

By-Laws of Macon Electric Cooperative

ARTICLE I Membership

SECTION 1. Requirements for Membership.

Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in Macon Electric Cooperative (hereinafter called the “Cooperative”) by:

- a. Executing a written application for cooperative membership and contract for electric service agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- b. Agreeing to execute and deliver to the Cooperative, without charge, grants of right of way easement over, across, or under lands of the applicant upon such reasonable terms and conditions as the Cooperative shall require for the furnishing of electric service to the applicant or other members or applicants of the Cooperative;
- c. Agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative, By-laws of the Cooperative, and any rules and regulations adopted by the Board of Directors from time to time;
- d. Paying all applicable fees and costs to establish electric service to their premises.

Provided, however, that no person, firm, association, corporation, or body politic or subdivision thereof shall become a member unless and until accepted for membership by the Board of Directors. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferrable, except as provided in these By-laws.

All applications for membership shall be considered for acceptance by the Board of Directors within sixty (60) days of receipt of application. All applicants will be deemed accepted into membership unless written notice of rejection is given to the applicant within ninety (90) days of receipt of application. This notice shall indicate the reason(s) for rejection and the time and place of the next regular meeting of the Board of Directors, at which meeting applicant shall be entitled to be present and heard as to the reason(s) for rejection.

SECTION 2. Joint Membership.

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this article, may be accepted for such membership. The

term “member” as used in these By-laws shall be deemed to include husband and wife holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- a. The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting a joint waiver of notice of the meeting;
- b. The vote of either separately or both jointly shall constitute one joint vote;
- c. A waiver of notice signed by either or both shall constitute a joint waiver;
- d. Notice to either shall constitute notice to both;
- e. Expulsion of either shall terminate the joint membership;
- f. Withdrawal of either shall terminate the joint membership;
- g. Either, but not both, may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

SECTION 3. Conversion of Membership.

- a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, By-laws, and the rules and regulations adopted by the Board of Directors.
- b. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.
- c. Upon receiving notice of the legal separation or divorce of the parties to a joint membership, the Cooperative shall terminate such joint membership and thereafter:
 - i) seek payment from either party to the joint membership for any debts due to the Cooperative that were incurred before receipt of notice of the legal separation or divorce; and
 - ii) divide equally between the parties to the joint membership any amount owed by the Cooperative to the joint membership when such amounts become due and payable. The Cooperative will abide by any valid agreement between the parties to the joint membership, order or decree from a court of competent jurisdiction addressing any of the abovementioned items regarding the joint membership.

SECTION 4. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership,

and shall pay therefore monthly at rates which shall from time to time be fixed by the Board of Directors, provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. 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. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these By-laws. Each member shall pay to the Cooperative such minimum amount per month, regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 5. Termination of Membership.

- a. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all the Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-laws or rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting. The membership of a member who, for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative shall be cancelled by resolution of the Board of Directors.
- b. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner does not release a member or his estate from any debts due the Cooperative.
- c. In case of withdrawal or termination of membership in any manner, the Cooperative will repay to the member any amount of monies then due and owing to such member, if any, provided, however, that the Cooperative shall deduct from the amount of monies the amount of any debts or obligations owing from the member to the Cooperative.

ARTICLE II
Rights and Liabilities of Members

SECTION 1. Property Interest of Members.

Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these By-laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of the filing of the Certificate of Dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2. Non-liability for Debts of the Cooperative.

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

ARTICLE III:
Meetings of the Members

SECTION 1. Annual Meeting.

The Annual Meeting of the members shall be held each year, at such time and place, in the area served by the Cooperative, as shall be designated in the notice of the Meeting, for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings.

Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three directors, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Macon, State of Missouri, specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meeting.

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

SECTION 4. Quorum.

Two percent (2%) of the first two thousand (2,000) members and one percent (1%) of the remaining members present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided, that the Secretary shall notify any absent member of the time and place of such adjourned meeting.

SECTION 5. Voting.

Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of the majority of the members voting. All voting shall be in person, and additionally, at the discretion of the Board of Directors, may also be carried out by use of 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 be allowed. The Board of Directors shall take all steps necessary to insure that any advanced voting is done in a secured manner. In the event of a re-count of the ballots, all valid mail, absentee or electronic ballots shall be included within the results of any necessary re-count or re-balloting.

SECTION 6. Proxies.

No member may vote by proxy at any time concerning any matter.

SECTION 7. Order of Business.

The Order of Business at the Annual Meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report as to which members are 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 publication or mailing thereof, or 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 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.
8. Adjournment.

