

BYLAWS



of Howard
Electric
Cooperative

Missouri 22, Howard
Fayette, Missouri

As Amended June 17, 2025
Printed August 2025

BYLAWS OF HOWARD ELECTRIC COOPERATIVE

INDEX

| | |
|--|----------------|
| ARTICLE I — Membership | Page 1 |
| ARTICLE II — Rights and Liabilities of Members..... | Page 3 |
| ARTICLE III — Meetings of Members | Page 4 |
| ARTICLE IV — Directors | Page 5 |
| ARTICLE V — Meetings of Directors | Page 8 |
| ARTICLE VI — Officers | Page 9 |
| ARTICLE VII — Non-profit Operation | Page 11 |
| ARTICLE VIII — Disposition of Property | Page 13 |
| ARTICLE IX — Seal..... | Page 13 |
| ARTICLE X — Financial Transactions | Page 13 |
| ARTICLE XI — Miscellaneous | Page 14 |
| ARTICLE XII — Amendments | Page 15 |

BYLAWS
of
HOWARD ELECTRIC COOPERATIVE

ARTICLE I

Membership

SECTION 1. (a) Requirements for Class I Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in Howard Electric Cooperative (hereinafter called the “Cooperative”) by:

(1) executing a written application for Cooperative membership and contract for electric service agreeing to purchase from the Cooperative electric energy as hereinafter provided;

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

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

(4) paying the membership fee hereinafter specified.

SECTION 1. (b) Any person, firm, association, corporation, or body politic or subdivision thereof shall become a member of the Cooperative after signing a membership application, payment of all applicable fees, required deposits and receives electric service from the Cooperative. No member may hold more than one membership in the Cooperative. No membership shall be transferable, except as provided in these Bylaws. Any subsequent reference in these Bylaws to “Cooperative” shall also include any wholly owned subsidiary of the Cooperative.

SECTION 1. (c) At each meeting of the members held subsequent to the expiration of a period of six months from the date of incorporation of the Cooperative, all applications received more than ninety days prior to such meeting which have not been accepted or which have been rejected by the board of directors shall be submitted by the Secretary to such meeting and, subject to compliance by the applicant with the requirements herein above set forth, any such application may be accepted by vote of the members. The Secretary shall give each such applicant at least ten days written notice of the date of the members’ meeting to which his application will be submitted, and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section I 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 and shall constitute a joint waiver of notice of the meeting;

(b) The vote of either separately or both jointly shall constitute one joint vote;

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

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

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

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

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

SECTION 3. Conversion of Membership.

(a) A membership may be converted to 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.

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

(c) Upon receiving written official notice of the legal separation or divorce of the parties to a joint membership, the Cooperative shall terminate such joint membership and thereafter: i) seek payment from either party to the joint membership for any debts due to the Cooperative that were incurred before receipt of notice of the legal separation or divorce; and ii) divide equally between the parties to the joint membership any amount owed by the Cooperative to the joint membership when such amounts become due and payable. The Cooperative will abide by any valid agreement between the parties to the joint membership, order, or decree from a court of competent jurisdiction addressing any of the abovementioned items regarding the joint membership.

SECTION 4. Membership and Service Connection Fees. The membership fee shall be twenty-five (\$25.00) dollars. In addition to the membership fee the Cooperative, in its discretion, shall have the right to require that its members, or any of its members, shall deposit with the Cooperative an additional amount for each connection as a guarantee of payment of service charges. Upon the payment of the membership fee, together with any additional amount that may be required, a member shall be eligible for one service connection. A service connection fee of twenty-five (\$25.00) dollars, together with any additional amount that may be required, shall be charged for each additional service connection.

SECTION 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 the premises specified in his application for membership and shall pay therefor 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 by these bylaws. Each member shall pay to the Cooperative such minimum amount 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 6. Termination of Membership.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of directors may prescribe. The board of directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all the directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules and 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 a vote of the board of directors or by a vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be cancelled by resolution of the board of directors.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

(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 by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed from the member to the Cooperative.

ARTICLE II

Rights and Liabilities of Members

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

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

(b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all such members during the ten 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 existence.

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

ARTICLE III

Meetings of Members

SECTION 1. Annual Meeting. The annual meeting of the members shall be held at such time and at such place in the County of Howard, State of Missouri, between the dates of June 1 and October 1 of each year, in the manner of a traditional assembly or drive-thru style meeting or any combination thereof, as shall be designated by the board of directors, for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. The designation of the date of the annual meeting shall be made by the board of directors not less than 60 (sixty) 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 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 twenty-five per centum or more of all 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 Howard, State of Missouri, specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day, hour and style of the meeting (traditional assembly, drive-thru or some combination) 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 forty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. Two percent of the first 2,000 members and one percent of the remaining members, present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 5. Voting. (a) Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, or by absentee ballot except as otherwise provided by law, the articles of incorporation or these bylaws.

