



Central Missouri Electric Cooperative

Your Touchstone Energy® Cooperative 

Bylaws

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ARTICLE I—MEMBERSHIP

Section 1: Individual Membership

A. Requirements for Class 1 Membership

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

1. Executing a written application for Cooperative membership;
2. Executing contract for electric service agreeing to purchase from the Cooperative electric energy as hereinafter specified;
3. Agreeing to comply with and be bound by the articles of incorporation of the Cooperative, subsequent articles of conversion of the Cooperative, bylaws of the Cooperative, and any rules and regulations adopted by the Board of Directors from time to time; and
4. Paying the membership fee hereinafter specified.

B. Requirements for Class 2 Membership

Any person, firm, association, corporation or body politic or subdivision thereof may become a class 2 member of Central Missouri Electric Cooperative (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. Making a written application for membership in the Cooperative; and
2. Agreeing to comply with and be bound by the articles of conversion and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors of the Cooperative. Class 2 members shall have the right to receive capital credits earned by the wholly owned subsidiary, after municipal franchise or gross receipts taxes, income taxes, if any, paid by the subsidiary have been off set against such capital credits.

C. 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 class 1 member may hold more than one class 1 membership in the Cooperative. No class 2 member may hold more than one class 2 membership in the Cooperative. In the event a person, firm, association, corporation or body politic or subdivision thereof has both a class 1 and class 2 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 1 and class 2 members. Any subsequent reference in these bylaws to "Cooperative" shall also include any wholly owned subsidiary of the Cooperative.

Section 2: Joint Membership

Unless the Cooperative is otherwise advised in writing, the membership of an individual shall be deemed to be jointly held by the individual and his or her spouse, subject to their compliance with the requirements set forth in Section 1 of this Article. Any provisions relating to the rights and liabilities of joint membership shall apply equally with respect to the individual member and his or her spouse. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holder 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;
- 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, bylaws and 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.

Section 4: Membership and Service Connection Fees

The membership fee shall be twenty five dollars, upon the payment of which a member shall be eligible for one service connection.

Section 5: Purchase of Electric Energy

- A. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board of Directors. 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 bylaws. 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.
- B. Each member shall pay all amounts owed by him to the Cooperative as and when same shall become due and payable. The Board of Directors is expressly authorized to appropriate all of such portion of the accrued and then payable capital credits of any member who defaults in the satisfaction of his obligation to the Cooperative for the payment of such member's indebtedness.
- C. Notwithstanding any other provisions of these bylaws, upon the occurrence of a terminated membership owing to the Cooperative an uncollectable debt subject to write-off, the Board of Directors may in its discretion, in addition to all other legal remedies available at law or equity, satisfy such debt or a portion thereof by retiring the capital credited to any such membership prior to the time such capital would otherwise be retired under the provisions of these bylaws, on a discounted present value basis, using as a ratio multiplier such percentage as shall be determined by the Board of Directors acting under policies of general application; provided however, that the financial condition of the Cooperative will not be impaired thereby.

Section 6: 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, bylaws or rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by 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 electric energy from the Cooperative, shall be canceled by resolution of the Board of Directors. Termination of membership in any manner shall not release a member of his estate from any debts due the Cooperative.
- B. In case of withdrawal or termination of membership in any manner, the Cooperative will repay to the member the amount of membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative.

- C. Upon termination of joint membership, the Cooperative shall: i) seek payment from either or both former joint members for any debts due to the Cooperative that were incurred before termination of the joint membership; and ii) divide equally between the former joint members any amounts owed by the Cooperative to the joint membership account when such amounts become due and payable. The Cooperative will abide by any valid agreement between the former joint members, order or decree from a court of competent jurisdiction addressing any of the above mentioned items regarding the joint membership.

