically waives such conditions, abandoning totally and permanently the use of central station electric service on such premises.

SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

SECTION 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative.

Notwithstanding the suspension or expulsion of a member, as provided for in Section 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. Effect of Death, Legal Separation or Divorce Upon a Joint Membership. Such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07. Board Acknowledgement of Membership Termination; Acceptance of Members Retroactively. Upon the termination of a person's membership for any reason, the Board of Directors, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, membership retroactively to the event the Cooperative, to the extent practicable shall correct its membership and all related records accordingly.

ARTICLE III MEETINGS OF MEMBERS

SECTION 3.01. Annual Meeting. For the purpose of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on some day during the months of June, July, August or September of each year, at such place in one of the counties in Missouri within which the Cooperative serves, and beginning at such hour, as the Board of Directors shall from year to year fix: PROVIDED, that, for cause sufficient to it, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section. It shall be the responsibility of the Board of Directors to make adequate plans and preparation for, and to encourage member attendance at, the annual meeting and any special meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. Special Meetings. A special meeting of the members may be called by the Board of Directors, by the President, by any three (3) directors or by petition signed by not less than ten (10%) percent of the then-total 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 in Section 3.03. Such a meeting shall be held at such place in one of the counties in Missouri within which the Cooperative serves, on such date, not sooner than forty (40) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall be designated by him or those calling or petitioning for the same.

SECTION 3.03. Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than twenty-five (25) days prior to the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary (and, in the case of a special meeting, at the direction of him or those calling the meeting). Any such notice delivered by mail may be included with member service billings

or as an integral part of or with the Cooperative's monthly newsletter and/or it's monthly insert, if any, in Rural Missouri. No matter the carrying of which, as provided by law or by the Cooperative's Articles of Incorporation or Bylaws required the affirmative votes of more than a simple majority of the members voting at any meeting of the members, shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addresses to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least ten (10) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member at his address as shown on the Cooperative's books shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. Quorum. Two (2%) percent of the first 2,000 members and one (1%) of the remaining members, present in person or participating electronically or by mail, shall constitute a quorum for the transaction of business at all meetings of the members, except that, if less than a quorum is present at, or participating in, any meeting, a majority of those members may without further notice adjourn the meeting to another time and date not less than forty (40) days later and to any place in one of the counties in Missouri within which the Cooperative serves: PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary will annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person or who participated electronically or by mail.

SECTION 3.05. Voting. Each member who is not in a status of suspension, as provided for in Section 2.02, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. In addition to voting in person, voting may also be carried out by use of a mail ballot, absentee ballot or electronic ballot, or any combination thereof, under procedures established by resolution of the Board of Directors and disclosed concurrently with the notice of any meeting of members at which mail, absentee or electronic voting shall be allowed. Members may not cumulate their votes or vote by proxy or by mail.

SECTION 3.05A. Proxies. At any meeting of the members or any adjournment thereof, any member may vote by proxy, but only if such proxy (a) is registered with the Secretary or his duly designated registrar before or at the time of the meeting or any adjournment thereof, or, if such proxy is to be voted on any matter the carrying of which requires the affirmative votes of more than a simple majority of the members voting at any meeting of the members, is registered with the Cooperative at its principal office during the office hours on or before the third business day next preceding the date of the meeting or any adjournment thereof, as the case may be, (b) is executed by the member in writing and designated the holder thereof (and, if the member so desires, an alternative holder thereof and/or conferring upon the holder(s) full power of substitution), which holder(s) (or substitute(s), if any) shall be the member's spouse, an adult close relative (18 years or older) residing in the same household as the member or another member who is a natural person, and (c) specifies the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than ninety (90) days prior to the date of such meeting or any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the member at such adjournment. A proxy may be unlimited as to the matters on which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited. In the

event a member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke all others; if such proxies carry the same date and are held by different persons, none of them will be valid or recognized. The presence in person of a member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by him for such meeting or for such adjournment thereof, as the case may be, and he shall be entitled to vote in the same manner and with the same effect as if he had two members at any meeting of the members. Notwithstanding the foregoing provisions of this section, whenever a member is absent from a meeting of the members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote, the proxy of such member to the same extent that such member could vote if present in person, unless such member has given a written proxy to some other person eligible to vote such proxy.

SECTION 3.06. Credentials and Election Committee. The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of Cooperative members not less than three (3) nor more than nine (9) who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives or members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objections filed with respect to any election or its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.

In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty

(30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

SECTION 3.07. Order of Business. The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- (1) Report on the number of members present in person in order to determine the existence of a quorum;
- (2) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (4) Presentation and consideration of reports of officers, directors and committees;
- (5) Election of directors;
- (6) Unfinished business;
- (7) New Business; and
- (8) Adjournment.

