

(As of June 23, 2023)

It shall be the aim of  
INTERCOUNTY ELECTRIC COOPERATIVE ASSOCIATION  
to make electric energy available to its members at the lowest  
cost consistent with sound economy and good management.

**BYLAWS**

of

**INTERCOUNTY 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 of Intercounty Electric Cooperative Association (hereinafter called the "Cooperative") by: (a) Making 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 Bylaws 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 Bylaws. At each meeting of the members held subsequent to the expiration of a period of six months from the date of incorporation of the Cooperative, all applications received more than ninety days prior to such meeting which have not been accepted or which have been rejected by the Board of Directors shall be submitted by the Secretary to such meeting and, subject to compliance by the applicant with the requirements herein above set forth, any such application may be accepted by vote of the members. The Secretary shall give each such applicant at least ten days written notice of the date of the members' meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2. Membership. Membership in the Cooperative shall be evidenced by a written, signed application for service which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. Such applications shall be signed by the prospective Member and thereafter approved and accepted by the Board of Directors. No membership shall be issued for less than the fees and related deposits, fixed by the Bylaws and policies, nor until such fees and deposits have been fully paid. The membership list maintained by the Cooperative is conclusive evidence of membership in the Cooperative. Each member confers a permanent right and authorization to the Cooperative, its wholly owned subsidiaries, and licensees, to utilize Cooperative facilities, poles, and easements for the purpose of providing commercial fiber optic communication services to its members and others within its service area.

SECTION 3. Joint Memberships. Subject to their compliance with the requirements set forth in Section 1 of this Article, the following persons who qualify to be members may hold a joint membership, consisting of two members, when accepted as a joint membership by the Cooperative: 1. Husband and Wife. 2. Adults residing in the same household and receiving electric service from the Cooperative. 3. Persons who co-own real property where the Cooperative furnishes electric energy. The term "Member" as used in these Bylaws shall be deemed to include a joint membership as above provided and any provisions relating to the rights and liabilities of

member 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 constitute 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 prospective joint member, to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board of Directors. The outstanding membership application shall be replaced by a membership application signed by both of the joint members in such manner as shall indicate the changed membership status. (b) Upon the cessation of the legally recognized relationship as above set forth, the membership shall be held solely by the survivor who continues to be a member of the Cooperative and receive the electric service at such location. The outstanding application for membership by the joint members shall be replaced by an application by the surviving member in such manner as will indicate the changed membership status; provided, however, that each of the joint members shall not be released from any debts to the Cooperative incurred before the cessation of the joint membership.

SECTION 5. Membership and Service Connection Fees. The membership fee shall be \$5.00, upon payment of which, together with payment of service connection fee, as may be fixed by the Board of Directors, a member shall be eligible for service.

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 except approved co-generation energy used on said premises, and shall pay therefor 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. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished to 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. Each member shall also pay all amounts owed by him 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, Bylaws or rules or regulations adopted by the Board of Directors but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be canceled 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, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative. In case of withdrawal or termination of membership in any manner, the Cooperative shall 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 owed by the member to the Cooperative.

## ARTICLE II

### RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1.           Property Interest of Members. Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these 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 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

### MEETING OF MEMBERS

SECTION 1.           Annual Meeting. The annual meeting of the members shall be held on the fourth Tuesday of June in the year 1951, and beginning with the year 1952 and thereafter, said annual meeting shall be held on some day during the months of June, July or August of each year, the exact day each year to be determined and fixed by the Board of Directors at least sixty (60) days before the date set for the meeting, at such place in the city or town in which the principal office of the Cooperative is located, as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting other business as may come before the meeting. If the day fixed for the annual meeting shall fall on a Sunday or legal holiday, such meeting shall be held on the next succeeding business day. 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 to be held at the same place as the annual meetings, as shall be specified in the notice of the special meeting.

SECTION 3.           Notice of Members' Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4.           Quorum. Two Percent (2%) of the first Two Thousand (2,000) members and One Percent (1%) of the remaining members present in person, participating by mail or electronically, shall constitute a quorum for the transaction of business of all meetings of the members. If less than a quorum is established at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

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 majority of the members voting thereon in person, by mail or electronically, except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

SECTION 6. Voting by Mail. At any meeting of the members a written vote accompanied by a registration card signed by any absent member and received by mail from such member before the meeting is called to order, shall be accepted as the vote of such absentee member. The minutes of each meeting shall contain a list of the members voting by mail.

SECTION 7. Voting Electronically. At all meetings of the members any electronic vote of an absent member cast at one or more locations designated by the Board of Directors and received before the meeting is called to order, and electronic votes received while voting is allowed on the day of the meeting, shall be accepted as the vote of such member. The minutes of each meeting shall contain a list of the members voting electronically.