ARTICLE II

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 bylaws, 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 ten 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 MEMBERS

Section 1: Annual Meeting

The Board of Directors shall ensure that an annual meeting of the members be held in Pettis County, Benton County, or Saline County in the manner of a traditional assembly or drive-thru style meeting or combination, at an hour, place and date as determined by the Board of Directors each year.

The annual meeting shall be held for the purpose of electing directors, affording the membership a suitable program, 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 Counties of Saline, Pettis, or Benton, State of Missouri, specified in the notice of the special meeting.

Section 3: Notice of Members Meetings

Written or printed notice stating the place, day, hour and style of the meeting (traditional assembly, drive-thru or combination of both) 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 or 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 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 of the first two thousand members and one percent of the remaining members, present in person or by submission of a valid electronic ballot as provided for within these Bylaws, 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.

Section 5: Voting

- A. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of all members. All questions shall be decided by vote of a majority of the members voting thereon. Voting by mail or by proxy shall not be permitted. If a membership is held in the name of the husband individually or the wife individually or the husband and wife jointly, then in any of the above events either the husband or the wife, as the case may be, may cast the vote represented by the membership; provided, that if the membership be in the name of the husband individually or the wife individually, then the husband and wife must be living together in order for this Section to apply.
- B. If a member is unable to attend a meeting of the members, such member may vote upon each matter set forth on the agenda to be submitted at the meeting by absentee ballot. Absentee ballots shall only be available to a member at the Cooperative offices no more than ten business days prior to the day of the meeting of members at which each matter is to be submitted. The absentee ballot shall be voted upon receipt at the Cooperative's offices and shall be identical to the ballot to be utilized at the applicable meeting of members except that it shall be expressly marked as an absentee ballot.
- C. In addition to in-person and absentee voting, and at the discretion of the Board of Directors, voting may also be carried out by use of an electronic ballot or any combination thereof, under procedures established by a resolution of the Board of Directors and set forth within the official notice of the meeting of members.

Section 6: Order of Business

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

1. Report of the number of members present in person.
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 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.
8. Adjournment.

ARTICLE IV—DIRECTORS

Section 1: General Powers

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

Section 2: Election and Tenure of Office

- A. Pursuant to custom and procedure of long standing, the board of nine directors shall be and remain in three classes of three members each. Each director shall hold office for a term of three years, and three directors shall be elected at each annual meeting of the members. Directors shall be elected by ballot and shall serve until their successors have been elected and shall have qualified.

- B. To ensure the principle of geographic representation, four of the directors shall be residents of Saline County, four residents of Pettis County and one resident of Benton County. Saline and Pettis Counties shall be divided into four districts each, as follows:

SALINE COUNTY

District 1 shall be the area North of Highway 20 and West of Odell/Wildcat Road/State Rd NN/Keystone Ave, with the boundary continuing due north at the intersection of State Rd F and Keystone Ave.

District 2 shall be the area East of Odell/Wildcat Road/State Rd NN/Keystone Ave, with the boundary continuing due north at the intersection of State Rd F and Keystone Ave and North of Township line 51.

District 3 shall be the area South of Highway 20 and West of Highway 65/Business 65/Odell Ave.

District 4 shall be the area East of Highway 65/Business 65/Odell Ave and South of Township line 51.

PETTIS COUNTY

District 1 shall be the area North of Township line 46 and West of Range line 22. District 2 shall be the area East of Range line 22 and North of the section lines one mile North of Township line 46.

District 3 shall be the area South of Township line 46 and West of Range line 22.

District 4 shall be the area South of the section lines one mile North of Township line 46 and East of Range line 22.

- C. If the election of directors shall not be held at the annual meeting, or any adjournment thereof, the Board of Directors shall cause their election at a special meeting of the members as soon thereafter as possible. Directors may be elected by a plurality vote of the members.

