

**BYLAWS OF
OSAGE VALLEY ELECTRIC COOPERATIVE ASSOCIATION
(effective August 14, 2014)**

(Original Bylaws adopted in 1938. Amendments approved at annual member meetings in 1959, 1961, 1970, 1972, 1978, 1979, 1985, 1987, 1991, 1995; 2000, and 2014.)

**ARTICLE I
Membership**

Section 1. **Requirements for Membership.** Any entity with the legal capacity to enter into a binding contract (hereinafter referred to as applicant) shall be eligible to become a member of Osage Valley Electric Cooperative Association (hereinafter referred to as Cooperative) and receive electric service at one or more premises owned or directly occupied or used by him.

An applicant may become a member of the Cooperative by:

- (a) Filing an application for membership in writing on such form as is provided by the Cooperative;
- (b) Agreeing to purchase from the Cooperative all central station electric power and energy for use on the premises specified in his application as hereinafter specified;
- (c) Agreeing to be bound and to comply with all provisions of the Articles of Conversion and Bylaws of the Cooperative and all policies, rules and regulations as they then exist or as they may from time to time be adopted, rescinded, or amended by the Cooperative;
- (d) Paying the membership fee as hereinafter specified.

Upon complying with the above requirements, an applicant will become a member upon receipt of electric service from the Cooperative; provided, that the Board of Directors may by resolution deny an application and refuse to continue to provide service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership, or that such application should be denied for other good cause.

No member shall hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable except as hereinafter specified.

Section 2. **Membership.** The membership list maintained by the Cooperative

shall be conclusive as to membership status.

Section 3. **Membership Fee.** The membership fee shall be as fixed from time to time by the Board of Directors. In addition to the membership fee, the Board of Directors, in its discretion, but acting under policies of general application, shall have the right to require that members, or any group of members, pay a service connection fee, service security deposit, facilities extension deposit, contribution in aid of construction, or a combination thereof. Upon the payment of the membership fee, together with any additional amount that may be required, an applicant shall be eligible for one service connection. A service connection fee, together with any additional amount that may be required, shall be charged for each additional service connection.

Section 4. **Joint Membership.** A husband and wife may apply for a joint membership and subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and 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;
- (h) Neither will be permitted to have any additional service connection except through their one joint membership.

Section 5. **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 all of the provisions of the Cooperative's Articles of Conversion, Bylaws, policies, rules and regulations.

Upon the death of either spouse who is a party to a 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.

Upon the legal separation or divorce of the holders of a joint membership, such membership shall be held solely by the spouse who continues directly to occupy or use the premises covered by such membership provided that the other spouse shall not be released from any debts due the Cooperative.

Section 6. Suspension of Membership. When a member fails to pay any amount due the Cooperative or ceases to comply with any other membership obligations, the member's membership shall automatically be suspended and the member shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members.

Payment of all amounts due the Cooperative, or compliance with all the other membership obligations, shall automatically reinstate the member's membership, and the membership shall be entitled to receive electric service from the Cooperative and to vote at any meeting of the members.

Section 7. Expulsion of Member. When a suspended member fails to be automatically reinstated to membership, as provided in Section 6 of this Article, the member may be expelled by resolution of the Board of Directors at any subsequent meeting of the Board, but only after due hearing if requested by the member.

Section 8. Termination of Membership. A member may withdraw from membership in the Cooperative upon compliance with such uniform terms and conditions as may be prescribed by the Board of Directors.

The death of a member who was a natural person, or the cessation of the legal existence of any other type of member shall terminate such membership, provided that upon the dissolution of a partnership, such membership shall continue to be held by the remaining or new partner or partners as continue to own or directly occupy or use the premises being furnished electric service, provided further, that neither a withdrawing partner nor his estate shall be released from any debts due the Cooperative.

In the case of withdrawal or termination of membership in any manner, the Board of Directors shall on the books of the Cooperative formally acknowledge such termination as soon as is practicable, effective as of the date on which the Cooperative ceased furnishing electric service to the member.

Upon the termination of membership, the member or his estate shall be entitled to a refund of the membership fee, less any amounts due the Cooperative; but the member or his estate shall not be released from any debts due the Cooperative.

