

BY-LAWS

OF THE

LEWIS COUNTY RURAL ELECTRIC COOPERATIVE ASSOCIATION

LEWISTOWN, MISSOURI

Adopted July 17, 1946
and Subsequently Amended

August 1977

August 1981

August 1985

August 1987

August 1993

August 1996

August 1997

August 1999

August 2000

August 2004

August 2005

August 2006

August 2011

August 2016

BY-LAWS

of

Lewis County Rural Electric Cooperative Association

ARTICLE I

Membership

Section 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in **Lewis County Rural Electric Cooperative Association** (hereinafter called the "Cooperative") by:

- (a) filing a written application for membership therein;
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) agreeing to comply with and be bound by the articles of incorporation and by-laws of the Cooperative and any rules and regulations adopted by the Board of Directors; and
- (d) paying the membership fee hereinafter specified.

provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the board of directors or the members. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these by-laws.

The Board of Directors of the Cooperative may at each of their regular or special meetings have presented to them the most recent list of members no longer receiving service from the Cooperative as of the date of such meeting. Upon vote of the Board of Directors the list shall be approved or disapproved for termination from membership in the Cooperative.

The Board of Directors of the Cooperative may at each of their regular or special meetings have presented to them the most recent list of members receiving service from the Cooperative as of the date of such meeting. Upon vote of the Board of Directors, the list shall be approved or dis-

proved for acceptance and authorization of membership in the Cooperative.

Section 2. “The Cooperative shall not be required to issue Membership Certificates to members of the Cooperative. The Cooperative shall maintain a record of memberships in the Cooperative, and a receipt for payment of membership fees shall be issued to each of the members.”

Section 3. 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 a 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 revoking a proxy executed by either or both and 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 4. 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 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. The estate of the deceased shall not be released from any debts due the Cooperative.

Section 5. 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. A service connection fee of twenty-five dollars shall be charged for each additional service connection.

Section 6. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used 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. 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 to the Cooperative as and when the same shall become due and payable.

Section 7. 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 electric 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 shall 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 the amount of the 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.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members. Members shall have no individual or separate interest in the property or assets of the Cooperative except that upon dissolution the property and assets of the Cooperative remaining after all debts and liabilities of the Cooperative are paid, 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 MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held during the months of July, August, or September, beginning in the year 1958, on such date during one of said months, and at such place within the territorial limits served by the Cooperative, as the Board of Directors may determine by resolution duly made at a regular meeting of said Board, 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 responsi-

bility of the Board of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting as herein provided shall not cause 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 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 **Lewis**, 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 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 five days nor more than forty-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 record 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 of the first 2,000 members and one percent 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. In case of a joint membership, the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member.

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 a plurality of the members voting thereon in person, except as otherwise provided by law, the articles of incorporation or these by-laws.

Section 6. Proxies. No member may vote by proxy at any meeting of the members.

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 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 or these by-laws conferred upon or reserved to the members.

Section 2. Election and Tenure of Office. The persons named as directors in the articles of conversion shall compose the Board of Directors until the first annual meeting following the conversion of the Cooperative under the Rural Electric Cooperative Act successors shall have been elected and shall have qualified. Beginning with the first annual meeting of the Cooperative following its conversion held in 1947, the directors of the Cooperative shall be divided into three

classes, each of which shall consist of three directors. The terms of office of the directors of the first class elected at the annual meeting in 1947 shall expire at the next succeeding annual meeting; the terms of office of the directors of the second class elected at the annual meeting in 1947 shall expire at the second succeeding annual meeting; the terms of office of the directors of the third class elected at the annual meeting in 1947 shall expire at the third succeeding annual meeting. At each annual meeting after the annual meeting held in 1947, three directors shall be elected by ballot by and from the members to serve until the third succeeding annual meeting of the members or until their successors shall have been elected and shall have qualified.

