
BYLAWS



**Co-Mo Electric
Cooperative**

as amended at
76th Annual Meeting
May 25, 2017



A Touchstone Energy® Cooperative
...The power of human connections®



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BYLAWS

CO-MO ELECTRIC COOPERATIVE, INC.

ARTICLE I

MEMBERSHIP

SECTION 1. *Requirements for Membership.* Any person, firm, association, corporation, or body politic or subdivision thereof, will become a member of **Co-Mo Electric Cooperative, Inc.** (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he/she or it has first:

- (a) made a written application for membership therein;
- (b) agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board.

No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

SECTION 2. *Joint Membership.* Unless the Cooperative is otherwise advised in writing, the membership of an individual shall be deemed to be jointly held by the individual and his/her spouse, or his/her other co-owner, subject to their compliance with the requirements set forth in Section 1 of this Article. Any provisions relating to the rights and liabilities of joint membership apply equally with respect to the individual member, his/her spouse, or his/her co-owner. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holder 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 (1) 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;
- (h) Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint. Provided, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 3. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his/her spouse or joint owner to comply with the articles of incorporation, bylaws and rules and regulations adopted by the board;
- (b) Upon the death of either 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 4. 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 the premises specified in his/her application for membership, and shall pay therefore at rates which shall from time to time be fixed by the board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with 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 an availability charge regardless of the amount of electric energy consumed, as shall be fixed by the board from time to time. Each member shall also pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable.

SECTION 5. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe. The board may, by the affirmative vote of not less than two-thirds ($\frac{2}{3}$) of all the members of the board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules and

regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes him/her 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 or by vote of the members at any annual or special meeting. PROVIDED, HOWEVER, that if an expelled member requests reinstatement by the members at an annual or special meeting, said expelled member shall give the board of directors of the Cooperative at least fifteen (15) days written notice prior to the date of said meeting of his/her intention to request such reinstatement.

- (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/her estate from any debts due the cooperative.

SECTION 7. Responsibilities of Members.

Each member shall cause all premises covered by his/her membership to become or remain wired in accordance with the specifications contained in the National Electrical Code or as otherwise specified by local administrative authority, 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 Electrical Safety Code and any design or engineering requirements of the Rural Utilities Service. 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 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/her, his/her family, or his/her property from the normal operating characteristics of electric service provided by the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative shall have been paid, and

- (b) All capital furnished through patronage shall have been retired as provided in these bylaws, then
- (c) Any property and assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the board of directors, be distributed without priority but on a patronage basis among all persons who are or have been members of the Cooperative during the ten (10) years next preceding the date of the filing of the certificate of election to dissolve: PROVIDED, HOWEVER, that, if in the judgment of the board the amount of such surplus is too small to justify the expense of making such distribution, the board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from federal income taxation.

SECTION 2. Non-liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held each year at such place within a county served by the Cooperative, as selected by the board and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the board, or upon a written request signed by any three (3) board members, by the president, or by ten (10) percentum 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 one (1) of the counties served by the Cooperative as designated by the board and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring

special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than seventy (70) days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. Two (2) percent of the first two thousand (2,000) members and one (1) 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. Each member shall be entitled to only one (1) 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 present voting thereon in person except as otherwise provided by law, the articles of incorporation or these bylaws. Voting by proxy shall not be permitted.

SECTION 6. Voting Districts. The territory served or to be served by the Cooperative shall be divided into three (3) districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by three (3) directors. The original three (3) districts shall be as follows:

District No. 1 - District No. 1 shall include all of those members residing in the North one-third ($\frac{1}{3}$) of the project, said district to be formed on the basis of the number of members located therein and not as to the mileage of said lines. Said district shall be bounded as follows: On the North, by the Northern boundary line of said project; on the East and West, by the East and West boundary lines respectively; and on the South, by a line running in a direction generally East and West, the exact location of which shall be ascertained and established by the board of directors after a complete survey of the membership has been made.