ARTICLE II

Meetings of Members

Section 1. **Annual Meeting.** The annual meeting of the members shall be held on such day after the first day of April and prior to the first day of November of each year, at such place within Bates, Cass, or Henry County, State of Missouri, as shall be designated by the Board of Directors. The Annual Meeting shall be held 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. It shall be the responsibility of the Board of Directors 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 the resolution of the Board of Directors, or upon a written request signed by any three (3) directors, by the President, or by ten percent (10%) 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. It shall be the responsibility of the Board of Directors to make adequate plans and preparations, and to designate the time and place of the special meeting. Special meetings may not be scheduled sooner than forty (40) days, but must be scheduled less than sixty (60) days, after the call for such meeting is made or petition therefore is filed, and may be held at any place within Bates, Cass or Henry County, State of Missouri.

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 by mail, by electronic mail, by inclusion in member service billings, by inclusion in the Cooperative's periodic newsletter and/or its monthly insert, if any, in *Rural Missouri* newspaper, or any successor publication, or any combination thereof, 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 (2%) of the first 2,000 members and one percent (1%) 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 vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Conversion or these Bylaws. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence, as determined by the credential and election committee, entitling the person presenting the same to vote. Members may not accumulate their votes, may not vote by proxy, and may not vote by mail.

Section 6. **Credentials and Election Committee.** The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee. The Committee shall consist of nine (9) Cooperative members, with each director appointing one member from that director's area who shall not be a member of the nominating committee, existing Cooperative employees, agents, officers, directors, or known candidates for director.

The committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to pass upon all questions that may arise with respect to the registration of the members in person, to count all ballots or other votes cast in any election or in any other matter, to rule

upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting in the election of directors (included but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or conduct affecting the result of any election.

In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. Determinations of the Committee shall be by a majority of those committee members actually present and voting, shall be reflected in the minutes of the membership meeting, and shall be final and binding. All Committee decisions shall be made before adjournment of that meeting.

Section 7. **Order of Business.** The order of business at the Annual Meeting of the members, and, so far as possible, at all of the meetings of the members, shall be essentially as follows:

- (1) Report as to 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 due publication or mailing thereof, or the waiver or waivers of notice of the meeting, or allowing said reading of the notice and due publication in the mailing thereof to be dispensed, as the case may be.
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary actions thereon, or allowing such reading to be waived and approving said minutes as previously distributed.
- (4) Election of directors.
- (5) Presentation and consideration of reports of officers, directors, committees, and employees.
- (6) Report of results of director election.
- (7) Unfinished Business.
- (8) New business.
- (9) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may, from time to time, establish a different order of business for the purpose of assuring the earlier consideration of action upon any item of business, the transaction of which is necessary or desirable in advance of any other item of business, provided, that no business other than adjournment of the meeting to

another time and place may be transacted until and unless the existence of a quorum is first established.

ARTICLE III Directors

Section 1. **General Powers.** The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Conversion these Bylaws conferred upon or reserved to the members.

Section 2. **Qualifications.** No person shall be eligible to become or remain a director of the Cooperative who:

- (a) is not a member, or designee of a firm, association, corporation, partnership, body politic or political subdivision member, in good standing and receiving electric service from the Cooperative at his primary residence;
- (b) has not been a member in good standing for at least two (2) years immediately prior to nomination or appointment;
- (c) is in any way employed by or financially interested in a competing enterprise primarily engaged in selling electrical energy or electrical appliances, fixtures, or supplies to the Cooperative; or
- (d) does not have the legal capacity to enter into a binding contract; or
- (e) is an employee of the Cooperative, or has been an employee of the Cooperative within sixty consecutive months immediately preceding their election as a director.

Upon establishment or the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director.

Nothing contained in this section shall effect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Section 3. **Nominations.** It shall be the duty of the Board of Directors to appoint, not less than sixty (60) days nor more than one hundred thirty (130) days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of nine (9) members, with each director to appoint one (1) member from that director's area who shall not be an existing

Cooperative employee, agent, officer, director, or known candidate for director. The committee shall prepare and post at the principal office of the Cooperative at least forty-five (45) days before the meeting a list of nominations for directors which may include a greater number of candidates than are to be elected.

Any fifteen (15) or more members acting together may make other nominations by written petition not less than forty (40) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of the nominations made by the committee is posted.

The Secretary shall be responsible for mailing with the notice of the annual meeting of members a statement of the number of directors to be elected and the names and addresses of the candidates, specifying those nominated by petition.

No member may nominate more than one (1) candidate, however, any member who has served on the nominating committee may still sign a written nomination petition.

