



# BYLAWS

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February 2025

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# BYLAWS OF CALLAWAY ELECTRIC COOPERATIVE

## ARTICLE I MEMBERSHIPS

### SECTION 1. REQUIREMENTS FOR MEMBERSHIP.

**A.** Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Callaway Electric Cooperative (hereinafter called the "Cooperative") by:

(1) executing a written application for Cooperative membership and contract for electric service;

(2) agreeing to purchase from the Cooperative electric energy as hereinafter specified;

(3) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative, By-laws of the Cooperative, and any rules and regulations adopted by the Board of Directors from time to time; and

(4) paying the membership fee hereinafter specified.

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

### SECTION 2. MEMBERSHIP CERTIFICATES.

Membership certificates shall no longer be issued. The list of membership maintained by the Secretary shall be the official register of memberships, and any issuance, conversion, transfer or termination of membership shall be performed solely upon the official list of membership maintained by the Secretary. Future refunds of membership fees will be made regardless of surrender of a membership certificate, subject to the provisions of Section 7 of this Article.

### SECTION 3. JOINT MEMBERSHIP.

A legally married couple 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 bylaws shall be deemed to include a legally married couple 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 proxy executed by either or both shall constitute one joint proxy;

(d) A waiver of notice signed by either or both shall constitute a joint waiver;

(e) Notice to either shall constitute notice to both;

(f) Expulsion of either shall terminate the joint membership;

(g) Withdrawal of either shall terminate the joint membership;

(h) Legal separation or divorce shall terminate the joint membership;

(i) Either but not both may be elected or appointed as an officer or director, provided both meet the qualifications for such office.

(j) Neither spouse shall be allowed any additional electric service locations except through the joint membership.

#### **SECTION 4. CONVERSION OF MEMBERSHIP.**

(a) A membership may be converted to a joint membership upon written request of the holders thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws and rules and regulations adopted by the Board of Directors.

(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

**SECTION 5. MEMBERSHIP AND SERVICE CONNECTION FEES.** The membership fee shall be such amount as the Board of Directors by resolution establishes from time to time. In addition to the membership fee, the Board of Directors, in its discretion, but acting under policies of general application shall have the right to require that its members, or any of its members, shall deposit with the Cooperative an initial amount for each con-

nection as a guarantee of payment of future service charges, and additional amounts for each connection as a service connection fee. Upon the payment of the membership fee, together with any additional amounts required, an applicant shall be eligible for one service connection.

**SECTION 6. PURCHASE OF ELECTRIC POWER AND ENERGY.** Each member, for so long as such premises are directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy used on all premises to which electric service has been furnished by the Cooperative through such membership; and shall pay therefor at the times, and in accordance with the rules, regulations and rate schedules (including any monthly minimum amount that may be charged without regard to the electric power and energy actually used) established by the Board of Directors. Each member shall also pay all other amount owed by him to the Cooperative as and when they become due and payable. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws.

**SECTION 7. TERMINATION OF MEMBERSHIP.**

(a) A member shall withdraw from membership upon either (1) ceasing to (or, with the approval from the Board of Directors, resigning his membership in favor of another person who shall) directly occupy or use all premises being furnished electric service through his membership or (2) abandoning totally the use of central station electric service on all such premises; provided that no such temporary abandonment shall relieve the member of the obligation specified in Section 6. The Board of Directors of the Cooperative, may, by the affirmative vote of not less than two-thirds (2/3) of all 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 (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors. The membership of members 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 upon the generation of a final invoice for electric service and closeout of the member's account.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such a member shall thereupon terminate, which termination shall be forthwith recorded on the books of the Cooperative. Termination of membership in any manner shall not release member or his estate from any debts due the Cooperative.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee and any other deposits paid by him, provided, however, the Cooperative shall deduct from these amounts the amount of any debts or obligations owing from the member to the Cooperative.

#### **SECTION 8. GRANTS OF EASEMENT.**

Each member shall execute and deliver to the Cooperative such grants of easement of right-of-way on or over such lands owned by the members, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members, or for the construction, operation and maintenance, or the relocation of the Cooperative's electric facilities.