District No. 2 - District No. 2 shall include all of those members residing in the Central one-third ($\frac{1}{3}$) of the project, said district to be formed on the basis of the number of members located therein and not as to the mileage of said lines. Said district shall be bounded as follows: On the North, by the Southern boundary line of District No. 1; On the East and West by the East and West boundary lines respectively of said project; and on the South, by a line running in a direction generally East and West, the exact location of which shall be ascertained

and established by the board of directors after a complete survey of the membership has been made.

District No. 3 - District No. 3 shall include all of those members residing in the South one-third ($\frac{1}{3}$) of the project, said district to be formed on the basis of the number of members located therein and not as to the mileage of said lines. Said district shall be bounded as follows: On the North, by the Southern boundary line of District No. 2; on the East and West, by the East and West boundary lines respectively of said project; and on the South, by the Southern boundary line of said project.

From time to time the board of directors shall review the composition of the three (3) districts and, if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the board of directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

SECTION 7. Order of Business. The matters to be taken up and considered at the annual meeting of the members and, so far as possible, at all the other meetings of the members, shall be essentially as follows: determination of a quorum; reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver(s) of such notice of the meeting, as the case may be; reading of unapproved minutes of previous meeting(s) of the members and the taking of necessary action thereon; presentation and consideration of reports of officers, trustees and committees; election of directors; unfinished business; new business, and adjournment.

The proposed order of business shall be determined by the board of directors and published with the notice of the annual or other meeting, except that the actual order of business may be otherwise determined by the members at such meeting.

ARTICLE IV

DIRECTORS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by the board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. Definitions. The word "BOARD" as used herein shall mean and refer to the board of directors. The words "BOARD MEMBER" as used herein shall mean and refer to a director. The words "BOARD MEMBERS" as used herein shall mean and refer to the members of the board of directors.

SECTION 3. Election and Tenure of Office. The board of directors shall consist of the nine (9) members previously elected under the existing bylaws of the Cooperative at the time of their election for the remainder of their term. The members of the board of directors shall serve until their successors have been elected and shall have qualified. Three (3) members of the board of directors shall be elected each year by secret ballot at the annual meeting of the members and all directors shall serve a term of three (3) years, or until their successors shall have been elected and shall have qualified, to succeed those directors whose terms of office expire. One (1) of the directors elected each year shall be a resident of District No. 1; one (1) of the directors elected each year shall be a resident of District No. 2; and one (1) of the directors elected each year shall be a resident of District No. 3. The board of directors shall at all times be composed of three (3) members from each district. Each member of the Cooperative present in person at the annual meeting shall be entitled to vote for one (1) candidate from each district from which a director is to be elected. Not more than one (1) resident of any township shall serve on the board of directors at any one (1) time.

If an election of directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members in cases where more than two (2) candidates are nominated for a single director position. Ballots for the election of directors may be submitted by mail under procedures established by the board of directors and disclosed in the notice of the annual or special meeting.

SECTION 4. Qualifications. No person shall be eligible to become or remain a director of the Cooperative who:

- (a) is not a member and bona fide resident in the area served or to be served by Cooperative at his/her principal place of abode;
- (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;
- (c) within the five (5) years immediately preceding his candidacy for director has been employed by the Cooperative or a current or retired employee of the Cooperative or their immediate family member.

Upon establishment of the fact that a director is holding the office in violation of any of the foregoing provisions, the board 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.

SECTION 5. Nominations. It shall be the duty of the board to appoint, not less than sixty (60) days nor more than one hundred twenty (120) days before the date of the meeting of the members at which board members are to be elected, a committee on nominations consisting of not less than nine (9) nor more than eleven (11) members who shall be selected from different sections so as to insure equitable representation. No member of the board may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting a list of nominations for board members which shall include at least two (2) candidates for each board position to be filled by the election. The secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten (10) days before the date of the meeting, a statement of the number of board members to be elected and the names and addresses of the candidates nominated by the committee of nominations. Any fifty (50) or more members acting together may make other nominations by petition and the secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, received at least forty-five (45) days before the meeting shall be included on the official ballot.