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

SECTION 6. Order of Business. The order of business at the annual meeting and at all other meetings of the members, so far as possible, shall be essentially as follows:

1. Report of the number of members present in person in order to determine the existence of a quorum.
2. 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 1. General Powers. The business and affairs of the cooperative shall be managed by a board of nine directors which shall exercise all the powers of the Cooperative except such as are by law the articles of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. In order to cause one director from each district to be elected at the Cooperative’s 2024 annual meeting and thereafter, the following shall occur: a) The two District 1 directors whose terms would have expired at the annual meeting in 2025 shall draw lots to determine whose term shall instead expire at the annual meeting in 2024; and b) The two District 3 directors whose terms would have expired at the annual meeting in 2024 shall draw lots to determine whose term shall instead expire at the annual meeting in 2025. At each annual meeting after the annual meeting held in 2024, one director from each district shall be elected by ballot by and from the members to serve until the third succeeding annual meetings of the members or until their successors shall have been elected and shall have qualified.

If an election of directors shall not be held on the date designated herein for the annual meeting, or any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as practicable. Directors may be elected by a plurality vote of the members.

SECTION 2A. Area Served to be Divided into Districts. For the purpose of providing equitable representation on the board of directors, the area now served and to be served shall be divided into three districts as follows.

District No. 1—Shall be that portion of the service area lying North and West of a line extending from a point at Lisbon; thence easterly along Route K to Highway 87; thence South on Highway 87 approximately 1 1/2 miles to a county road; thence East along the county road to Route J; thence easterly along Route J to the Old City Lake Road; thence northeasterly along Old City Lake Road to Fayette; thence East on Highway 124 to Route H; thence North on Route H to a county road in Section 8, Township 51 North, Range 15 West; thence North on the county road to Route B in Randolph County; thence West on Route B to Roanoke; thence northeasterly on Highway 3 to U.S. Highway 24

District No. 2—Shall be that portion of the service area lying East of a line extending from the intersection of U.S. Highway 24 and State Highway 3; thence southerly along Highway 3 to Roanoke; thence East on Route B approximately 3 miles to a county road; thence South along said county road and Route H to Highway 124; thence East on Highway 124 to Route A; thence South on Route A to Route CC; thence East on Route CC to the county line between Howard and Boone Counties.

District No. 3—Shall be that portion of the service area lying South of the southern boundaries of the above-described Area 1 and Area 2.

Not more than three directors shall reside in any one district.

SECTION 3. Qualifications. To be eligible to become or remain a director or to hold any position of trust in the Cooperative a person must:

- (a) be an individual with the capacity to enter into legally binding contracts;
- (b) Be a member and bona fide resident in the area served or to be served by the Cooperative;
- (c) not in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative;
- (d) not owed a delinquent debt to the Cooperative for more than sixty (60) days after receiving written notice of such delinquency;
- (e) not be an employee of the Cooperative or any subsidiary while a director, or during the three years immediately prior to becoming a director;
- (f) not have been convicted of, pled guilty to or entered a plea of no contest to a felony crime;
- (g) not be engaged in a personal relationship with a fellow director or an employee of the Cooperative or any subsidiary thereof that could, in the sole judgment of the Board of Directors, interfere with the Director's independent judgment, disrupt, or negatively impact the workplace, undermine members' confidence in the operations of the Cooperative, or reasonably create the appearance of a conflict of interest;

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

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

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the board of directors shall, by a majority vote of the remaining directors, remove such directors from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

SECTION 4. Nominations. It shall be the duty of the board of directors to appoint, not less than ninety (90) days nor more than one hundred and sixty (160) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different sections so as to insure equitable representation. No member of the board of directors may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principle office of the Cooperative at least fifty (50) days before the meeting a list of nominations for directors, which shall include at least two candidates for each board position to be filled. Any fifteen (15) or more members acting together may make other nominations by petition not less than forty-five (45) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by Committee is posted. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and the nominations made by petition, if any. No member may nominate more than one candidate. Any group presenting a petition for nominations of a candidate must declare the vacancy which that candidate will seek.

SECTION 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 per centum 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 question 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 may be filled by-vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

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

SECTION 7. Compensation. Directors shall not receive any salary for their services as directors, except that by resolution of the board of directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors, and attendance at other meetings related to the objectives and purposes of rural electric cooperatives, when authorized by the board of directors. No directors shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such director or close relative shall have been certified by the board of directors as an emergency measure.