Section 4. 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 qualified. Beginning with the first annual meeting of the Cooperative following its conversion held in 1947, the Directors of the Cooperative shall be divided into three (3) classes, each of which shall consist of three (3) directors. The terms of office of the directors of the first class elected at the annual meeting in 1947 shall expire at the next succeeding annual meeting; the terms of office of the directors of the second class elected at the annual meeting in 1947 shall expire at the second succeeding annual meeting; the terms of office of the directors of the third class elected at the annual meeting in 1947 shall expire at the third succeeding annual meeting. At each annual meeting after the annual meeting held in 1947, three (3) directors shall be elected by ballot by and from the members to serve until the third succeeding annual meeting of the members or until their successors shall have been elected and shall have qualified. Directors may be elected by a plurality of the members.

For geographical representation of the areas in which the Cooperative serves, election of directors from areas as designated by county shall be as follows: two (2) directors shall be elected from Cass and Jackson Counties; two

(2) directors shall be elected from Henry, Johnson and Pettis Counties; one (1) director shall be elected from St. Clair and Benton Counties; three (3) directors shall be elected from Bates County; and one (1) director shall be elected from Vernon County. Members shall be entitled to vote in all three (3) directorship ballots, regardless of area of residence of member.

Section 5. **Removal of Directors.**

(a) **By Members.** Any member may bring charges for cause against a director or directors and, by filing with the Secretary such charges in writing, together with a written petition signed by at least ten (10) percentum of the members, may request the removal of such director or directors by reason thereof. Such director or directors shall be informed in writing of the charges by delivering photocopies of the written to present evidence in respect to the charges; and the person or persons bringing the charges shall have the same opportunity. The question of the removal of such director or directors shall be considered and voted upon at the meeting of the members and any vacancies created by such removal may be filled by a vote of the members at such meeting without compliance of the foregoing provisions with respect to nominations.

(b) **By Board of Directors.** The Board of Directors, at its discretion, may remove any director, who during any term as director, does not attend at least seven (7) of any twelve (12) consecutive regular meetings of the Board of Directors.

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 director, except that by resolution of the Board of Directors, from time to time, a fixed sum, and any expenses of attendance may be allowed each director for actual attendance at meetings of the Board. If authorized by the Board, a fixed sum and expenses of attendance maybe allowed for each day required to attend meetings, conferences, or training programs conducted by the Cooperative or related organizations. By resolution of the Board, directors may participate in employee group benefit programs with premiums paid by the Cooperative. 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 such director or close relative shall have been certified by the Board of Directors as an emergency measure.

ARTICLE IV

Meetings of Directors

Section 1. **Regular Meetings.** A regular meeting of the Board of Directors shall be held without notice, immediately after adjournment of the annual meeting of members, or as soon thereafter as conveniently may be held, at such site as designated by the Board. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Butler, Bates 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, provided the President may change the date, time, or place of a regular meeting for good cause upon not less than five (5) days written notice given in accordance with Section 3 of this Article.

Section 2. **Special Meetings.** Special Meetings of the Board of Directors may be called by the President, by any three directors, or by board resolution, and it shall there upon be the duty of the Secretary to cause notice of such meeting to be given as provided in Section 3 of this Article. The President or the directors or the resolution calling the meeting shall fix the time and place which shall be in Bates County, Missouri, unless all directors consent to some other place.

Section 3. **Notice of Directors' Meetings.** Written notice of the time, place and purpose of any special meetings of the Board of Directors shall be delivered to each director not less than five (5) days previous thereto, either personally, by mail, by electronic mail, or by electronic mail and accessible electronically stored information, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the directors at their address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 4. **Quorum.** The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative vote of

the majority of the directors present and voting shall be required for any action to be taken; provided, that a director who disqualifies himself or who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of any action upon that matter, be counted in determining the number of directors in office or present; and provided further, that, if less than a quorum be present at a meeting; a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE V

Officers

Section 1. **Number.** The officers of the Cooperative shall be a President, 1st Vice-President, 2nd Vice-President, Secretary, Treasurer, and such other officers as maybe determined by the Board of Directors 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 five (5) officers named in Section 1 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Directors at the first meeting of the Board held after the annual meeting of members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as convenient. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until the successor shall have been duly elected and shall have qualified, subject to the provision of the Bylaws with respect to the removal of directors and the removal of officers. Any other officers established by the Board shall be filled from among such persons, and with such title, tenure responsibility and authorities as the Board determines from time to time. A vacancy in any office shall be filled by the Board of Directors by election for the unexpired portion of the term.