Notwithstanding the foregoing, the Board of Directors of the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of an action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business: PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

ARTICLE IV DIRECTORS

SECTION 4.01. Number and General Powers.

The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members.

SECTION 4.02. Qualifications.. No person shall be eligible to become or remain a director of the Cooperative who is a close relative of a director or of an employee of the Cooperative. Said person shall be receiving service therefrom at their primary permanent residential abode. No person shall be eligible to become or remain a director of, or to hold any other position of trust in the Cooperative who:

- A. Is not a member and bona fide permanent resident in the area served or to be served by the Cooperative;
- B. Is not at least twenty- one (21) years of age;
- C. Is in any way employed by or financially interested in a competing enterprise, or a business selling or providing electric energy or supplies;
- D. Has not been a member of the Cooperative and a permanent resident for a period of 36 months prior to running for election;
- E. Is an employee of any Electric Cooperative or has been an employee of the Cooperative for a period of 60 months prior to running for election;
- F. Shall have ever been convicted of a felony or entered a plea of nolo contendere in connection with a felony charge or indictment.

Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee.

Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be.

Nothing contained 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, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

SECTION 4.03. Election. At each annual meeting of the members, directors shall be elected by the members and, except as provided in the first provision of Section 4.02 of these Bylaws, from among those members who are natural persons: PROVIDED, that, when the number of nominees does not exceed the number of directors to be elected from a particular Directorate District, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast unless the members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this bylaw provision shall be drawn to the attention of the members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04. Tenure. Directors shall be so nominated and elected that one director from each of the counties of Linn, Sullivan, and Putnam in the State of Missouri shall be elected for a three-year term at an annual meeting; one director from each of the respective counties shall be elected for three-year terms at the next succeeding annual member meeting, and one director from the respective counties shall be elected for three-year terms at the next succeeding annual members meeting, and so forth: PROVIDED, that the terms of no two directors from the same county shall coincide. Upon their election, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members.

Failure of an election for a given year shall allow the incumbents whose directorships would have

been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.05. Nominations. Members of the Nominating Committee (and not the Board of Directors) shall appoint, not less than sixty (60) nor more than ninety (90) days prior to the date of a meeting of the members at which directors are to be elected, a Committee on Nominations, consisting of the nine (9) members of the Cooperative who are not existing Cooperative employees, agents, officers, directors, or known candidates for director, who are not close relatives or members of the same household thereof, and who are so selected that each of the Cooperative's counties shall have representation thereon in proportion to the number of authorized directors from or with respect to such county. The Committee shall prepare and post at the principal office of the Cooperative at least twenty-five (25) days prior to the meeting a list of nominations for directors to be elected, listing separately the nominee(s) for each county from or with respect to which a director must, pursuant to this Article, be elected at the meeting. The Committee may include as many nominees for any director to be elected from or with respect to any county as it deems desirable. Any fifteen (15) or more members of the Cooperative, acting together, may make additional nominations in writing over their signatures, listing their nominee(s) in like manner, not less than twenty-five (25) days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least ten (10) days prior to the date of the meeting, a statement of the names and addresses of all nominee(s) for each county from or with respect to which one or more directors must be elected, showing clearly those nominated by the Committee and those nominated by petition, if any. Notwithstanding the provisions contained in this Section, failure to comply with any of such provision shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

SECTION 4.06. Voting for Directors; Validity of Board Action. In the election of directors, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of directors to be elected, but no member may vote for more nominees than the number of directors that are to be elected from or with respect to any particular county. Ballots marked in violation of

the foregoing restriction shall be invalid and shall not be counted. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

SECTION 4.07. Removal of Directors by Members. Any member may bring one or more charges for cause against one or more directors and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten (10%) percent of the then-total members of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more directors are recalled to elect their successor(s), and which specifies the place, time and date thereof not more than forty-five (45) days after the filing of such petition or requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty-five (45) days after the filing of such petition. Each page of the petition shall, in the forefront thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is(are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billing. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s). Such director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel, or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon

at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: PROVIDED, that the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise.

A newly elected director shall be from or with respect to the same county as was the director whose office he succeeds and shall serve the unexpired portion of the removed director's term.

SECTION 4.08. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the Board of Directors. A director thus elected shall serve out the unexpired term of the director whose office was originally vacated and until a successor is elected and qualified: PROVIDED, that such a director shall be from or with respect to the same county as was the director whose office was vacated. A vacancy shall exist when a director has resigned, been declared mentally or physically incompetent, moves out of the service area of the Cooperative, his membership is suspended, or has been discharged for cause.