If an election of directors is not 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 possible. Directors may be elected by a plurality vote of the members. However, in the event that there should be a tie in the election of Directors between two (2) candidates, each receiving the same number of votes for a Director district, the election shall be decided by the random toss of a coin made by an agent of the Cooperative and witnessed by all the members of the Cooperative who are serving as election tellers for the purpose of independently counting votes with the tying candidate first named upon the ballot being designated as "heads" and the tying candidate being named thereafter being designated as "tails". All members of the cooperative who are serving as election tellers shall certify in writing the results of this determination and it shall be binding upon all candidates and Cooperative. This provision shall be in full force and effect following its adoption and approval by the membership and shall govern all elections commencing upon the approval of the same, including those held on August 4, 2016, and thereafter.

Section 3. Qualifications. No person shall be eligible to become or remain a director who:

- (a) is not a member and bona fide resident in the district they will be representing.
- (b) is 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 or plumbing appliances, fixtures or supplies to the members of the Cooperative.

- (c) is in any way employed or has been separated from duty for less than three (3) years from the cooperative or is a close relative of an employee. Close relative shall be defined as grandfather, grandmother, mother, father, son, daughter, brother, sister, aunt, uncle, wife, husband, niece, nephew, brother-in-law, sister-in-law, or first cousin.
- (d) is not a member in good standing of the cooperative and has not reached the age of majority in the state of Missouri.

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 ninety days nor more than one hundred twenty days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who may be selected from different districts so as to ensure equitable representation. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principal of geographical representation, shall prepare and post at the principal office of the Cooperative at least sixty days before the meeting a list of nominations for directors which may include a greater number of candidates than are to be elected. The nominating committee shall nominate at least two members to fill each vacancy to be residents of the same district as those are set forth below. Any fifteen or more members acting together may make other nominations by petition not less than fifty days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least five days before the date 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. Director Districts. For the purpose of providing equitable geographic representation of the Board of Directors, the area served shall be divided into

three districts. The districts shall be as follows:

- (a) District 1: The counties of Clark and Scotland.
- (b) District 2: The counties of Lewis and Marion.
- (c) District 3: The counties of Knox, Shelby, Adair, and Macon.

Section 6. 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. A director may only be removed for cause, including, but not limited to, non-attendance at six consecutive meetings of the Board of Directors. Such director shall be informed in writing of the charges at least 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 7. 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 8. 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, if any, may be allowed for attendance at each meeting of the Board of Directors. 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.

Section 9. Removal for non-attendance. in the event that any member of the Board of Directors, because

of illness, or otherwise, shall fail to attend the regular meetings of such Board for a period of six months, or longer, the member failing to so attend said meetings for said period of time, shall become disqualified to continue to serve on such Board of Directors may thereupon appoint some qualified person to serve in his stead for the remainder of the disqualified director's unexpired term.

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, 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 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 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, 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 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 a quorum is present shall be the act of the Board of Directors.

ARTICLE VI

OFFICERS

Section 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other offices 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 is convenient. 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 judgement 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 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 the 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 preside 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 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 the corporate records and of the seal of the Cooperative and affix 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 by-laws;

(d) keep a register of the names and post office addresses of all members;

(e) have general charge of the books of the Cooperative;

(f) keep on file at all times a complete copy of the articles of incorporation and by-laws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, forward a copy of the by-laws and of all amendments thereto to each 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) be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such bank or banks 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. General Manager/CEO. The Board of Directors may appoint a General Manager/CEO 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 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 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 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 by-laws 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 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.

Section 12. Delegation of Secretary and Treasurer Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and the Treasurer hereinbefore provided, the Board of Directors by resolution may, except as otherwise limited by law, delegate the responsibility, authority, and administrative duties in whole or in part to one or more of the agents, other officers, or employees of the cooperative who are not Directors. To the extent that the board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

ARTICLE VII

PATRONAGE CAPITAL

Section 1. Non-profit Operation. 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 become payable by the Cooperative on any capital furnished by its patrons.

