

Bylaws

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**Cuivre River
Electric Cooperative**

A Touchstone Energy® Cooperative 

Bylaws

ARTICLE I: Membership

Section 1a. Requirements for Membership.

Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Cuivre River Electric Cooperative, Inc. (hereinafter called the “Cooperative”) by:

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

Section 1b. Acceptance for Membership.

No person, firm, association, corporation, or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board of Directors. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

Section 2. Joint Membership.

A husband and wife may apply for a joint membership, and subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term “member” as used in these bylaws shall be deemed to include both a single member and 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 as to a single member. Without limiting the generality of the foregoing, the effect of

the hereinafter specified actions by or in respect to 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 that both meet the qualifications for such office.

Section 3. Conversion of Membership.

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

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

Section 4. Membership and Service Connection Fees.

The Cooperative shall have authority to require a membership fee and, in addition to the membership fee, service connection fees and deposits as may be specified under uniform terms and conditions as the Board of Directors in their sole discretion may from time to time prescribe.

Section 5. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board of Directors provided, however, that the Board of Directors may limit the amount of energy which the Cooperative shall be required to furnish to any one member. 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 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.

Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities and metering of electric energy and shall permit the Cooperative's authorized employees, agents, and independent contractors to have access thereto safely and without interference from any hostile source for meter reading, inspection, maintenance, replacement, relocation or repair thereof at all reasonable times.

Section 6. Termination of Membership.

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The membership of a member who for a period of sixty days 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.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member

any fees, deposits and credit balances owed to him by the Cooperative provided, however, that the Cooperative shall deduct the amount of any debts or obligations owed by the member to the Cooperative.

ARTICLE II: Rights and Liabilities of Members

Section 1. Property Interest of Members.

Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, and all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution.

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 members shall be held between May 1 and October 1 of each year, at such place in the area served by the Cooperative as selected by the Board of Directors and which shall be designated in the notice of the meeting, 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. Attendance shall be limited to the voting member, his spouse and family. It shall be the responsibility of the Board of Directors to make adequate plans and preparation for the annual meeting. Failure to hold the annual meeting at the designated time and place shall not constitute a forfeiture of dissolution of the Cooperative.

Section 2. Special Meeting.

Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three (3) directors, by the President, or by ten (10) per centum 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 in the area served by the Cooperative as designated by the Board of Directors and shall be specified in the notice of the special meeting.

Section 3. Notice of Members' Meeting.

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 twenty-five (25) 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 2,000 members and one (1) percent of the remaining members shall be present in person to 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 receiving electric service shall be entitled to one (1) and 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 members voting

thereon in person, except as otherwise provided by law, the Articles of Conversion or these bylaws. In addition to voting in person, voting may also be carried out by use of a mail ballot, absentee ballot or electronic ballot, or any combination thereof, under procedures established by resolution of the Board of Directors and disclosed concurrently with the notice of any meeting of members at which mail, absentee or electronic voting shall be allowed. Voting by proxy shall not be allowed.

Section 6. Order of Business.

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

1. Determination of 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. Presentation 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 twelve (12) directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Conversion or these bylaws conferred upon or reserved to the members. Five (5) of the directors shall reside in St. Charles County, three (3) of the directors shall reside in Lincoln County, three (3) of the directors shall reside in Warren County and/or Montgomery County, and one (1) director shall reside in Pike County. The Board of Directors may, by resolution approved by the members, divide the counties into districts for director representation.

Section 2. Election and Tenure of Office.

The persons named as directors in the Articles of Conversion shall compose the Board of Directors until the first annual meeting following the conversion of the Cooperative under the Rural Electric Cooperative Act or until their successors shall have been elected and shall have been qualified. The directors of the Cooperative shall be divided into three (3) classes each of which shall consist of four (4) directors. The terms of the various directors shall be three (3) years and shall be staggered so that each year the terms of four (4) directors shall expire.

If an election of directors is not 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 3. Qualifications.