SECTION 6. Removal of Director by Members. Any member may bring charges against a director and, by filing with the Cooperative attorney such charges in writing together with a petition signed by at least ten (10) per centum of the members, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least thirty (30) 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/her shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members. Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 7. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of director by the members, a vacancy occurring in the board shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term.

SECTION 8. Compensation. Directors shall not receive any salary for their services as such, except that the board of directors may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business. If authorized by the board, directors

may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the director or his/her close relative shall have been certified by the board as an emergency measure.

SECTION 9. Policies, Rules, and Regulations. The board of directors shall have the power to make, adopt, amend, and rescind from time to time such policies, 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 policies, rules, and regulations shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contract as fully as though each had individually signed a separate instrument containing such policies, rules, and regulations and terms and provisions thereof.

ARTICLE V

MEETINGS OF BOARD 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 at least bimonthly at such time and place as designated by the board of directors. Such regular meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the board may be called by the president or by any three (3) board members, 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 board members calling the meeting shall fix the time and place for the holding of the meeting which may be via teleconference or video conference.

SECTION 3. Notice of Board Meetings. Written notice of the time, place and purpose of any special meeting of the board shall be delivered to each board member 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 board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United

States mail, addressed to the board member at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid, or e-mail at least five (5) days before the date set for the meeting.

SECTION 4. Quorum. A majority of the board shall constitute a quorum, provided, that if less than such majority of the board is present at said meeting, a majority of the board present may adjourn the meeting from time to time; and provided further, that the secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these bylaws.

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 from time to time. The offices of secretary and treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the board at the meeting of the board 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 following the next succeeding annual meeting of the members or until his/her successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the board may be removed by the board whenever in its judgement the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Cooperative attorney such charges in writing together with a petition signed by ten (10) percentum 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 thirty (30) 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/her shall have the same opportunity. In the event the board does not remove such officer, the question of his/her removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The president shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the board, shall preside at all meetings of the members and the board;
- (b) and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board 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 from time to time.

SECTION 5. Vice-President. In the absence of the president, or in the event of his/her 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/her by the board.

SECTION 6. Secretary. The secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and 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) keeping 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 thereto (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 members 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/her by the board.

SECTION 7. Treasurer. The treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;

- (b) the receipt of and the issuance of receipts 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 as shall be selected in accordance 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/her by the board.

SECTION 8. General Manager/CEO. The board may appoint a General Manager/CEO who may be, but who shall not be required to be, a member of the Cooperative. The General Manager/CEO shall perform such duties and shall exercise such authority as the board may from time to time vest in him/her.

SECTION 9. Bonds of Officers. The treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property may be bonded in such sum and with such surety as the board shall determine. The board 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 10. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the board subject to the provisions of these bylaws with respect to compensation for a board member and close relatives of a board member.

SECTION 11. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy.

- (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 here-in 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 assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board, 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.

SECTION 3. Unclaimed Capital Credits. Notwithstanding any provisions herein contained to the contrary, the Cooperative shall recover, after a period of two (2) years, any unclaimed capital credits, patronage refunds, utility deposits, membership fees, or account balances for which the owner (member or former member) cannot be found and are the result of distributable savings of the Cooperative, giving sixty (60) days' notice in a newspaper of general circulation, published in the county in which the Cooperative locates its general headquarters, 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

ARTICLE VIII

DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds ($\frac{2}{3}$) of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting. No sale, mortgage, lease or other disposition or encumbrance of all or a substantial portion of the Cooperative's assets to any other entity shall be authorized except in conformity with the following:

- (a) All proposals shall be first submitted in writing to the board of directors of the Cooperative. If the board 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 the 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.
- (b) If the board of directors, after receiving such appraisals, determines that the proposal should be submitted for consideration by the members, it shall first give every other electric cooperative corporation sited and operating in the state (which has not made such an offer) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative corporations, which notice shall be attached to a copy of the proposal which the Cooperative has already received and a copy of the reports of the three (3) appraisers. Such electric cooperative corporations shall not be given 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.
- (c) 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, expressing in detail such proposal, and shall call a special meeting of the members for consideration thereof which meeting shall not be held sooner than ten (10) days after the giving of notice of such meeting to the members; provided, that consideration thereof by the members may be given at the next annual meeting if the board so determines and if such annual meeting is not held sooner than ten (10) days after the giving of such notice.