#### **SECTION 9. RESPONSIBILITIES OF MEMBERS.**

Each member shall cause all premises covered by his membership to become and remain wired in accordance with the specifications contained in the National Electrical Code or as otherwise specified by the (State) Fire Insurance Underwriters Association, or by the Cooperative. The Cooperative will not assist or be responsible for wiring of the premises, or for inspection of the premises to determine viability of the wiring therein. The Cooperative shall design and install its facilities in accordance with the National Electric Safety Code. The Cooperative shall deliver its electricity and interconnect its neutral with that of the member for purposes of safety. In no event shall responsibility of the Cooperative extend beyond the point at which its service area wires are attached to the meter loop provided for measuring electricity, or beyond the point at which its neutral interconnects with that of the member at the meter loop used on member's premises. The member shall be responsible for installing any devices protecting him, his family, or his property from the normal operating characteristics of electric service provided by the Cooperative.

**ARTICLE II  
RIGHTS AND LIABILITIES OF MEMBERS**

**SECTION 1. PROPERTY INTERESTS 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 DEBT 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 members shall be liable or responsible for any debt or liabilities of the Cooperative.

**ARTICLE III  
MEETINGS OF MEMBERS**

**SECTION 1. ANNUAL MEETING.**

An annual meeting of members shall be held at such time each year and at such place in the County of Callaway, State of Missouri, as the Board of Directors shall by resolution designate, for the purposes of electing directors, passing upon reports of the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting to be held in the manner of a traditional assembly or drive-thru style meeting or a combination thereof. Failure to hold the annual meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative.

**SECTION 2. SPECIAL MEETING.**

Special meeting 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 meetings to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Callaway, State of Missouri, specified in the notice of

the special meeting.

### **SECTION 3. NOTICE OF MEMBERS' MEETINGS.**

Written or printed notice stating the place, day, hour, and style of the meeting (traditional assembly, drive-thru, or combination of both) and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, subject to the special provisions contained in Article VIII, shall be delivered not less than ten (10) days nor more than forty (40) 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 thereupon 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.

### **SECTION 5. VOTING.**

(a) 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 absentee ballot, or by proxy, except as otherwise provided by law, the articles of incorporation or these bylaws. Voting by mail will not be allowed.

(b) If a member is unable to attend a meeting of the members, such member may vote upon each matter set forth on the agenda to be submitted to a vote at the meeting by absentee ballot. Absentee ballots shall only be available to a member at the Cooperative's office no more than twenty-five (25) nor less than ten (10) days prior to the meeting of members at which each matter is to be submitted. The absentee ballot shall be voted upon receipt at the Cooperative's offices and shall be identical to the ballot to be utilized at the



applicable meeting of members except that it shall be expressly marked as an absentee ballot.

**SECTION 6. PROXIES.**

A member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be valid after sixty days from the date of its execution. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A member may give his proxy only to an adult relative living in the same house with such member and no person may hold more than one proxy at any meeting. The presence of a member at a meeting shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

**SECTION 7. ORDER OF BUSINESS.**

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

1. Report of the number of members present in person in order to determine the existence of a quorum.
2. Report on the number of members represented by proxy and the names of their respective proxies.
3. Reading of the notice of the meeting and proof of the due publication and mailing thereof or the waiver, or waivers of notice of the meeting, as the case may be.
4. Reading of unapproved minutes of previous meetings of the members and taking of the necessary action thereon.
5. Election of Directors.
6. Presentation and consideration of reports of officers, directors and committees.
7. Unfinished business.
8. New business.
9. 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 or until their 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 shall not be held on the date designated herein for the annual meeting, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as practicable. Directors may be elected by a plurality of the members voting in person, by absentee ballot, or by proxy.

## **SECTION 3. QUALIFICATIONS.**

To be eligible to become or remain a Director of the Cooperative any such person must:

(a) not have had their membership in the Cooperative terminated, be a bona fide resident of the geographical area served by the Cooperative for at least twenty-four (24) months prior to becoming a director; and currently use the Cooperative's electric service at his principal place of abode;

(b) not be in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative.