ARTICLE V

Meetings of Directors

SECTION 1. Regular Meetings. A regular meeting of the board of directors shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the board of directors shall also be held monthly at such time and place in Howard County, Missouri, as the board of directors may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special 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 meetings to be given as hereinafter provided. The President or the directors calling the meeting shall fix the time and place (which shall be in Howard County, Missouri), for the holding of the meeting.

SECTION 3. Notice of Directors Meetings. Written notice of the time, place, and purpose of any special meeting of the board of directors shall be delivered to each director not less than five days previous thereto either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon pre-paid.

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

SECTION 5. Meeting by Conference Telephone or Similar Communications Equipment. Unless otherwise restricted by the Articles of Incorporation or by these bylaws, members of the Board of Directors of the Cooperative, may, when participation in a meeting in person is impractical, unsafe or impossible due to Acts of God (including but not limited to fire, flood, earthquake, storm, pandemic or other natural disaster), war, invasion, act of foreign enemies, terrorist activities, government sanction, or other causes beyond the reasonable control of the director, participate in a meeting of the Board of Directors by means of

conference telephone or similar communications equipment by means of which all persons' participating in the meeting can hear each other, and participation in a meeting pursuant hereto shall constitute presence in person at such meeting.

ARTICLE VI

Officers

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

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

SECTION 3. Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

(a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the board of directors, shall preside at all meetings of the members and the board of directors;

(b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the board of directors or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

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

SECTION 5. Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the board of directors.

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

(a) keeping the minutes of the meeting of the members and of the board of directors in one or more 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 records and of the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

(d) keeping a register of the names and post office addresses of all members;

(e) signing, with the President, certificates of membership, the issue of which shall have been authorized by the board of directors or the members;

(f) 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 member upon request; and

(g) 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 7. Treasurer. The Treasurer shall be responsible for:

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

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

(a) 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 of directors.

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

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent, or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 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 members of the board of directors and close relatives of members of the board of directors.

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

SECTION 12. Indemnification. The Cooperative shall indemnify present and former directors, officers, agents and employees against liability, including attorney fees, judgments, costs, fines and amount in settlement, actually and reasonably incurred, to the extent that their acts or omissions constituting the ground for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interests of the Cooperative or not against the best interest of the Cooperative. The Cooperative shall purchase insurance to cover the indemnification.

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. 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 nonprofit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. 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 as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All

such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

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

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

(b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amounts 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 outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. After June 10, 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 that portion ("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 for determining the power supply portion of capital credited to each patron for each applicable fiscal year,

(b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons,

(c) provide for appropriate 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 instructions 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 of directors, acting under policies of general application, shall determine otherwise.

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, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately up on 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 has 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

"The Cooperative may not sell, lease or otherwise dispose of, except by mortgage, all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a duly held meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the meeting; provided however, that notwithstanding anything herein contained, or any other provisions of 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 and conditions as the board of directors shall determine, to secure any indebtedness of the Cooperative to United States of America or any instrumentality or agency thereof, or to any bank or other financial institution or organization."

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

ARTICLE IX

Seal

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

ARTICLE X

Financial Transactions

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the board of directors may authorize any officer or officers, agent, or agents

to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidence 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 of directors.

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 of directors may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America, if required by the term of any Mortgage or Deed of Trust or other financial note, not less than thirty days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

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

ARTICLE XI

Miscellaneous

SECTION 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 or other organization organized for the purpose of engaging in any lawful business; or furthering the cause of rural electrification, or rural communications, or any electrical or communications corporation or organization which will be a wholly owned subsidiary of the Cooperative.

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

SECTION 3. Policies, Rules, and Regulations. The board of directors shall have power to make and adopt such policies, rules, and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports. The board of directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. The board of directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the

accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

SECTION 5. Area Coverage. The board of directors 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. Unclaimed Monies. Notwithstanding any provision herein contained to the contrary, any patron who fails to claim any utility deposit, membership fees, payment for retirement of capital credits, or any other monies or account balances within two (2) years after payment thereof has been made available to such patron, shall have made an irrevocable assignment and gift to the Cooperative of such unclaimed monies. Upon expiration of two or more years after availability of such monies, the Cooperative shall give sixty (60) days' notice in a newspaper of general circulation, published in the county of the last known address of the patron. Such notice shall contain the patron's name, approximate amount and type of unclaimed monies, and that if not duly claimed within sixty (60) days after the publication of such notice, the Cooperative shall, after offsetting any outstanding amounts due and owing the Cooperative from said patron, thereafter treat the net unclaimed amount as donated capital to the Cooperative, to be included in the fiscal year in which the 60th day after published notice falls.

ARTICLE XII

Amendments

These bylaws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

NONDISCRIMINATION STATEMENT

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

(1) mail:

U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

(2) fax: (202) 690-7442; or

(3) email: program.intake@usda.gov.

This institution is an equal opportunity provider.