SECTION 8. 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 on the number of members present in person, represented by mail ballot, and represented through electronic ballot, 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, trustees 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 Bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Beginning with the annual meeting of the Cooperative held in 1947, the directors of the Cooperative shall be divided into three classes, each of which shall consist of three directors. The term 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 term 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 term of the office of the directors of the third class elected at the annual meeting in 1947 shall expire at the third succeeding annual meeting. At the annual meeting of the Cooperative held in 1947, one director from each of the districts into which the Cooperative is divided shall be elected by secret ballot by the members from the directors of the first class; one director from each of the districts shall be elected by secret ballot by the members from the directors of the second class; and one director from each of the districts shall be elected by secret ballot by the members from the directors of the third class. At each annual meeting after the annual meeting held in 1947, one director from each district shall be elected by ballot by and from the members of the Cooperative to succeed those directors whose terms of office have expired to serve for a term of three years or until their successors shall have been elected and shall have qualified. Directors shall be elected by a plurality of the votes cast. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 3. Qualifications. No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who: (a) Is not a member in good standing of the Cooperative, a bona fide resident in the area served by the Cooperative and receiving electric service from the Cooperative at his primary residential abode that must be within his/her Cooperative District (North, Central, or South); or (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; or (c) does not have the capacity to enter legally binding contracts; or (d) has a criminal history involving a conviction of a felony or crime of moral turpitude (i.e., embezzlement, fraud, stealing, forgery, robbery, or similar crime of dishonesty or immorality); or (e) has been employed by the Cooperative, or has been a “close relative” of an employee or a director of the Cooperative (as defined in Cooperative policy), within the past three (3) years; or (f) has been formally censured by the Board of Directors of the Cooperative more than once in accord with the Cooperative’s policies governing board member duties and standards of conduct.

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.

(1) Nominating Committee. It shall be the duty of the Board of Directors to appoint, not less than thirty-five days nor more than ninety 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 members nor more than nine members who shall be selected from different districts 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 directors which may include a greater number of candidates than are to be selected.

(2) By Petition. Any fifteen or more members acting together may make other nominations by petition not less than forty-five 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 on nominations is posted; however, director candidates who receive money, financial benefits, or campaign contributions of any kind from third-parties or outside sources must be nominated as a Board of Director candidate by the committee on nominations and cannot be nominated as a candidate by petition.

(3) The Secretary shall mail with the notice of meeting or separately but at least ten 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 nominated listed by districts, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any.

SECTION 5. Removal of Directors by Members. A director may be removed for cause upon the affirmative vote of a majority of the members. “Cause” for removal shall mean that the director has committed acts or omissions adversely affecting the business and affairs of the Cooperative and amounting to fraud or criminal conduct. No director shall be removed except upon certification that the following procedures have been followed:

A written petition signed by a minimum of 10% of the members of the Cooperative within 60 days of the date of the petition must be filed with the Secretary describing in detail each of the charges against the director and the basis therefor. If more than one director is sought to be removed, individual charges and petitions shall be filed for each such director. The Secretary shall deliver the petitions to the Board. If the Board determines that the petition complies with this by-law, a special meeting of the members shall be called in accordance with these by-laws and shall be held within 60 days after receipt by the Cooperative of a written petition. The director sought to be removed shall be informed in writing of the charges within ten (10) days after the receipt by the Cooperative of the written petition. At the meeting of the members at which the charges are to be considered, the director challenged shall have an opportunity at the meeting to be heard in person, to be represented by counsel and to present evidence in respect of the charges. The person or persons bringing the charges against the director shall have the same opportunity. At such meeting evidence first must be presented in support of the charges. The question of the removal of such director shall be considered and voted upon at the meeting of the members. Voting may be by members in person, by mail or electronically, the same as any other election herein provided. A majority of the members voting at a meeting called with a proper quorum present, shall be required to remove the director from his position. Any vacancy created by such removal may be filled by a vote of the members at such meeting without compliance with by-law provisions with respect to nominations of directors. Nothing contained herein, however, shall affect in any manner whatsoever, the validity of any action taken at any meeting of the Board of Directors.

SECTION 6. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term.

SECTION 7. Compensation. Directors shall, as determined by resolution of the Board of Directors, receive, on a per diem basis, a fixed fee, which may include insurance benefits, for attending meetings of the Board of Directors, Committee Meetings of the Board of Directors, and when such has had the prior approval of the Board of Directors, for attending other meetings relating to the Cooperative or involving, relating to or reasonably enhancing the Directors' ability to serve in the role of director. The directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in performing their duties. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure.

SECTION 8. Reporting of Campaign Contributions. All candidates who receive money, financial benefits, or campaign contributions of any kind from third-parties or outside sources for their campaign must disclose to the Committee on Nominations the identities of all such sources, amounts received from each, and dates such contributions were made at least forty-five (45) days prior to the commencement of elections, at the time the candidate meets with the Committee on Nominations, five (5) days before elections begin, and five (5) days after the election should such candidate be elected by the members to serve on the Board. No Board member shall receive any money, financial benefits, or contributions of any kind from any third-party or outside source related to their service on the Board once elected. Violation of the provisions of this section will result in disqualification from Board service whether learned before or after the election, and the vacancy created by such disqualification shall be filled by the Board of Directors pursuant to Section 6 of this Article IV.