(c) have the capacity to enter into legally binding contracts;

(d) not have had their electric service disconnected for non-payment of a debt owed to the Cooperative

during such director's term of office and within thirty-six months prior to becoming a director;

(e) not be a close relative of an employee of the Cooperative or any subsidiary thereof;

(f) not be an applicant for employment with the Cooperative;

(g) not have been convicted of, pled guilty to or entered a plea of no contest to a felony crime;

(h) not be an employee of the Cooperative or any subsidiary thereof or have been employed by the Cooperative or any subsidiary thereof during a period of thirty-six months prior to becoming a director;

(i) not be engaged in a personal relationship with a fellow director or an employee of the Cooperative or any subsidiary thereof that could, in the sole judgment of the Board of Directors, interfere with the Director's independent judgment, disrupt or negatively impact the workplace, undermine members' confidence in the operations of the Cooperative, or reasonably create the appearance of a conflict of interest;

(j) disclose all monetary and in-kind contributions and direct or indirect expenditures by the director candidate, from third-parties or other outside sources in support of, the member's campaign for election or re-election to the Board. The Board of Directors shall establish a policy setting forth rules and deadlines for reporting campaign contributions and expenditures consistent with this provision; and

(k) once elected, not receive any money, financial benefits or contributions of any kind from any third-party or outside source related to their service as a director of the Cooperative.

The term "close relative" as used in these bylaws shall mean a spouse, child, stepchild, father, stepfather, father-in-law, mother, stepmother, mother-in-law, brother, stepbrother, half-brother, brother-in-law, sister, stepsister, half-sister, sister-in-law, son-in-law, daughter-in-law and any persons cohabitating within the same household. An individual qualified and elected, designated, or appointed to a position does not become a close relative as defined herein while serving in the position because of a marriage or legal action to which the individual was not a party. This bylaw section will not apply to close relatives as defined above of any employee employed full-time by the Cooperative as of February 2, 2013.

Upon establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall, by a majority vote of the remaining Directors, disqualify the non-compli-

ant Director who shall thereafter no longer be a Director. Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any meetings of the Board of Directors.

#### **SECTION 4. NOMINATIONS.**

It shall be the duty of the Board of Directors to appoint, not less than forty-five 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 shall be selected from different sections so as to insure equitable representation. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principle office of the Cooperative at least fifty days before the meeting a list of nominations for directors which shall include a greater number of candidates than are to be elected. 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 Committee is posted. Any candidate by petition must timely provide the same information to the Cooperative as required of candidates selected by the committee on nominations. The notice of the meeting shall contain 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 the nominations made by petition, if any. No member may nominate more than one candidate.

#### **SECTION 5. REMOVAL OF DIRECTORS BY MEMBERS.**

Any member may bring one or more charges for cause against any one or more Directors that may request the removal of such Directors by filing with the Secretary such charges in writing, together with a petition signed by at least ten percent (10%) of the then total membership of the Cooperative, which petition calls for a special membership meeting. Any such Director shall be immediately informed in writing of the charges by the Secretary, who shall also then issue notice of such special meeting for such stated purpose to be held no later than forty-five (45) days after the filing of such petition. At any such meeting, the Director so charged as well as the person or persons bringing the charges against such Director or Directors, shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the

charges. A chairman shall be appointed by the Board of Directors to conduct such special meeting, and such chairman shall not be a member of the Board of Directors of the Cooperative. The Director or Directors can only be removed for just cause, and the question of the removal shall be considered and voted upon at said meeting of the members, and any vacancy created by such removal may be filled by a vote of the members at such meetings without compliance with the foregoing provisions of these Bylaws with respect to nomination.

#### **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 not receive any salary for their services as directors, except that by resolution of the Board of Directors a fixed sum which may include expenses of director participation in group benefit programs and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors, and attendance at other meetings related to the objectives and purposes of the Rural Electric Cooperatives, when authorized by the Board of Directors. No directors 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 8. VOTING DISTRICTS.**

The territory served by the Cooperative shall be divided into three (3) districts. No more than three (3) Directors shall reside in any one district. Not less than one hundred twenty (120) days before any meeting of the members at which Directors are to be elected, the Board of Directors shall review the composition of the several districts and, if it should be found that substantial inequalities in representation had developed which can be corrected by a re-delineation of districts, the Board of Directors shall reconstitute the districts so that each shall contain as nearly as practical the same number of members. It shall be the responsibility of the Secretary to maintain a written description of the dis-

trict, as constituted from time to time.