SECTION 4.09. Compensation; Expenses. Directors shall, as determined by resolution of the Board of Directors, receive, on a per diem basis, a fixed fee, which may include insurance benefits, for attending meetings of the Board of Directors and, when such has had the prior approval of the Board of Directors, for attending or otherwise performing their duties. The fee or fees fixed for otherwise performing their duties need not be the same as the fee fixed for attending board meetings. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in performing their duties. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure: PROVIDED, that a director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in

such amounts as shall be fixed and authorized in advance of such service by the Board of Directors.

SECTION 4.10. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.11. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial conditions as of the end of such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.12. Subscription to Statewide Publication. The Board of Directors shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to the statewide publication. "Rural Missouri," the annual subscription price for which shall not be less than \$1.50 nor more than \$5.00, and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

SECTION 4.13. "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

ARTICLE V MEETING OF DIRECTORS

SECTION 5.01. Regular Meetings. A regular meeting of the Board of Directors shall be held, without notice, immediately after adjournment of the annual meeting of the members, or as soon

thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in one of the counties in Missouri within which the Cooperative serves as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, that any director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER, that, if a policy therefor is established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days notice thereof to all directors.

SECTION 5.02. Special Meetings. A special meeting of the Board of Directors may be called by the Board of Directors, by the President or by any three (3) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03.

The Board, the President, or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Missouri within which the Cooperative serves, unless all directors consent to its being held in some other place in Missouri or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

SECTION 5.03. Notice of Directors Meetings. Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any director in the case of a meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notices shall be deemed to be delivered when

deposited in the United States mail, addressed to the director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04. Quorum. The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken: PROVIDED, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present: AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified if the date, time and place of such adjourned meeting.

ARTICLE VI OFFICERS: MISCELLANEOUS

SECTION 6.01. Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other officers as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. Election and Term of Office. The four officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Directors at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after 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 the Bylaws with respect to the removal of directors and to the removal of officers by the Board of Directors. Any other officer may be elected by the Board from

among such persons, and with such title, tenure, responsibilities, and authorities, as the Board of Directors may from time to time deem advisable.

SECTION 6.03. Removal. Any officer, agent or employee elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment and best interests of the Cooperative will thereby be served.

SECTION 6.04. Vacancies. A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05. President. The President shall –

- (a) be the principal executive officer of the Board of Directors and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members;
- (b) sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general, 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 6.06. Vice President. In the absence of the President, or in the event of his 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 by the Board of Directors.

SECTION 6.07. Secretary. The Secretary shall –

- (a) keep, or cause to be kept, the minutes of 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 these Bylaws or as required by

- law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or is required by law;
 - (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such manner;
 - (e) sign, with the President, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors;
 - (f) have general charge of the books of the Cooperative in which a record of the members is kept;
 - (g) keep on file at all times a complete copy of the Cooperative's Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and
 - (h) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.08. 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 or invest all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions 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 by the Board of Directors.

SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinabove provid-

ed in Section 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10. General Manager; Executive Vice President. The Board of Directors may appoint a General Manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. Such officer shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 6.11. Bonds. The Board of Directors shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond 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 give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12. Compensation; Indemnification. The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties, and compensation of any other officer, agents and employees shall be fixed or a plan therefor approved by the Board of Directors.

The Cooperative shall indemnify present and former directors, officers, including the General Manager (or, if so titled, the Executive Vice President) agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief that acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

SECTION 6.13. 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 CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. Contracts. Except as other- wise provided by law or these Bylaws, the Board of Directors may authorize any Cooperative officer, agent or employee 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 7.02. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned 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 7.03. Deposits; Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

ARTICLE VIII MEMBERSHIP CERTIFICATES

SECTION 8.01. Certificate of Membership. Membership in the Cooperative may, if the Board so resolves be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with the Cooperative's Articles of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the Board, shall be signed by the President and by the Secretary, and the seal shall be affixed thereto: PROVIDED, that the seal and the signatures of the President and the Secretary may be imprinted thereon by facsimile.

SECTION 8.02. Issue of Membership Certificates. No membership certificate shall be issued for less than the membership fee fixed by the Board of Directors nor until such membership fee, any required service security deposits, facilities

extension deposits, service connection fees, or contributions in aid of construction have been fully paid.

SECTION 8.03. Lost Certificates. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE IX NON-PROFIT OPERATION

SECTION 9.01. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 9.02. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account: PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the

patron in cash in pursuant of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members: PROVIDED, that insofar as gains may at the time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Directors before any payments are made on account of property rights of members. If, at any time prior to the dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order as prescribed by the Board of Directors: PROVIDED, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirements of that portion ("power supply or other service or supply portion") of capital credited to the accounts of the patrons which correspond to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall

be assigned only to the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Directors shall at its discretion have the power at any time upon the death of any patron who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon: PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credit to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the Missouri legal rate on judgments in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's offices.