Section 3: Qualifications

To be eligible to become or remain a director a person must:

- A. maintain their primary residence within the applicable district as set forth in these bylaws for at least twelve (12) consecutive months prior to becoming a director; and
- B. Be a member and purchase electric energy from the Cooperative as measured by a meter located within the applicable district as set forth in these bylaws; and
- C. Not be in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical fixtures or supplies to the members of the Cooperative; and
- D. be an individual with the capacity to enter into legally binding contracts; and
- E. be a Cooperative member in good standing by not being disconnected for nonpayment of a debt owed to the Cooperative while a director and during the thirty-six months immediately before becoming a director; and
- F. not be an applicant for employment with the Cooperative; and
- G. not be employed by the Cooperative while a director and during the thirty-six months immediately before becoming a director; and
- H. not be engaged in a personal relationship with a fellow director or an employee of the Cooperative that could, in the sole judgment of the Board of Directors, interfere with the director's independent judgment, disrupt or negatively impact the workplace, undermine members' confidence in the operations of the Cooperative, or reasonably create the appearance of a conflict of interest;
- I. not have a Close Relative who is an employee of the Cooperative while a director and during the thirty-six months immediately before becoming a director;
- J. Disclose all monetary and in-kind contributions and direct or indirect expenditures by the director candidate, from third-parties or other outside sources in support of, the member's campaign for election or re-election to the Board. The Board of Directors shall establish a policy setting forth rules and deadlines for reporting campaign contributions and expenditures consistent with this provision; and
- K. Once elected, not receive any money, financial benefits or contributions of any kind from any third-party or outside source related to their service as a director of the Cooperative.

The term "Close Relative" shall mean Wife, Husband, Son, Daughter, Father, Mother, Grandfather, Grandmother, Brother, Sister, Grandson, Granddaughter, Father-in-law, Mother-in-law, Brother-in law, Sister-in-law, step-children and any person cohabitating or living within the same household of a director. This bylaw section will not apply to Close Relatives as defined above who are employed by the Cooperative as of July 14, 2020.

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 by a majority vote of the remaining directors. 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 to appoint, not less than sixty days before the date of a meeting of the members at which board members are to be elected, a committee on nominations consisting of not less than 5 nor more than 11 members who shall be selected from different sections so as to insure equitable representation. No member of the board may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the cooperative at least thirty days before the meeting a list of nominations for board members which shall include at least two candidates for each Board position to be filled by the election. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten days before the day of the meeting, a statement of the number of board members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Any fifteen or more members acting together may make other nominations by petition and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, received at least fifteen business days before the meeting shall be included on the official ballot. No member may nominate more than one candidate by petition.

Section 5:

Any member may bring one or more charge for cause against any one or more directors by filing with the Secretary such charges in writing, together with a petition signed by not less than five percent (5%) of the first 2,000 members and two percent (2%) of the remaining then total members of the cooperative which petition calls for a special meeting, the stated purpose of which shall be to hear and act upon such charges, and if one or more directors are recalled, to elect their successors, and which specifies the place, time and date thereof not sooner than forty (40) days after the filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) days of the filing of the petition. Each page of the petition shall, in the forepart thereof, state the names and addresses of the members filing such charges, a verbatim statement of such charges and the names of the directors against whom such charges are being made. 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 billings. Notice of such charges verbatim, of the directors against whom the charges have been made and of the members filing the charges and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than seven (7) 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 charges against the same directors. Such directors shall be informed in writing of the charges after they have been validly filed and at least twenty (20) 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, by witnesses, by counsel, or any combination of such, and to present evidence in respect of the charges; and the members bringing the charges shall have the same opportunity, but must be heard first. The question of the removal of such director 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 charges against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected director shall be from the same directorate district as was the director whose office he succeeds and shall serve the unexpired portion of the removed director's term.

Section 6: Vacancies

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by removal of directors by the

members, vacancy occurring in the Board of Directors may 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 not receive any salary for their services as directors, except that by resolution of the Board of Directors, a fixed sum and expenses of attendance at each meeting of the Board of Directors. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of the board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of members or the service by the board member or his close relative shall have been certified by the board as an emergency measure.