## ARTICLE V

### MEETING OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Texas, Phelps, Dent or Wright, County, Missouri, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or by any three directors and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the directors calling the meeting shall fix the time and place (which shall be in Texas, Phelps, Dent or Wright County, Missouri) for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings. Written, oral, or electronic 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 two days previous thereto either personally, electronically or by mail, by or at the direction of the Secretary and upon a default in duty by the Secretary, by the President or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered two days after the notice is deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board of Directors shall constitute a quorum provided, that if less than such majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 5. Conduct of Board Meetings. Except as otherwise provided in these By Laws, a Regular

Board Meeting or Special Board Meeting may be conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear and communicate with each other during the Board Meeting.

## ARTICLE VI

### OFFICERS

SECTION 1.           Number. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2.           Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board of Directors, except the Secretary who may not be a member of the Board of Directors, at the meeting of the Board of Directors held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

SECTION 3.           Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with 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 or the Board of Directors, shall preside at all meetings of the members and the Board of Directors; (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board of Directors or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts and other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and (c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 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 Bylaws 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 certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) keep a register of the names and post office addresses of all members;
- (e) sign, with the President, certificates of membership, the issue of which shall have been authorized by the Board of Directors or the members;
- (f) have general charge of the books of the Cooperative;
- (g) keep 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 any member) and at the expense of the Cooperative, furnish a copy of the Bylaws and all amendments thereto to any member upon request; and
- (h) 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; and
- (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 Bylaws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 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 authority as the Board of Directors may from time to time vest in him.

SECTION 9. Bonds - Insurance. The Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property 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 the Board of Directors shall determine.

In lieu of such bond, the Cooperative may acquire insurance coverage for the Treasurer or any other officer, agent or employee of the Cooperative who is charged with responsibility for the custody of any of its funds or property. The amount of such coverage shall be determined by the Board of Directors. The Board of Directors, in its discretion, may also direct that the Cooperative acquire insurance coverage for any other officer, agent or employee of the Cooperative in such amount as the Board 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 members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## ARTICLE VII

### PATRONAGE CAPITAL

### NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be



operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. 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 and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy, including retirement of mortgage indebtedness. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

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

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution, or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. After July 1, 1988, 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. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least fifteen per centum (15%) of the total assets of the Cooperative. Provided further, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to the capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

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 part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise. In the event that a non-patron shall elect to become a member of the Cooperative, the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, 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 patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon, provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The 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.

SECTION 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and the receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

SECTION 4. Unclaimed Capital Credits. 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 have made an irrevocable assignment and gift to the Cooperative of such capital credits or other payments.

## ARTICLE VIII

### DISPOSITION OF PROPERTY

SECTION 1. Not inconsistently with Mo. Rev. Stat. Section 394.180 and Section 2 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 sources and in such amounts as the Board may from time to time determine, (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefor, and (3) to sell, lease, lease-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.

SECTION 2. Supplementary to the first sentence of the foregoing Section 1 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 the Circuit Court Presiding Judge for the 25<sup>th</sup> Judicial Circuit in 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 proposal should be submitted for consideration by the members, it shall first give every other electric cooperative corporately sited and operating in Missouri (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals.

Such opportunity shall be in the form of a written notice to such electric 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; member may vote in person, by mail or electronically, the same as in any other election herein provided; 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) A written petition signed by a minimum of 1 percent of the members of the Cooperative filed with the Secretary of 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 this SECTION 2 shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric cooperatives. No proposal to sell or transfer all or a 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 by this 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, Missouri".

## ARTICLE X

### FINANCIAL TRANSACTIONS

SECTION 1. Contract. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific 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 in such bank or banks as the Board of Directors may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## ARTICLE XI

### MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the Board of Directors of the Cooperative. The Cooperative, may upon the 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 the cause of rural electrification or organized for the purpose of engaging in any business which is appropriate or convenient for furthering the Cooperative's business.

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.

SECTION 3. 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 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 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 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 5. Indemnification. Each person who at any time is, or shall have been a director, officer, employee or agent of the Cooperative and who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the

Cooperative, or served at the request of the Cooperative as a director, officer, employee, trustee or agent of another Cooperative, partnership, joint venture, trust or other enterprise shall be indemnified by the Cooperative against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such director, officer, employee or agent in connection with any such action, suit or proceeding to the full extent permitted by the laws of the State of Missouri. The foregoing right of indemnification shall in no way exclude any other rights of indemnification to which any such director, officer, employee, or agent may be entitled, under any bylaw, agreement, vote of directors or otherwise, nor shall it preclude the Cooperative from purchasing and maintaining insurance to provide either the same indemnification or a broader one. All rights of indemnification hereunder shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of any such director, officer, employee, or agent.

## **ARTICLE XII**

### AMENDMENTS

These Bylaws 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.