ARTICLE IV: Directors

SECTION 1. General Powers.

The business and affairs of the Cooperative shall be managed by the board of nine directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Conversion or these By-laws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office.

Districts. The territory served by the Cooperative shall be divided into nine districts and of which shall be represented by not more than one director. The districts shall be as follows: (Please refer to map attached to these By-laws) Not less than sixty (60) days before the meeting of members at which directors are to be elected, the Board of Directors shall review the composition of the several districts, and if it should be found that inequities in representation have developed which can be corrected by re-delineation of districts, the Board shall reconstitute the districts. Election and Tenure. There shall be one (1) director elected by ballot from three districts to serve until the third succeeding annual meeting of the members or until their successors shall have been elected and shall have qualified. Each member of the Cooperative shall be entitled to vote for one (1) candidate from each district. The candidate from each district receiving the highest number of votes shall be considered elected as director. If an election of directors shall not be held on the

date designated herein for the Annual Meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as practicable. Directors may be elected by a plurality of the members.

SECTION 3. **Qualifications.**

No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who:

- a. Has not attained the age of at least 18;
- b. Is not a member and bonafide resident in the area served by the Cooperative;
- c. Is in any way employed or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative;
- d. Is not a Cooperative member in good standing as a result of being on the disconnect list for non-payment of a debt to the Cooperative during such director's term of office and within three years prior to becoming a director;
- e. Is a close relative of an employee of the Cooperative or any subsidiary thereof;
- f. Is an applicant for employment with the Cooperative;
- g. Has been convicted of, pled guilty to or entered a plea of no contest to a felony crime; and
- h. Is an employee of the Cooperative or any subsidiary thereof or has been employed by the Cooperative or any subsidiary thereof during a period of twenty-four months prior to becoming a director;
- i. No member shall be eligible to be selected to serve as a director if that member has previously served four or more terms, or twelve (12) or more cumulative years as a director.

The term "close relative" as used in the By-laws shall mean a spouse, child, stepchild, father, stepfather, father-in-law, mother, stepmother, mother-in-law, brother, stepbrother, half-brother, brother-in-law, sister, stepsister, half-sister, sister-in-law, grandparent, step-grandparent, grandparent-in-law, grandchild, step-grandchild, grandchild-in-law, son-in-law, daughter-in-law and any persons cohabitating with the same household. An individual qualified and elected, designated, or appointed to a position does not become a close relative as defined herein while serving in the position because of a marriage or legal action to which individual was not a party.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 4. Nominations.

It shall be the duty of the Board of Directors to appoint not less than one hundred-twenty (120) days nor more than one hundred-eighty (180) days before the date of the meeting of the members at which directors are to be elected, a Committee on Nominations consisting of two members from each of the geographic areas served by the Cooperative, so as to insure equitable representation. The general geographical area shall be known as the Northern Area, the Northeastern Area, the Eastern Area, the Southeastern Area, the Southern Area, the Southwestern Area, the Western Area, the Northwestern Area and the Central Area. No member of the Board of Directors may serve on such committee. The Committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Cooperative, at least seventy-five (75) days before the meeting a list of nominations for directors which shall include a greater number of candidates in each area than are to be elected. Any fifteen (15) or more members acting together may make other nominations by written petition not less than seventy (70) days prior to the meeting and the Secretary shall post such nominations at the place where the list of nominations made by the Committee is posted. The Secretary shall mail with the Notice of the Meeting a statement of the number of directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the Committee on Nominations and also the nominations made by petition, if any.

SECTION 5. Removal of Directors by Members.

Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members, and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Vacancies.

Subject to the provisions of these By-laws 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 affirmative vote of a majority of the remaining directors for the unexpired portion of the term.

SECTION 7. Compensation.

Directors shall, as determined by resolution of the Board of Directors, receive, on a per diem basis, a fixed fee for attending meetings of the Board of Directors, which may include expenses of director participation in employee group benefit programs, and a fixed fee for attending other meetings or otherwise performing their duties, which need not be the same as the fee fixed for attending meetings of the Board of Directors. 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 compensation shall be specifically authorized by a vote of the members or the service by such director or close relative shall have been certified by the Board of Directors as an emergency measure.

ARTICLE V: Meetings of Directors

SECTION 1. Regular Meetings.

A regular meeting of the Board of Directors shall be held without notice, immediately after, and at the same place as, the Annual Meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Macon County, Missouri, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings.

Special meetings of the Board of Directors may be called by the President or by any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the directors calling the meeting shall fix the time and place (which shall be in Macon County, Missouri) for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings.

Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each director not less than five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or, upon default in duty by the Secretary, by the President or the directors calling the meeting. If mailed, such notice 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 postage thereon prepaid.

SECTION 4. Quorum.

A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of the majority of the directors present at a meeting at which as a quorum is present shall be the act of the Board of Directors.

SECTION 5. Meetings by Conference Telephone.

When presence in person at a meeting of the Board of Directors is impossible or unfeasible because of an act of God, natural disaster, national emergency, state emergency, insurrection, act of terrorism or war, and unless otherwise restricted by the Articles of Incorporation or by these Bylaws, members of the Board of Directors may participate in a meeting of the Board of Directors through use of a conference telephone or similar communications equipment or device by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant hereto shall constitute presence in person at such meeting.

ARTICLE VI: Officers

SECTION 1. Number.

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

SECTION 2. Election and Term of Office.

The officers shall be elected by ballot, annually by and from the Board of Directors at the meeting of the Board of Directors held immediately after the Annual Meeting of the members. If the election of officers shall not be held at such meeting such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual Meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Directors.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with the petition signed by ten per centum (10%) of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President.

The President shall:

- a. Be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board of Directors, shall reside at all meetings of the members and the Board of Directors.
- b. 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 By-laws 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 5. 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. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6. Secretary.

The Secretary shall:

- a. Keep, or cause to be kept, 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 these By-laws or as required by law;
- c. Be custodian of corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents and instruments, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-laws or as required by law;
- d. Keep, or cause to be kept, a register of the names and post office addresses of all members;
- e. Have general charge of the books of the Cooperative;
- f. Keep, or cause to be kept, on file at all times a complete copy of the Articles of Incorporation and By-laws of the Cooperative containing 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 upon request to any member; and
- g. In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7. 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 By-laws; 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 8. Delegation of Secretary and Treasurer Responsibilities.

Notwithstanding the duties, responsibilities and authorities of the Secretary and Treasurer hereinbefore provided, the Board of Directors by resolution may, except as otherwise limited by law, delegate the performance of certain administrative duties in whole or in part 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 performing such duties.

SECTION 9. Manager.

The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him.

SECTION 10. Bonds of Officers.

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall 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.

SECTION 11. Compensation.

The power, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors, subject to the provisions of these By-laws with respect to compensation for directors and close relatives of directors.

SECTION 12. Indemnification.

The Cooperative shall indemnify present and former directors, officers, 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 the acts or omissions were in the best interests of the Cooperative or not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover indemnification.

SECTION 13. Reports.

The officers of the Cooperative shall submit at each Annual Meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

**ARTICLE VII:
Disposition of Revenues and Receipts**

SECTION 1. Patronage Capital.

The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. The Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons, members and nonmembers alike, for all amounts received 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, members and non-members alike, as capital. The Cooperative is obligated to pay all such amounts in excess of operating costs and expenses to the patrons by credits to a capital account for each patron. 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. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be:

- a. Used to offset any losses incurred during the current or any prior fiscal year; and
- b. To the extent not needed for that purpose, effective as of January 1, 1964, 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. If, at any time prior to 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 the patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. In no event, however, may any such capital be retired unless after the proposed retirement, the capital of the Cooperative shall equal at least fifteen per centum (15%) of the total assets of the Cooperative. Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors acting under policies of general application, shall determine otherwise.

In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of any applicable fees due the Cooperative on behalf of such non-member patron.

Notwithstanding any other provision of these By-laws the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these By-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The Board of Directors shall also have the power to adopt rules providing for the separate retirement of that portion (power supply portion) of capital credited to the accounts of the patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall:

- a. Establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year,
- b. Provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons,
- c. Provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and

- d. Preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or any capital credited to patrons for any prior fiscal year.

SECTION 2. Non-Members' Patronage.

That part of the annual net earnings derived from the patronage of non-members shall be prorated among non-members patrons in proportion to the total patronage of all non-member patrons for the respective year.

SECTION 3. Unclaimed Monies.

Notwithstanding any provisions herein contained to the contrary, any member, former member, or other patron who fails to claim any capital credits, patronage refunds, utility deposits, fees, or account balances within two (2) years after payment thereof has been made available to such person shall have made an irrevocable assignment and gift to the Cooperative of such unclaimed monies. Upon expiration of two (2) years after availability of such monies, the Cooperative shall give sixty (60) days notice in a newspaper of general circulation, published in the county of the last known address of said person. Such notice shall contain the person's name, amount and type of monetary interest, and that if said monies are not duly claimed within sixty (60) days of said notice, the same shall be deemed assigned and donated to the Cooperative. If no provable claim shall have been filed within sixty (60) days after the publication of such notice, the Cooperative shall, after off-setting any outstanding amounts due and owing the Cooperative from said person, thereafter treat the net unclaimed amount as general income of the Cooperative includable in the fiscal year in which the sixtieth (60th) day after published notice falls.