ARTICLE V

Section 1: Regular Meetings

A regular meeting of the Board of Directors shall be held without notice at the office of the Cooperative immediately after adjournment of the annual meeting of members. A regular meeting of the Board of Directors shall be held monthly at the office of the Cooperative at such times as the Board of Directors may provide by resolution. Such regular monthly meetings may be held at such other place in Pettis County as the Board may select provided due notice is first given or waiver of notice obtained from all members of the Board.

Section 2: Special Meetings

Special meetings of the board may be called by the President, or by any three board members, 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 board members calling the meeting shall fix the time and place for the holding of the meeting.

Section 3: Notice of Board Meetings

Written notice of the time, place and purpose of any special meeting of the board shall be delivered to each board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, and addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

Section 4: Quorum

A majority of the board shall constitute a Quorum, provided, that if less than such majority of the board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these bylaws.

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 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 officers or agents elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby. 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 a petition signed by ten per centum 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 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 of the Board of Directors, shall preside at all meetings of the members and the Board of Directors;
- B. 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 the 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 be responsible for:

- A. Keeping the minutes of the meetings of the members and the board in books, provided for the purpose;
- B. Seeing that all notices are duly given in accordance with these bylaws or as required by law;
- C. The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- D. Keeping a register of the names and post office addresses of all members.
- E. Keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of members) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and
- F. In general performing 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.

Section 7: Treasurer

The treasurer shall be responsible for:

- A. Custody of all funds and securities of the Cooperative;

- B. The receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposits of such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- C. The general performance of 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.

Section 8: 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 authorities as the Board of Directors may from time to time vest in him.

Section 9: 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 be bonded in such sum and with such surety as the board shall determine. The board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 10: Compensation

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

Section 11: Reports

The officers of the Cooperative shall submit at each annual meeting of the member's 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: Interest or Dividends on Capital Prohibited

The Cooperative shall at all times be operated on a Cooperative nonprofit 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 2: Patronage Capital in Connection with Furnishing Electric Energy

- A. In the furnishing of electric energy the Cooperative's operations shall be conducted so 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 the 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. All such amounts credited to the capital account of any patron shall have the same status as though they have 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.
- B. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, in so far 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 part of the capital credited to the accounts of patrons, as herein provided.

- C. 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 shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.
- D. Provided, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("Power Supply Portion or Supplemental Financing Portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by organizations furnishing electric service or supplemental financing to the Cooperative. Such rules shall
 - a. establish a method for determining the power supply portion or supplemental financing 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 or supplemental financing portion of capital credited to the Cooperative's patrons,
 - c. provide for appropriate notifications to patrons with respect to the power supply portion or supplemental financing portion of capital credited to their accounts and
 - d. preclude a general retirement of the power supply portion or supplemental financing 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 of any capital credited to patrons for any prior fiscal year.
- E. Capital credited to the account of each patron shall be assignable only on 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, acting under policies of general application, shall determine otherwise.
- F. 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 office.
- G. Any patron, who is a natural person, may prior to death, and acting under policies of general application set by the Board of Directors, execute a non-probate Transfer on Death designation for retirement of all unretired capital credited to the account of such patron as of the date of death prior to the time such capital would otherwise be retired and payment of such capital to the designated beneficiary or beneficiaries upon such terms and conditions as the Board of Directors and the patron shall agree upon.
- H. Notwithstanding any other provision of these bylaws, the board, in the absence of an effective non-probate Transfer on Death designation, shall at its discretion, have the power at any time upon the death of any patron, who was a natural person, if the legal representative 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 bylaws, to retire capital credited to any such deceased patron immediately upon such terms and conditions as the board, 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 determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.
- I. 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 a 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 be deemed to have made an irrevocable assignment and gift to the Cooperative of such capital credits or other payments.