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

tions.

Provided, however, that notwithstanding anything herein contained, the board 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 a deed or deeds of trust upon, or the 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 wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof; and provided, further, that when such action is permitted by law, 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 a deed or deeds of trust upon, or the 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 wherever situated, as well as the revenues and income therefrom, all upon such terms as the board of directors shall determine, to secure any indebtedness of the Cooperative to a national financing institution organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings in which the Cooperative holds membership, or to any bank or other financial institution or organization.

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' judgement, such transfers are necessary or appropriate or convenient to protect the Cooperative's investment and financial integrity. Such transfer shall be a change in nominal title only and shall not require membership approval as set forth above.

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 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 order for payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned 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.

SECTION 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board may select.

SECTION 4. Changes in Rates. Written notice, as required, shall be given to the Administrator of the Rural Utilities Service prior to any change in the rates charged by the Cooperative for electric energy.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first (1st) day of January on each year and shall end of the thirty-first (31st) day of December of the same year.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided however, that the Cooperative may upon the authorization of the board, purchase stock in or become a member of any corporation or organization organized for the purpose of engaging in or furthering the cause of electrification, communication, or regional economic development, and any electrical or communication corporation which will be a wholly-owned subsidiary of the Cooperative, or any other corporation for the purpose of acquiring facilities necessary or convenient to further the cause of electrification, communication or economic development.

SECTION 2. Waiver of Notice. Any member or board member may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Indemnification. The Cooperative shall indemnify directors, officers, agents and employees to the fullest degree permitted by law against liability to the extent that their acts or omissions constituting the grounds for the alleged liability were performed in their official capacity and, if actionable, were based upon good faith business judgements and the belief that the acts or omissions were in the best interests of the Cooperative.

SECTION 4. Accounting System and Reports. The board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service. The board 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. A report of such audit shall be submitted to the members at the next following annual meeting.

SECTION 5. Area Coverage. The board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who:

- (a) desire such service and
- (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Arbitration Any claim, controversy or matter between the Cooperative (and its subsidiaries) and any Member or Customer shall, at the request of any such party, be submitted to binding arbitration according to regulations prescribed by the Cooperatives Board of Directors, which shall be consistent with the applicable provisions of Chapter 435, RSMo. The Cooperative, and every Member or Customer thereof by virtue of being a Member or Customer, agree to arbitrate all such disputes according to this Bylaw and the regulations prescribed by the Board of Directors pursuant to this Bylaw and as shall be consistent with the applicable provisions of Chapter 435, RSMo. The parties shall further agree to be bound thereby and to satisfy and perform any awards which shall result from such binding arbitration.

ARTICLE XII

TERM OF EXISTENCE

Co-Mo Electric Cooperative shall have perpetual existence subject to such limits as may be established by the State of Missouri.

ARTICLE XIII

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.

STATEMENT OF NONDISCRIMINATION

Co-Mo Electric Cooperative, Inc., Tipton, Missouri is the recipient of Federal financial assistance from the Rural Utility Services (RUS), an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture.

“The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientations, genetic information, political beliefs, reprisal, or because all or a part of an individual’s income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means of communication of program (Braille, large print, audiotape, etc.) should contact USDA’s TARGET Center at (202) 720-2600 (voice and TDD).

The person responsible for coordinating this organization’s non-discrimination compliance efforts is the General Manager/CEO. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization or write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-7382 (TDD). USDA is an equal opportunity provider and employer.”

Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.



Co-Mo Electric
Cooperative, Inc.

A Touchstone Energy® Cooperative

...The power of human connections®