Section 2. Patronage Accounting in Connection With Furnishing Electric Energy. 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 non-members 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 understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to allocate all such amounts in excess of operating costs and expenses to the patrons by credits to a capital account for such patrons. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. 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 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 for 1964 and thereafter, insofar as permitted by law, shall be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

Section 3. Disposition of Capital Credits. 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 patrons' accounts may be retired in full or in part; provided however, no such capital shall be retired in violation of any agreement, note or deed of trust made by the Cooperative or in violation of any law. Notwithstanding any other provisions of these bylaws, the Board of Directors shall determine the method of allocation, basis, priority and order of retirements, if any, for all amounts furnished as patronage capital. 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 the policies of general application, shall determine otherwise. Notwithstanding any other provisions of these by-laws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such deceased 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, on a discounted present value basis, using as a ratio multiplier such percentage as shall be set annually by the Board of Directors. In addition, the Board of Directors may annually retire, on a similar discounted present value basis, the capital credit accounts of members who have disconnected from the service lines of the Cooperative, with unpaid accounts of any type. Provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Section 4. Unclaimed Monies. Notwithstanding any provisions in the By-Laws or the policies of the Cooperative to the contrary, any member, former member or other patron who fails to claim any capital credits, patronage refunds, utility deposits, membership fees, or account balances within three (3) 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 three (3) or more years after availability of such monies, the Cooperative shall give 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 contain the person's name and approximate amount of monetary interest, and that if said monies are not 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 one time publication of such notice, the unclaimed monies shall vest in the Cooperative. Thereafter, the Cooperative Board of Directors shall at least annually, after offsetting any outstanding amounts due and owing the Cooperative from said person, donate, or provide for the donation of, all such assigned and donated unclaimed monies to one or more nonprofit charitable or educational organizations that are exempt from federal income taxation.

ARTICLE VIII

DISPOSITION OF PROPERTY

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

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

- (1) If the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer, or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by a Circuit Court Presiding Judge for Lewis County, Missouri. If such judge refuses to make such designations, they shall be made by the Board of Directors.
- (2) If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the pro-

posal should be submitted for consideration by the members, it shall first give every other electric cooperative corporately sited and operating in Missouri (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperatives, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) days nor more than twenty-five (25) days after the giving of notice thereof to the members; PROVIDED, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held not less than ten (10) days nor more than twenty-five (25) days after the giving of notice of such meeting.
- (4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of the subsection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric cooperative. No proposal to sell or transfer all or substantial

part of the assets of the Cooperative shall be submitted to a vote of the membership unless such proposal is approved by the Cooperative's Board of Directors as provided in the by-law.

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, State of 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 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 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 and such bank or banks as the Board of Directors may select.

Section 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January for each year and shall end on 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. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation or these by-laws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 3. Accounting System and Reports. The Board of Directors 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 Utilities Service of the United States of America. The books of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four times a year at regular meetings of the Board of Directors. 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. Such audit reports shall be submitted to the members at the next following annual meeting.

Section 4. Indemnification of Directors, Officers and Employees. Each person who is or was a director, officer or employee of the Cooperative or is or was serving at the request of the Cooperative as director, officer or employee of another corporation (including the heirs, executors, administrators or estate of such person) shall be indemnified by the Cooperative as of right to the full extent permitted or authorized by the laws of the State of Missouri, as now in effect and as hereafter amended, against any liability, judgment, fine, amount paid in settlement, cost and expense (including attorney's fees) asserted or threatened against and incurred by such person in his capacity as or arising out of his status as a director, officer or employee of the Cooperative, or if serving at the request of the Cooperative as director, officer or employee of another corporation.

The indemnification provided by this by-law provision shall not be exclusive of any other rights to which those indemnified may be entitled under any agreement, note of stockholders or disinterested directors or otherwise,

and shall limit in any way any right the Cooperative may have to make different or further indemnification with respect to the same or different persons or classes of persons.

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.

GET TOGETHER AND WORK TOGETHER

The biggest thing about cooperation is that you work together with your neighbors.

Working together, you were able to get the electric power so long denied you. You were able to get electricity at a reasonable cost, because your cooperative rates don't include profits, dividends, or inflated salaries. You have learned new applications of electricity for all sorts of farm tasks, applications which save labor and help you make money. All these things have come because you worked together.

Cooperation, to be successful, must be kept going. If your system is to be successful, you must keep on working together.

So urge your neighbors, men and women, to turn out for the **Annual Meeting**. Get together and work together. The reward for your labors will come straight back to you as a member-owner of a modern rural electric distribution system.