

WEBSTER  ELECTRIC
COOPERATIVE

Your Touchstone Energy® Partner 

BYLAWS

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1240 SPUR DRIVE • P.O. BOX 87 • MARSHFIELD, MISSOURI 65706
417-859-2216 • 800-043-4305 • FAX 417-859-4579

ARTICLE 1 MEMBERSHIP

SECTION 1.1 Requirements for Membership. Any person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof or any body politic may become a member in Webster Electric Cooperative (hereinafter called "Cooperative") by:

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

provided, however, that no applicant 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.

SECTION 1.2 Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in SECTION 1 of this Article, may be accepted for such membership. The term 'member' as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows.

- (a) the presence at a meeting of either or both shall be regarded as the presence of one member;
- (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 1.3 Conversion of Member.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws and rules and regulations adopted by the Board of Directors. The records of the Cooperative shall be changed in such a manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The records of the Cooperative shall be changed in such a manner as to indicate the changed membership status; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 1.4 Service Connection Fees. A service connection fee shall be charged and collected in the amount and under the conditions established by the Cooperative's rules and regulations.

SECTION 1.5 Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on premises specified in his application for membership, and shall pay therefore monthly, at the rate which shall from time to time be fixed by the Board of Directors. Production or use of electric energy on such premises regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 1.6 Termination of Member.

- (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 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 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. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner the Cooperative shall repay to the member the amount of the membership fee paid in cash by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative; and, provided further, however, that any membership fee which has been paid, in whole or in part, by the application of capital credited to the account of a non-member patron as provided in these bylaws, shall be repaid to the member only in accordance with the provisions of these bylaws with respect to the retirement of patronage capital.

ARTICLE II
RIGHTS AND LIABILITIES OF MEMBERS

SECTION 2.1 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 2.2 Non-Liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III
MEETINGS OF MEMBERS

SECTION 3.1 Annual Meeting. The annual meeting shall be held at such time and at such place in the County of Webster, Missouri, between the dates of June 1st and October 12th of each year as shall be designated by the Board of Directors, for the purpose of electing directors, passing upon reports covering the previous year and transacting such other business as may come before the meeting. The designation of the date for the annual meeting shall be made by the Board of Directors not less than 60 days prior to the date selected. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.2 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 percent or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Webster, State of Missouri, specified in the notice of the special meeting.

SECTION 3.3 Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than 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 the 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 any annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 3.4 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 3.5 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, except as otherwise provided by law, the articles of incorporation or these bylaws.

SECTION 3.6 Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report as to which members are present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV DIRECTORS

SECTION 4.1 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 conversion or these bylaws conferred upon or reserved to the members.

SECTION 4.2 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 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 1946, 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 1946 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 1946 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 1946 shall expire at the third succeeding annual meeting. At each annual meeting after the annual meeting held in 1946, 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 at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as practicable. Directors may be elected by a plurality of the members.

SECTION 4.3 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 and bona fide resident in the area served or to be served by the Cooperative; 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
- (c) is the incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars per annum is paid; or

(d) has been employed by the Cooperative within five year prior to election or appoinmnr ro the Board.

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 effect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 4.4 Nominations. It shall be the duty of the Board of Directors to appoint, not less than thirty days nor more than sixty 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 members of the Board of Directors may serve on such committee. The committee, keeping in mind the principal of geographical representation, shall prepare and post at the principal office of the Cooperative at least twenty days before the meeting a list of nominations for directors which may include a greater number of candidates than are to be elected. A number of members equal to five percent of the membership may make other nominations by petition not less than thirty days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least seven days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any. The chairman shall invite additional nominations from the floor and nominations shall not be closed until at least one minute has passed during which no additional nomination has been made. No member may nominate more than one candidate.

SECTION 4.5 Removal of Directors by Members. Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent of the members, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The questions of the removal of such director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 4.6 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 4.7 Compensation. Directors shall not receive any salary for their services as directors, except that by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for service to 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 4.8 Indemnification of Directors, Officers, Employees or Agents. The Cooperative shall indemnify to the fullest extent permitted by Law against expenses including attorneys fees, judgments, costs, fines and amounts paid in settlement actually and reasonably incurred by any person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or preceding whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director, officer, employee or agent of the Cooperative or is or was serving any other enterprise at the request of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

ARTICLE V MEETINGS OF DIRECTORS

SECTION 5.1 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 Webster 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 5.2 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 Webster County, Missouri), for the holding of the meeting.

SECTION 5.3 Notice of Director's 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 5.4 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.