## **ARTICLE V MEETINGS OF DIRECTORS**

### **SECTION 1. REGULAR MEETINGS.**

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

### **SECTION 2. SPECIAL MEETING.**

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 for the holding of the meeting, which shall be in the service area of the Cooperative.

### **SECTION 3. NOTICE OF DIRECTORS MEETINGS.**

Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each director not less than five days previous thereto either personally or by mail, by or at the direction of the Secretary, or upon 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 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 directors is present at said meeting, a majority of 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, except as otherwise provided in these bylaws.

## **SECTION 5. MEETINGS BY CONFERENCE TELEPHONE.**

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

## **ARTICLE VI OFFICERS**

### **SECTION 1. NUMBER.**

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

### **SECTION 2. ELECTION AND TERM OF OFFICE.**

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

### **SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY DIRECTORS.**

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with 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.

#### **SECTION 4. PRESIDENT.**

The President shall:

(a) be the principal executive officer of the Cooperative, and unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors.

(b) sign any deed, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

(c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

#### **SECTION 5. VICE-PRESIDENT.**

In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

#### **SECTION 6. SECRETARY.**

The Secretary shall:

(a) keep, or cause to be kept, the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;

(b) see that all notices are duly given in accordance with these Bylaws or as required by law;

(c) be custodian of corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents and instruments, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws or as required by law;

(d) keep, or cause to be kept, an official register or list of the membership containing the names and post office addresses of all members;



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

(f) keep, or cause to be kept, on file at all times a complete copy of the Articles of Incorporation and By-laws of the Cooperative containing all amendments thereto, which copies shall always be open to the inspection of any member, and at the expense of the Cooperative, furnish a copy of such documents upon request to any member;

(g) keep, or cause to be kept, a written description of the three (3) voting districts as constituted by the board from time to time; 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) be responsible for all funds and securities of the Cooperative;

(b) keep, or cause to be kept, the receipt and the issuance of receipt for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these By-laws; and

(c) perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

**SECTION 8. DELEGATION OF SECRETARY AND TREASURER RESPONSIBILITIES.** Notwithstanding the duties, responsibilities and authorities of the Secretary and 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.

#### **SECTION 9. MANAGER.**

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

**SECTION 10. BONDS OF OFFICERS.**

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded 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 be bonded in such amount and with such surety as it shall determine.

**SECTION 11. COMPENSATION.**

The powers, duties and compensations 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 12. 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 13. INDEMNIFICATION.**

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

**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 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 Coopera-

tive will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received from the furnishing of electric energy or other patronage sourced business in excess of operating costs and expenses properly chargeable against such income. For these purposes, the Cooperative's excess operating costs over expenses for a fiscal year shall be an amount equal to the Cooperative's Federal taxable income from its patronage sourced business done with or for its Members (computed before reduction for patronage dividends paid by the Cooperative and, to the extent provided in Section 4 hereof, after reduction for any losses incurred during the prior years and deductible by the Cooperative in computing its current taxable income). As such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay all such amounts in excess of operating costs and expenses to the patrons by credits to a capital account for each patron. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time 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.

In computing its patronage dividend obligation hereunder, the Cooperative shall take into account any activities conducted by the Cooperative through a partnership, limited liability company or similar organization (hereinafter, a "Partnership"), treat the Cooperative's share of such Partnership's activities as if they were conducted directly by the Cooperative for patronage dividend purposes and shall pay patronage dividends with respect to the Cooperative's share of such Partnership's activities.

For purposes of this Article VII, patron is defined to include all Members, all patrons purchasing electric service from the Cooperative and all other persons approved as a patron by the Board of Trustees who pur-

chase other products or services from or through the Cooperative.

**SECTION 3. DISPOSITION OF CAPITAL CREDIT.** 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 Cooperative or in violation of any law. The Board of Directors shall determine the method, basis, priority, an order of retirement, if any, for all amounts heretofore furnished as capital. The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year; (b) provide for separate identification in the Cooperative's financial records of such portions of capital credited to the Cooperative's patrons; and (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts. 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 unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Any patron, who is a natural person, may prior to death, and acting under policies of general application set by the Board of Directors, execute a non-probate Transfer on Death designation for retirement of all unretired capital credited to the account of such patron as of the date of death prior to the time such capital would otherwise be retired and payment of such capital to the designated beneficiary or beneficiaries upon such terms and conditions as the Board of Directors and the patron shall agree upon.

