



Co-Mo CONNECT

Powered by Co-Mo Electric Cooperative

Bylaw Revision Information

Below you will find information about the proposed bylaw revisions that you can vote on online, via mail-in ballot, and in person during the Annual Meeting on May 23. Please review the proposed bylaw changes prior to voting! Updated elements are highlighted in yellow.

PROPOSED REVISION TO ARTICLE VII, SECTION 2 OF THE COOPERATIVE'S BYLAWS AS APPROVED BY THE BOARD OF DIRECTORS FOR SUBMISSION TO THE MEMBERSHIP AT THE 2024 ANNUAL MEMBERSHIP MEETING:

**Article VII, Section 2. Patronage Capital in Connection with Furnishing Electric Energy.
(PROPOSED BYLAW)**

(a) In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons and to declare a patronage dividend to its patrons in an amount equal to the Cooperative's federal taxable income with respect to the furnishing of electric energy (computed before the reduction for patronage dividends paid by the Cooperative and after reduction for any losses to be taken into account in accordance with paragraph (f) of this Section 2). All such amounts in excess of the federal taxable income at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts with such amounts being allocated among its patrons based upon the volume or value of the business done by such patrons, as determined by the Board of Directors. 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. 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/her 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.

(b) All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be

(i) used to offset any losses incurred during the current or any prior fiscal year and

(ii) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided. Provided, however, that the board of directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion or supplemental financing portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by organizations furnishing electric

service or supplemental financing to the Cooperative.

(c) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part; provided, however, no such capital shall be retired in violation of any agreement, note or deed of trust made by the Cooperative or in violation of any law. The board shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore furnished as capital.

(d) Capital credited to the account of each patron shall be assign-able only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board, acting under policies of general application, shall determine otherwise.

(e) Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his/her 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, 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.

(f) Notwithstanding any other provision of these bylaws, upon request, the board at its discretion, shall have the power to approve the immediate retirement of discounted capital credits to be directly applied to the cost of construction of a patron's line extension of electric service to a new location to be served by the Cooperative upon such terms and conditions as the Board of Directors and patron may agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. Members shall request in writing that the capital credited to any such patron's line extension be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws.

(g) 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.

(h) 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.

NOTE: It has been noted that there are occasions when existing members of the Cooperative have a need to expand, or add to, electric facilities of the Cooperative for a variety of reasons. This bylaw allows for those members to utilize their Capital Credit allocations at a discounted rate to apply towards line extension projects that benefit that member.

The entire portion of article VII, Section 2 has been included to provide context and to recognize that this recognizes the addition of item f and the relabeling of subsequent items that follow in that section of the bylaws.

**Article VII, Section 2. Patronage Capital in Connection with Furnishing Electric Energy.
(EXISTING BYLAW)**

(a) In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons and to declare a patronage dividend to its patrons in an amount equal to the Cooperative's federal taxable

income with respect to the furnishing of electric energy (computed before the reduction for patronage dividends paid by the Cooperative and after reduction for any losses to be taken into account in accordance with paragraph (f) of this Section 2). All such amounts in excess of the federal taxable income at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts with such amounts being allocated among its patrons based upon the volume or value of the business done by such patrons, as determined by the Board of Directors. 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. 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/her 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.

(b) All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be

(i) used to offset any losses incurred during the current or any prior fiscal year and

(ii) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided. Provided, however, that the board of directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion or supplemental financing portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by organizations furnishing electric service or supplemental financing to the Cooperative.

(c) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part; provided, however, no such capital shall be retired in violation of any agreement, note or deed of trust made by the Cooperative or in violation of any law. The board shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore furnished as capital.

(d) Capital credited to the account of each patron shall be assign-able only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board, acting under policies of general application, shall determine otherwise.

(e) Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his/her 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, 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.

(f) 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.

(g) 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.

PROPOSED REVISION TO ARTICLE VII, SECTION 3 OF THE COOPERATIVE'S BY-LAWS AS APPROVED BY THE BOARD OF DIRECTORS FOR SUBMISSION TO THE MEMBERSHIP AT THE 2024 ANNUAL MEMBERSHIP MEETING:

**ARTICLE VII, SECTION 3. Unclaimed Capital Credits.
(PROPOSED BYLAW)**

Notwithstanding any provisions herein contained to the contrary, the Cooperative shall recover, after a period of two (2) years, any unclaimed capital credits, patronage refunds, utility deposits, membership fees, or account balances for which the owner (member or former member) cannot be found and are the result of distributable savings of the Cooperative, giving sixty (60) days' notice in a newspaper of general circulation, published in the county in which the Cooperative locates its general headquarters **or** the Rural Missouri cooperative publication and on the Cooperative's web site. Such notice shall state the owner's name and approximate amount of owner's interest, and that if not duly claimed within sixty (60) days of said notice, the same shall be turned over to the Cooperative, which shall reallocate the same to other members. If no provable claim shall have been filed within sixty (60) days after the one (1) time publication of said notice, the Cooperative may credit against said account any amounts due and owing the Cooperative by said member and thereafter allocate to the other members of the Cooperative on a pro rata basis. Such amounts of said members (the allocations herein contemplated) shall be allocated to those who are members as of the year and on a pro rata basis for the year in which the 60th (sixtieth) day falls after the published notice.

Any member or former member who fails to claim any capital credit or other payment within two (2) years after payment has been made available to such person, shall have made an irrevocable assignment and gift to the Cooperative of such capital credits or other payments. This Cooperative shall have a lien on (and right of setoff against) all capital credits for all indebtedness of the holder(s), whether due or to become due, thereof to the Cooperative.

NOTE: It has been noted that the availability of circulation of media continues to evolve in this space. This gives the Cooperative the ability to provide appropriate notification as media availability changes.

**ARTICLE VII, SECTION 3. Unclaimed Capital Credits.
(CURRENT BYLAW)**

Notwithstanding any provisions herein contained to the contrary, the Cooperative shall recover, after a period of two (2) years, any unclaimed capital credits, patronage refunds, utility deposits, membership fees, or account balances for which the owner (member or former member) cannot be found and are the result of distributable savings of the Cooperative, giving sixty (60) days' notice in a newspaper of general circulation, published in the county in which the Cooperative locates its general headquarters, the Rural Missouri cooperative publication and on the Cooperative's web site. Such notice shall state the owner's name and approximate amount of owner's interest, and that if not duly claimed within sixty (60) days of said notice, the same shall be turned over to the Cooperative, which shall reallocate the same to other members. If no provable claim shall have been filed within sixty (60) days after the one (1) time publication of said notice, the Cooperative may credit against said account any amounts due and owing the Cooperative by said member and thereafter allocate to the other members of the Cooperative on a pro rata basis. Such amounts of said members (the allocations herein contemplated) shall be allocated to those who are members as of the year and on a pro rata basis for the year in which the 60th (sixtieth) day falls after the published notice.

Any member or former member who fails to claim any capital credit or other payment within two (2) years after payment has been made available to such person, shall have made an irrevocable assignment and gift to the Cooperative of such capital credits or other payments. This Cooperative shall have a lien on (and right of setoff against) all capital credits for all indebtedness of the holder(s), whether due or to become due, thereof to the Cooperative.

Online voting will close May 21 at 5 PM.

You can request a mail in ballot by calling 573-746-2182.

The last day to request a mail in ballot will be May 13.

To vote in person, attend the Annual Meeting on May 23!