SECTION 9.03. Notwithstanding any provisions herein contained to the contrary, the Cooperative shall recover, after a period of two (2) years, any unclaimed capital credits, patronage refunds, utility deposits, membership fees, or account balances for which the owner (member or former member) cannot be found and are the result of distributable savings of the Cooperative, giving sixty (60) days' notice in the

newspaper of general circulation, published in the county in which the Cooperative locates its general headquarters. Such notice shall state the owner's name and approximate amount of owner's interest, and that if not duly claimed within sixty (60) days of said notice, the same shall be turned over to the Cooperative, which shall reallocate the same to other members. If no provable claim shall have been filed within sixty (60) days after the one-time publication of said notice, the Cooperative may credit against said account any amounts due and owing the Cooperative by said member and thereafter allocate to the other members of the Cooperative on a pro rata basis. Such amounts of said members (the allocations herein contemplated) shall be allocated to those who are members as of the year and on a pro rata basis for the year in which the 60th day falls after the published notice.

Any member or former member who fails to claim any capital credit or other payment within two (2) years after payment has been made available to such person, shall have made an irrevocable assignment and gift to the Cooperative of such capital credits or other payments.

SECTION 9.04. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine.

ARTICLE X WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE XI
DISPOSITION AND PLEDGING OF PROPERTY
DISTRIBUTION OF SURPLUS ASSETS
ON DISSOLUTION

SECTION 11.01. Disposition and Pledging of Property. (a) Not inconsistently with Mo. Rev. Stat. Section 394.180 and subsection (b) hereof, the Cooperative may, at a duly held meeting of the members, authorize the sale, lease, lease-sale, exchange, transfer or other dispositions of all or a substantial portion of the Cooperative's properties and assets only upon the affirmative votes of two-thirds (2/3) of the then-total members of the Cooperative; however, the Board of Directors without authorization by the members, shall have full power and authority (1) to borrow monies from any source and in such amounts as the Board may from time to time determine, (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefor, and (3) to sell, lease, lease-sale, exchange, transfer or otherwise dispose of merchandise, property no longer necessary or useful for the operation of the Cooperative, or less than a substantial portion of the Cooperative's properties and assets. "Substantial portion" means ten (10%) percent or more of the Cooperative's total assets as reflected on its books at the time of the transaction.

(b) supplementary to the first sentence of the foregoing subsection (a) and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of all or a substantial portion of the Cooperative's properties and assets shall be authorized except in conformity with the following:

- (1) If the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by a Circuit Court Resident Judge for the Judicial District in Missouri in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board of Directors.

- (2) If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every other electric Cooperative corporately sited and operating in Missouri (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such electric Cooperative shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less nor more than twenty-five (25) days after the giving of notice thereof to the members: PROVIDED, that consideration and action by the members may be given at the next annual members meeting if the Board so determines and if such annual meeting is held not less nor more than twenty-five (25) days after the giving of notice of such meeting.
- (4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

(c) The Board of Directors may transfer title to portions of the Cooperative's property and assets to

wholly-owned subsidiary corporations when, in the Board of Directors' judgement such transfers are necessary or appropriate or convenient to protect the Cooperative's investment and financial integrity. Such transfer shall be a change in nominal title only and shall not require membership approval as set forth in paragraph (a) of this Section.

The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric Cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric Cooperatives.

(d) The Board of Directors may, upon the affirmative vote of not less than a majority of the members of the Cooperative, transfer, convey, or otherwise dispose of all or a substantial portion of its property to another rural electric Cooperative to complete or effect a consolidation or merger of the two or more Cooperatives. (Missouri Law already provides for this amendment. By amending the bylaws, the bylaws will comply with the present Missouri Law.)

(e) Members may vote by mail, under procedure established by the Board of Directors, on any proposition submitted to the members for approval pertaining to the Cooperative merging or consolidating with one or more other rural electric Cooperative, and pertaining to the Cooperative selling, leasing or disposing of all or any substantial portion of its property to one or more other rural electric Cooperatives.

SECTION 11.02. Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors, not inconsistently with the provisions of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority but on a patronage basis among all persons who are or have been members of the Cooperative during the seven years next preceding the date of the filing of the certificate of election to dissolve: PROVIDED, HOWEVER, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal Income Taxation.

ARTICLE XII FISCAL YEAR

The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December following.

ARTICLE XIII PARLIAMENTARY PROCEDURE

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

ARTICLE XIV SEAL

The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Missouri."

ARTICLE XV AMENDMENTS

These Bylaws may be altered, amended or repealed by a majority of the members voting at any regular or special member meeting: PROVIDED, that the notice of the member meeting shall have contained a copy of the proposed alteration, amendment or repeal or an accurate summary explanation thereof.