No person shall be eligible to become or remain a director who:

- (a) is not or has not been a member of the Cooperative for the six (6) consecutive months immediately preceding becoming a director;
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, services or supplies to the Cooperative or any of its subsidiaries;
- (c) is not a bona fide resident in the area served by the Cooperative in the county and district from which they are to serve;
- (d) is an employee of the Cooperative or any of its subsidiaries or has been an employee of the Cooperative or any of its subsidiaries within the twelve (12) consecutive months immediately preceding becoming a director;
- (e) has been convicted of a felony;
- (f) is not a legal resident of the United States
- (g) owes a delinquent debt to the Cooperative and whose account is not considered to be in good standing during such director's term of office or within three years prior to becoming a director;
- (h) is a current applicant for employment with the Cooperative or any of its subsidiaries;
- (i) is a Close Relative of an employee with the Cooperative or any of its subsidiaries while a director and during

the twelve (12) consecutive months immediately preceding becoming a director; or

- (j) is a Close Relative of a sitting Director.

The term "Close Relative" as used herein shall mean an individual who through blood, law, or marriage, is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law; or any persons who cohabit or reside in the same residence.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors. This bylaw section will not apply to Close Relatives as defined above who are employed full-time by the Cooperative as of September 19, 2008.

Section 4. Nominations.

The names of candidates for the Board of Directors may be placed in nomination by the committee on nominations or by petition.

- (a) A committee on nominations consisting of two (2) members from each county in which a board position is to be filled shall be appointed by the Board of Directors, not less than 120 days nor more than 160 days before the date of a meeting of the members at which directors are to be elected. No members of the Board of Directors may serve on the committee on nominations. A quorum of members on the committee on nominations shall be a majority of the committee. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting, a list of nominations for directors which shall include at least two (2) candidates for each board position to be filled by the election.
- (b) A minimum of one (1) percent of the membership, as of December 31 of the previous year, 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 the committee is posted.

Under subsections a and b above, 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 directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any.

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 (10) 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 (10) 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 to 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 on the Board of Directors shall be filled by the board 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 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 directors.

Section 8. Indemnification of Directors, Officers, Employees or Agents.

The Cooperative shall indemnify to the fullest extent permitted by law against expenses, including attorney fees, judgments, costs, fines and amounts paid in settlement, actually and reasonably incurred, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he is or was a director, officer, employee or agent of the Cooperative, or is or was serving any other enterprise at the request of the Cooperative.

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 members. A regular meeting of the Board of Directors shall also be held monthly at such times and places as designated by the board. Such regular monthly meetings may be held without notice other than resolution fixing the time thereof.

Section 2. Special Meetings.

Special meetings of the Board of Directors may be called by the President or by any three (3) directors, and it shall thereupon be the duty of the Secretary of cause notices of such meetings to be given as hereinafter provided. The President of the directors calling the meeting shall fix the time and place, which shall be at any place in the area served by the Cooperative, for the holding of the meeting.

Section 3. Notice of Special 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 (5) days previous thereto either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 4. Quorum.

A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the Board of Directors is present at said meeting, a majority of the Board of Directors present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent director of the time and place of such adjourned meeting. The act of a 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.

ARTICLE VI: Officers

Section 1. Number.

The officers of the Cooperative shall be a President, Vice President, Secretary, and Treasurer. The offices of Secretary and Treasurer may be held by the same person. The Cooperative may have such other officers as the Board of Directors may from time to time designate. The officers designated by the Board of Directors shall perform such duties and shall exercise such authority as the Board of Directors shall vest in them.

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 may be convenient. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal of Officers and Agents by Directors.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against

an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten (10) 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 (10) 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 to 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 officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and Board of Directors;
- (b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or 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 meetings of the members and of the Board of Directors 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 Conversion 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, furnish a copy of the bylaws and of all amendments thereto to any member upon request; and
- (f) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 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 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 by the board.

Section 8. 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 9. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of

Directors subject to the provisions of these bylaws with respect to compensation for directors and close relatives of directors.

Section 10. 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 nonprofit 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 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 at 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 amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

Capital credited to the account of each patron shall be assigned 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.

After January 1, 1980, and thereafter, the Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

Provided further, however, that the Board of Directors shall have the power to adopt rules providing for separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the accounts 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 a separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons,
- (c) provide for appropriate notifications 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.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part.

Notwithstanding any other provisions 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 representative 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 provision of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representative 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 Conversion and bylaws 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 Monies.