ARTICLE VIII: Disposition of Property

The Cooperative may not sell, mortgage, lease, lease-sale, exchange, or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease, lease-sale, exchange or other disposition of encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, lease-sale, exchange or other disposition or encumbrance shall have been contained in the notice of the meeting. All proposals for sale, mortgage, lease, lease-sale, exchange or other disposition or encumbrance of

all or a substantial portion of the Cooperative's assets shall be first submitted in writing to the Board of Directors of the Cooperative. If the Board of Directors looks with favor upon any such proposal, the Board shall first cause three (3) independent appraisers, expert on such matters, to render their individual written opinions as to the value of Cooperative assets which are the subject of any such proposal. The three (3) appraisers shall be designated by a resident circuit court judge for the judicial circuit in which the Cooperative's headquarters are located, and in the event any or all such judges refuse to make such designations, they shall be made by the Board of Directors. If the Board of Directors, after receiving such appraisals, determines that the proposal should be submitted for consideration by members, it shall first give every other rural electric cooperative corporation sited and operating in the State of Missouri an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such rural electric cooperative corporations, which notice shall be attached to a copy of the proposal under consideration by the Board, and a copy of the reports of the three (3) appraisers. Such rural electric cooperative corporations shall be given not more than forty-five (45) days during which to submit competing proposals. Upon the terminations of the forty-five (45) day period, if the Board then determines that favorable consideration should be given to the initial or any subsequent proposals, it shall so notify the members, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof, or alternatively schedule consideration thereof at the next Annual Meeting of members, but in no event can this special or annual meeting be held less than ninety (90) days after the giving of such notice to the members.

The foregoing provisions shall not apply to a sale, mortgage, lease, lease-sale, exchange, or other disposition or encumbrance to one or more other rural electric cooperative corporations if the substantive effect thereof is to merge or consolidate with such other rural electric cooperative corporation or corporations.

Notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or deed or deeds of trust upon, whether pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to any bank or other financial institution or organization.

ARTICLE IX:
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 X: Financial Transactions

SECTION 1. Contracts.

Except as otherwise provided in these By-laws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instance.

SECTION 2. 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 by such officer or officers agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. Deposits.

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

SECTION 4. Change in Rates.

Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

SECTION 5. Fiscal Year.

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end of the thirty-first day of December of the same year.

**ARTICLE XI:
Miscellaneous**

SECTION 1. Waiver of Notice.

Any member or director may waive in writing any notice of a meeting required to be given by these By-laws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 2. Effective Documents.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledged that the terms and provisions of the Articles of Incorporation and By-laws 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.

SECTION 3. Rules and Regulations.

The Board of Directors shall have the power to make, adopt, amend, and rescind from time to time such rules and regulations as are not inconsistent with law, the Articles of Incorporation, or these By-laws, as the Board may deem advisable for the management of the business and affairs of the Cooperative. Any such rules and regulations 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 rules and regulations as terms and provisions thereof.

SECTION 4. Accounting System and Audits.

The Board of Directors shall cause to be established and maintain a complete accounting system which, among other things and subject to applicable laws and rules and regulations of any

regulatory body, shall conform to such accounting system as may from time to time be designed by the Administrator of the Rural Electrification Administration of the United States of America. The Board of Directors shall also after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year.

SECTION 5. Cooperative's Right to Collect Amounts Owed

By doing business with the Cooperative, all members agree that in the event that it is necessary for the Cooperative to hire outside agencies, consultants or attorneys to pursue collection activities for amounts owed by members to the Cooperative, the member agrees to pay to the Cooperative all of the Cooperative's costs for such outside agencies and consultants in addition to the amount of the bill originally owed by the member. Further, all members grant a security interest to the Cooperative in all monies including deposits, capital credits and other refunds that may be due the member, in favor of the Cooperative to secure payment of any and all amounts owed by member to Cooperative including the cost of collection efforts. Prior to refunding any capital credits, overpayment or deposit, the Cooperative shall be entitled to offset such payment against any amounts owed by member to the Cooperative including the cost of collection efforts.

ARTICLE XII: Amendments

These By-laws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