Section 3. **Removal.** Any officer, agent, or employee elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interest of the Cooperative will thereby be served.

Section 4. **President.** The President shall:

- (a) Be the principal executive officer of the Cooperative, and unless otherwise determined by the Board of Directors, shall preside at all

- meetings of the members and the Board of Directors;
- (b) Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or 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-Presidents. In the absence of the President, or in the event of his inability or refusal to act, the 1st 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 2nd Vice-President shall act in the absence or inability of the President and 1st Vice-President. The Vice-Presidents shall also perform such other duties as from time to time maybe assigned by the Board of Directors.

Section 6. Secretary. The Secretary shall:

- (a) Keep or cause to be kept the minutes of the meeting of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed 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 or as required by law;
- (d) Keep or cause to be kept a register of the names and post office addresses of all members;
- (e) Sign with the President, certificates of membership, the issue of which shall have been authorized by the Board of Directors;
- (f) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) Keep on file at all times a complete copy of the Cooperative's

Articles of Incorporation, Articles of Conversion and Bylaws, together with all amendments the expense of the Cooperative, furnish a copy of such documents and all amendments thereto upon request to any member;

- (h) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 7. **Treasurer.** The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) Receive and give receipts for moneys due and payable to the Cooperative from any sources whatsoever, and deposit or invest all such moneys in the name of the Cooperative in such bank or banks or in such financial institutions or securities or with any related organization as shall be selected in accordance with the provisions of these Bylaws; and
- (c) In general perform all the duties incident to the office of Treasurer and such other duties as from time to time be assigned by the Board of Directors.

Section 8. **Delegation.** Notwithstanding the duties, responsibilities and authorities of the Secretary and Treasurer hereinbefore provided, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular routine administration of, one or more of each such officer's duties to one or more agents, other officers or employees of the Cooperative. To the extent the Board does so delegate that officer as such shall be released from such duties, responsibilities and authorities.

Section 9. **Manager.** The Board of Directors may appoint a manager who may be, but 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 10. **Bonds.** The Board of Directors shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its

discretion may also require any other officers, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The cost of all such bonds shall be borne by the Cooperative.

Section 11. **Indemnification.** The Cooperative shall indemnify and defend present and former directors, officers, agents and employees against liability to the extent that their acts or omissions constituting the grounds 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 actions or non-actions were in the best interest of the Cooperative or not against the best interest of the Cooperative. The Cooperative may purchase insurance to cover the indemnification and defense.

Section 12. **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 VI

Non Profit Operation

Section 1. **Patronage Capital.** The Cooperative shall at all times be operated on a cooperative, non-profit basis for the mutual benefit of all patrons. In the furnishing of electricity, operations shall be conducted so that all patrons, through their patronage will furnish capital for the Cooperative. The Cooperative shall account on a patronage basis to all patrons, for all amounts received 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 as capital. All such amounts in excess of operating costs and expenses shall be credited to the accounts of patrons of the Cooperative each applicable fiscal year according to such method as determined by the Board of Directors. The books and records of the cooperative shall be established and maintained 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 pursuant to a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

Capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative (power supplier capital credits) shall in turn be credited to the accounts of patrons of the Cooperative each applicable fiscal year according to such method as determined by the Board of Directors. Such power supplier capital credits shall be separately identified on the Cooperative's books and records, and the Cooperative shall provide appropriate notification to patrons with respect to the power supply portion of capital credit to their accounts. These power supplier capital credits may not be actually retired by payment in full or in part until actually paid by the Cooperative's power supplier, if the Board of Directors determines that the financial condition of the Cooperative will not be impaired thereby. Said retirement may be performed separate from the retirement of Cooperative capital credits, or included in a general retirement of capital credits.

All other amounts received by the Cooperative other than from its electricity operations and power supplier capital credits which are 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 part of the capital credit to the accounts of patrons as hereinbefore provided.

No interest or dividend shall be paid or payable by the Cooperative on any capital furnished by its patrons. Capital credits cannot be assigned or transferred.