ARTICLE VI OFFICERS

SECTION 6.1 Number. The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.12 Delegation of Secretary and Treasurer Responsibilities. Notwithstanding the duties, responsibilities, and authorities of the Secretary and the Treasurer herein above provided, the Board of Directors by resolution may, except as otherwise limited by law, delegate the responsibility, authority and administrative duties in whole or part to one of 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 officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.2 Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board of Directors at the meeting of the Board of Directors held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the members following his

election 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 6.3 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 interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten percent 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 6.4 President. The President shall:

- (a) be the principal executive office 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, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or 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 6.5 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 6.6 Secretary. The Secretary shall be responsible for:

- (a) keeping 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) the safe keeping of the corporate books and records and of the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereof (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and
- (f) in general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.7 Treasurer. The Treasurer shall be responsible for:

- (a) having charge and custody of all funds and securities of the Cooperative;
- (b) the receipts and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposits of all such moneys in the name of the Cooperative in such bank or banks as shall be selected with the provisions of these bylaws; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the board.

SECTION 6.8 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 6.9 Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 6.10 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 6.11 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 NON-PROFIT OPERATION

SECTION 7.1 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 7.2 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 nonmembers 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 nonprofit 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. 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 that at the end of the fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron,

and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in case 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 operation 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 an 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 conditions of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. After September 18, 1980, 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. Provided (further), however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of a portion (the power 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 electric service to the Cooperative.

Such rules shall:

- (a) establish a method of determining the power supply portion of capital credited to each patron for each applicable fiscal year,
- (b) provide for separate identification on the Cooperatives books of the power supply portion of capital credited to the Cooperative's patrons,
- (c) provide for appropriate notification 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-member patron shall elect to become a member of the Cooperative the capital credited to the account of such nonmember 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 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.

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.

ARTICLE VIII DISPOSITION OF PROPERTY

SECTION 8.1 Disposition of Property.

- (a) Not inconsistently with Missouri Revised Statutes, Section 394.180 and subsections

(b) hereof, the Cooperative may, at a duly held meeting of the members, authorize the sale, lease, lease-sale, exchange, transfer or other disposition of all or a substantial portion of the Cooperative's properties and assets only upon the affirmative votes of two-thirds (2/3) of the then-total members of the Cooperative; however, the Board of Directors, without authorization by the members, shall have the full power and authority

- (1) to borrow moneys from any source and in such amounts as the Board may from time to time determine,
- (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefore, and
- (3) to sell, lease, lease-sell, exchange, transfer or otherwise dispose of property no longer necessary or useful for the operation of the Cooperative'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.

(c) Supplementary to the first sentence of the foregoing subsection (a) and any other applicable provisions of law or these bylaws, 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 look with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by a Circuit Court Presiding Judge for the 30th Judicial District 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 and offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit

competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperatives, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such electric cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

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

The provisions of subsection (b & c) 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 in this bylaw.

ARTICLE IX SEAL

SECTION 9.1 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 10.1 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 10.2 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, 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 10.3 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 10.4 Change in Rates. Written notice shall be given to the administrator of the Rural Electrification Administration of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

SECTION 10.5 Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 11.1 Membership in Other Organizations. The Cooperative may, upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation, company or organization organized for the purposes of engaging in cooperative effort to market and deliver electric energy service as allowed by law, providing ancillary products and competitive services that enhance the quality of life for the Cooperative members, or otherwise furthering the cause of rural electrification and the value of Cooperative membership. The Cooperative shall not become a member or purchase stock in any other organization not meeting these qualifications without an affirmative vote of three members at a duly held meeting, the notice of which shall specify that such action is to be taken.

SECTION 11.2 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 a case where a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 11.3 Rules and Regulations. The Board of Directors shall have power to make and adopt 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 11.4 Accounting Systems 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 Electrification Administration of the United States of America. The Board of Directors shall also cause to be made by a Certified Public Accountant a full and complete annual audit of the accounts, books and financial condition of the Cooperative. The results of such audit shall be reported to the members at the next following annual meeting.

SECTION 11.5 Unclaimed Moneys. Notwithstanding any provision herein contained to the contrary, any member, patron or other customer who fails to claim any capital credits, patronage refunds, service deposits, membership fees or account balances within two years after payment thereof

has been available by the Cooperative, shall have made an irrevocable assignment and gift to the Cooperative of such unclaimed moneys. Upon expiration of at least two years after availability of such moneys, the Cooperative shall give sixty days notification by publishing notice in a newspaper of general circulation in the county of the last known service address of the member, patron or customer. Such notice shall show owner's name and approximate amount of owner's interest and state that if not duly claimed within sixty days of said notice the same shall be deemed assigned and given to the Cooperative. If no provable claim shall have been filed within sixty days after publication of such notice, the Cooperative shall, after offsetting any outstanding amounts due and owing the Cooperative from said member, patron or customer, thereafter treat the net unclaimed amount as donated capital of the Cooperative includable in the fiscal year in which the sixtieth day after published notice falls.

ARTICLE XII AMENDMENTS

SECTION 12.1 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.