Notwithstanding any other provisions of these bylaws, the Board of Directors, in the absence of an effective

non-probate Transfer on Death designation, shall at its discretion, have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these 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.

Notwithstanding any other provisions of these bylaws, upon the occurrence of a terminated membership owing to the Cooperative an uncollectable debt subject to write-off, the Board of Directors may in its discretion, in addition to all other legal remedies available at law or equity, satisfy such debt or a portion thereof by retiring the capital credited to any such membership prior to the time such capital would otherwise be retired under the provisions of these bylaws, on a discounted present value basis, using as a ratio multiplier such percentage as shall be determined by the Board of Directors and acting under policies of general application; 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 4. ALLOCATION OF LOSSES.** The Board of Directors shall have complete discretion and authority to determine the handling and ultimate disposition of the Cooperative's patronage sourced losses, as well as the form, priority and manner in which such losses or portions thereof shall be taken into account, retained and ultimately disposed of or recovered. Without limiting the generality of the foregoing, the Board of Directors may determine to cause any such patronage losses to be retained by the Cooperative and subsequently disposed of by: (a) offset against net earnings of the

Cooperative in one or more subsequent years; (b) application to the patronage allocations of the Cooperative for one or more prior years through offset and cancellation against patrons' capital credits or other equity account balances; or (c) any other method of disposition (or combination of methods) as the Board of Directors, in its sole discretion, shall determine from time to time to be in the Cooperative's best interest.

## ARTICLE VIII DISPOSITION OF PROPERTY

**SECTION 1.** The Cooperative may not sell, mortgage, lease, lease-sale, exchange, or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease, lease-sale, exchange or other disposition or encumbrance is authorized at a meeting of the members therefore by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, lease-sale, exchange, or other disposition or encumbrance shall have been contained in the notice of the meeting. All proposals for sale, mortgage, lease, lease-sale, exchange or other disposition or encumbrance of all or a substantial portion of the cooperative's assets shall be first submitted in writing to the Board of Directors of the Cooperative. If the Board of Directors looks with favor upon any such proposal, the Board shall first cause three (3) independent appraisers, expert on such matters, to render their individual written opinions as to value of the Cooperative assets which are the subject of any such proposal. The three (3) appraisers shall be designated by a resident circuit court judge for the judicial circuit in which the Cooperative's headquarters are located, and in the event any or all such judges refuse to make such designations, they shall be made by the Board of Directors. If the Board of Directors, after receiving such appraisals determines that the proposal should be submitted for consideration by members, it shall first give every other rural electric cooperative corporations sited and operating in the State of Missouri, an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such rural electric cooperative corporations, which notice shall be attached to a copy of the proposal under consideration by the Board, and a copy of the reports of the three (3) appraisers. Such rural electric cooperative corporations shall be given not more than forty-five (45) day period, if the Board then determines that favorable consideration should be

given to the initial or any subsequent proposals, it shall so notify the members, expressing in detail each of any such proposals, and shall then call a special meeting of the members for consideration thereof or alternatively schedule consideration thereof at the next annual meeting of members, but in no event can this special or annual meeting be held less than twenty-five (25) days after the giving of such notice to the members.

**SECTION 2.** The foregoing provisions shall not apply to a sale, mortgage, lease, lease-sale, exchange, or other disposition or encumbrance to one or more other rural electric cooperative corporation if the substantive effect thereof is to merge or consolidate with such other rural electric cooperative corporation or corporations.

**SECTION 3.** Notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or deed or deeds of trust upon, whether pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and where situated, as well as the revenues and income therefrom all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to any bank or other financial institution or organization.

**SECTION 4.** Transfer to Subsidiary. The Board of Directors may transfer title to portions of the Cooperative's property and assets from time to time to wholly-owned subsidiary corporations when, in the Board of Directors' judgment, such transfers are necessary or appropriate or convenient to protect the Cooperative's investment and financial integrity. Such transfer shall be a change in the nominal title only and shall not require membership approval as set forth in Section 1 of this Article.