Notwithstanding any provisions herein contained to the contrary, any member or former member or other consumer who fails to claim any capital credits, patronage refunds, utility deposits, membership fee, or credit account balances within two (2) years after payment thereof has been made available to such person, shall have made an irrevocable assignment and gift to the Cooperative of such unclaimed monies. Upon expiration of at least two (2) years after availability of such monies, the Cooper-

tive shall give at least sixty (60) days notification by publishing at least two (2) notices within a thirty (30) day period in a newspaper of general circulation in the county in which the member last received service from the Cooperative. Such notice shall contain the owner's name, and type of owner's interest and that if not duly claimed within sixty (60) days of said notices, the same shall be deemed assigned and donated to the Cooperative. If no provable claim shall have been filed within sixty (60) days after the publication of such notices, the Cooperative shall, after offsetting any outstanding amounts due and owing the Cooperative from said member, former member or customer, thereafter treat the net unclaimed amount as donated capital of the Cooperative on the 60th day after the published notice. Upon first treating the unclaimed monies of any member, former member, or customer as donated capital, any future unclaimed monies of that member shall be treated as donated capital without notice.

Section 4. Cooperative's Right to Collect Amount Owed.

By doing business with the Cooperative, all members agree that in the event that it is necessary for the Cooperative to hire outside agencies or consultants to pursue collection activities for amounts owed by members to the Cooperative that the member agrees to pay to the Cooperative all of the Cooperative's costs for such outside agencies and consultants in addition to the amount of the bill originally owed by the member. Further, all members grant a security interest to the Cooperative in all monies including deposits, capital credits and other refunds that may be due member, in favor of the Cooperative to secure payment of any and all amounts owed by member to Cooperative including the costs of collection efforts. Prior to refunding any capital credits, overpayment or deposit, the Cooperative shall be entitled to offset such payment against any amounts owed by member to the Cooperative including the costs of collection efforts.

ARTICLE VIII: Disposition of Property

Section 1.

The Cooperative may not sell, mortgage, lease, lease sale, exchange, or otherwise dispose of except by mortgage all or any substantial portion of its property unless

such sale, lease, lease sale, exchange or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative, and unless the notice of such proposed transaction shall have been contained in the notice of the meeting. All proposals for any such transaction or other disposition of all or a substantial portion of the Cooperative's assets shall be first submitted in writing to the Board of Directors of the Cooperative. If the Board of Directors looks with favor upon any such proposal, the board shall first cause three (3) independent appraisers, experts on such matters, to render their individual written opinion as to the value of Cooperative assets which are the subject of any such proposal. The three (3) appraisers shall be designated by a resident circuit court judge for the judicial circuit in which the Cooperative's headquarters are located, and in the event any or all such judges refuse to make such designations, they shall be made by the Board of Directors. If the Board of Directors, after receiving such appraisals, determine that the proposals should be submitted for consideration by members, it shall first give every other rural electric cooperative corporation sited and operating in the state of Missouri an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such rural electric cooperative corporations, which notice shall be attached to a copy of the proposal under consideration by the Board of Directors, and a copy of any appraisal reports. Such rural electric cooperative corporations shall be given not more than forty-five (45) days during which to submit written competing proposals. After this forty-five (45) day period has expired, if the Board of Directors then determines that favorable consideration should be given to the initial or any subsequent proposals, it shall so notify the members, expressing in detail each of any such proposals, and shall then call a special meeting of the members for consideration thereof, or alternatively schedule consideration thereof at the next annual meeting of the members. In no event can this special or annual meeting be held less than twenty-five (25) days after the giving of such notice to the members. In order for the Cooperative to complete any such transaction, the transaction must be approved by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative.

Notwithstanding anything herein contained, the

Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or 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 whenever situated, as well as the revenues and income there from, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof or to any bank or other financial institution or organization.

ARTICLE IX: Seal

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

ARTICLE X: Financial Transactions

Section 1. Contracts.

Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc.

All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed 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. Fiscal Year.

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of each year.

ARTICLE XI: Miscellaneous

Section 1. Membership in Other Organizations.

The Cooperative may become a member of or purchase stock in other organizations with an affirmative vote of the Board of Directors.

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 Conversion 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 Federal Energy Regulatory Commission (FERC). 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.