- J. This Cooperative shall have a lien on (and right of setoff against) all capital credits for all indebtedness of the holder (s), whether due or to become due, thereof to the Cooperative.

ARTICLE VIII—DISPOSITION OF PROPERTY

Section 1: Disposition of Property

The Cooperative may not sell, lease or otherwise dispose of, except by mortgage, all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a duly held meeting of the members thereof by the affirmative vote of not less than two thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the meeting; provided however, that notwithstanding anything herein contained, or any other provisions of law, 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, mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income there from, all upon such terms and conditions as the Board of Directors shall determine to secure any indebtedness of the Cooperative to United States of America or any instrumentality or agency thereof, or to any bank or other financial institution or organization.

Section 2:

No sale, lease, lease sale, exchange, or other disposition of all or a substantial portion of the Cooperative's assets to any other entity shall be authorized except in conformity with the following:

- A. If the Board of Directors looks with favor upon any proposal for such sale, lease, lease sale, exchange or other disposition, it shall first cause three (3) independent 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 or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the presiding judge of the judicial circuit 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.
- B. If the Board of Directors, after receiving such appraisals (and other terms and conditions which are recommended, if any), determines that the proposal should be submitted for consideration by the members, it shall first give Central Electric Power Cooperative, an opportunity to submit a competing proposal. Such opportunity shall be in the form of a written notice to Central Electric Power Cooperative, which notice shall be attached to a copy of the proposal which the Cooperative has already received and a copy of the reports of the three (3) appraisers. However, any proposal to be considered must contain a provision binding the offeror to honor all obligations of the Cooperative to Central Electric Power Cooperative, including, but not limited to, the terms of the Wholesale Power Contract. Central Electric Power Cooperative shall be given not less than thirty (30) days during which to submit its competing proposal.
- C. 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, expressing in detail each of any such proposal, and shall call a special meeting of the members for consideration thereof which meeting shall not be held sooner than ninety (90) days after the giving of notice of such notice to the members: provided, that

consideration thereof by the members may be given at the next annual meeting if the board so determines and if such annual meeting is not held sooner than ninety (90) days after the giving of such notice.

- D. 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 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.

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

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, "Seal, Missouri".

ARTICLE X—FINANCIAL TRANSACTIONS

Section 1: Contracts

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

Section 2: Checks, Drafts, Etc

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned 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.

Section 3: Deposits

All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board may select.

Section 4: Fiscal Year

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

ARTICLE XI—MISCELLANEOUS

Section 1: Membership in other Organizations

The Cooperative may upon authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization organized for the purpose of engaging in or furthering any cause authorized by law for electric cooperatives organized under the laws of the State of Missouri.

Section 2: Waiver of Notice

Any member or director may waive in writing any notice of a meeting required to be given by these bylaws. 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. Telephone conference meetings of the Board of Directors may be conducted without notice upon unanimous consent of all members of said Board of Directors.

Section 3: Policies, Rules and Regulations

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

Section 4: Accounting system and Reports

The board shall cause to be established and maintained 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 designated by the Administrator of the Rural Electrification Administration of the United States of America. The board shall also after the close, each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

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.

ARTICLE XII

Section 1: Area Coverage

The board shall make diligent effort to see that electric service is extended to all unserved persons with the Cooperative service area who (A) desire such service and (B) meet all reasonable requirements established by the Cooperative as a condition and service.

ARTICLE XIII—AMENDMENTS

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

ARTICLE XIV—ARBITRATION

Any claim or controversy between Cooperative and any Member which arises out of or relates to the provision by Cooperative to the Member of electric power or other related services shall, at the request of any such party, be submitted to arbitration according to regulations prescribed by the Board of Directors. Cooperative, and every Member thereof, by becoming such, agrees to arbitrate all such disputes according to this Bylaw and the regulations prescribed by the Board of Directors pursuant to this Bylaw, and further agrees to abide by and perform any awards made thereunder.

STATEMENT of NONDISCRIMINATION

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

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