**ARTICLE IX  
SEAL**

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

## **ARTICLE X FINANCIAL TRANSACTIONS**

### **SECTION 1. CONTRACTS.**

Except as otherwise provided in these 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 the name of the Cooperative in such bank or banks or in such financial institutions or securities or affiliated Cooperative organizations as the Board of Directors may select.

### **SECTION 4. CHANGE IN RATES.**

Written notice shall be given to the Administrator or Trustees of the Cooperative's lending institution 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.

### **SECTION 6. UNCLAIMED MONIES.**

Notwithstanding any provisions herein contained to the contrary, any member, former member, or other patron who fails to claim any capital credits, patronage refunds, utility deposits, membership fees, or account balances within two (2) years after payment thereof has been made available to such person shall have made an irrevocable assignment and gift to the Cooperative of such unclaimed monies. Upon expiration of two (2) years after availability of such monies, the Cooperative shall give sixty (60) days' notice in a newspaper of general circulation, published in the



County within the Cooperative's service area of either the last known residence address or the last location of electric service, of said person. Such notice shall contain the person's name, amount and type of monetary interest, and that if said monies are not duly claimed within sixty (60) days of said notice, the same shall be deemed assigned and donated to the Cooperative. If no provable claim shall have been filed within sixty (60) days after the publication of such notice, the Cooperative shall, after off-setting any outstanding amounts due and owing the Cooperative from said person, thereafter treat the net unclaimed amount as general income for the Cooperative includable in the fiscal year in which the sixtieth (60th) day after published notice falls.

## **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 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 2. RULES AND REGULATIONS.**

The Board of Directors shall have the power to make, adopt, amend and rescind from time to time such rules and regulations as are not inconsistent with law, the Articles of Incorporation, or these Bylaws, as the Board may deem advisable for the management of the business and affairs of the Cooperative. Any such rules and regulations shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such rules and regulations as terms and provisions thereof.

### **SECTION 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 account system as may from time to time be designated by the Administrator or Trustees of the Cooperative's lending institution, or by the Board

of Directors. The Board of Directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit report shall be the foundation of any officers' reports submitted to the members at the next annual meeting.

**SECTION 4. COOPERATIVE'S RIGHT TO COLLECT AMOUNTS OWED.** By doing business with the Cooperative, all members agree that in the event it becomes necessary for the Cooperative to hire outside agencies, consultants or attorneys to pursue collection activities for amounts owed by a member to the Cooperative, such member agrees to pay to the Cooperative all of the Cooperative's reasonable costs incurred in addition to the amount of the bill originally owed by the member. Further, all members grant a security interest to the Cooperative in all monies including deposits, capital credits, rebates, refunds or other monies that may be due or requested by the member, in favor of the Cooperative to secure payment of any and all amounts owed by member to Cooperative including the cost of collection efforts. Prior to payment of any capital credits, overpayment, rebate, deposit, or other monies the Cooperative shall be entitled to offset such payment against any amounts owed by member to the Cooperative including the cost of collection efforts.

**SECTION 5. DISPUTE RESOLUTION AND BINDING ARBITRATION.** The Cooperative shall attempt to resolve, in a good faith and informal manner, any claim, controversy or dispute between the Cooperative and a member or former member. In the event that a claim, controversy or dispute arises that cannot be informally resolved, the Cooperative and member or former member agree and consent, upon the written request of either party, to resolve all claims, controversies or disputes arising in law and/or in equity through binding arbitration, except such claims, controversies or disputes that are expressly excluded from binding arbitration by these Bylaws. Any such binding arbitration will be in accordance with the rules and procedures prescribed by the Cooperative Board of Directors which shall be consistent with the applicable provisions of Chapter 435 of the Revised Statutes of Missouri. All claims, controversies or disputes required to be resolved pursuant to binding arbitration under this section of the Bylaws must be resolved through individual arbitration and not through collective or class action arbitration. The Cooperative, member

or former member shall be bound by and comply with any award which shall result from such binding arbitration. A judgment or decree upon any arbitration award shall be binding and may be enforced in any court of competent jurisdiction. Exempt from the binding arbitration provided for in this bylaw section shall be any claim, controversy or dispute involving: (a) the collection of funds due to the Cooperative and/or accounts receivable by the Cooperative; or (b) the condemnation of real property.

## **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.