Section 2. **Retirement.** If, at any time prior to dissolution or liquidation, the Board of Directors determines that the financial condition of the Cooperative will not be impaired thereby, capital previously credited to patrons' accounts may be actually retired by payment in full or in part. The Board of Directors, acting under policies of general application, shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Section 3. **Accelerated Retirement.** 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 representatives of his estate shall request in writing, or upon the termination of existence of any patron not a natural person, if the legal representatives terminating the existence shall request in writing, that the capital credited to such patron be retired prior to such time capital would otherwise be retired under the provisions of these Bylaws, to retire capital credit 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.

Section 4. **Dissolution or Liquidation.** In the event of dissolution or liquidation, after all outstanding indebtedness and liabilities 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. After patronage retirement, the remaining profit and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven (7) years next preceding the date of the filing of the certificate of dissolution.

Section 5. **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, or upon the Cooperative's website. 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 of the Cooperative, to be included in the fiscal year in which the 60 day after published notice falls.

ARTICLE VII

Disposition of Property

Section 1. **Disposition.** The Cooperative may not sell, mortgage, lease, lease sale, exchange, or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease, lease sale, exchange or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/ 3) of all of 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 or encumbrance 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 immediately notify the membership of such action, the Board shall first cause three (3) independent appraisers, expert 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, determines 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 the reports of the three (3) appraisers.

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.

Section 2. **Merger, Consolidation.** The foregoing provisions of Section 1 shall not apply to a sale, mortgage, lease, lease sale, exchange, or other disposition or encumbrance to one or more other rural electric cooperative corporations if the substantive effect thereof is to merge or consolidate with such other rural electric cooperative corporation or corporations.

Section 3. **Security.** 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 deed or deeds of trust upon, pledging, or encumbering any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, 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 any bank or other financial institution or organization.

ARTICLE VIII

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.** All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, 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 of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial institutions or securities or with any related organizations as shall be selected in accordance with the provisions of these Bylaws.

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 31st day of December of the same year.

ARTICLE IX Miscellaneous

Section 1. **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 2. **Duties of Members.** It shall be the duty of all members of the Osage Valley Electric Cooperative Association, upon written request by the Secretary of the Board of Directors, made pursuant to directions by the Board of Directors to grant to the Osage Valley Electric Cooperative Association a right-of-way, over, upon, and across the land or lands of the members so requested to grant right-of-way, in order that the Cooperative may construct and maintain additional distribution line or lines to render electric service to any applicant or applicants for membership and electric service, who cannot be conveniently and economically provided with electric service in any other manner, except by constructing additional line or lines over, upon and across the land or lands of any member so requested to grant right-of-way. The members shall grant such request without cost, and failure to grant such right-of-way when so requested within a reasonable time after the request, or a refusal to grant right-of-way when so requested shall subject any member so failing or refusing to be expelled from membership in the Cooperative in the manner provided by these Bylaws.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all central station 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 electric energy that the Cooperative shall be

required to furnish to any one member. 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 3. **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, responsible for any debts or liabilities of the Cooperative.

Section 4. **Rules, Regulations, and Policies.** The Board of Directors shall have power to make and adopt such rules, regulations and policies as are 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 from time to time. By dealing with the Cooperative, all patrons acknowledge that the terms and provisions of the Articles of Conversion, the Bylaws, and the rules, regulations and policies 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.

Section 5. **Accounting Systems and Reports.** The Board of Directors shall cause to be established and maintain a complete accounting system, and shall cause to be made by a certified public accountant a full and complete annual audit of the accounts, books, and financial condition of the Cooperative. Such audit shall be the basis for officers' reports to the members at the next following annual meeting.

Section 6. **Robert's Rules of Order.** Parliamentary procedure at all meetings of the members or of the Board of Directors, or of any committee provided for in these Bylaws or of any other committee the Board of Directors from time to time establishes shall be governed by the abridged version of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Conversion or Bylaws. These rules of order shall not pertain to any notices required by these Bylaws. Any objection to the procedure by which any action is proposed or taken shall be waived if not made prior to the vote upon any such action. Any failure to comply with the abridged version of

Robert's Rules of Order shall not invalidate any action taken at any meeting of the members, of the Board of Directors, or of any committee.

Section 7. **Seal.** The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed therein the name of the Cooperative and the words "Corporate Seal of Missouri."

Section 8. **Employment of Directors.** No director or former director of the cooperative shall be hired as an employee of the cooperative for a minimum of five consecutive years following the conclusion of the director's service as a director.

ARTICLE X

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.