

*Bylaws of
Laclede Electric Cooperative
As amended to August 26, 2016*

BYLAWS OF LACLEDE ELECTRIC COOPERATIVE

ARTICLE I

MEMBERSHIP

SECTION 1. (a) REQUIREMENTS FOR CLASS 1 MEMBERSHIP. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in Laclede Electric Cooperative (hereinafter called the "Cooperative") by:

- (1) executing a written application for Cooperative membership and contract for electric service;
- (2) agreeing to purchase from the Cooperative electric energy or electric energy services 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) REQUIREMENTS FOR CLASS 2 MEMBERSHIP. Any person, firm, association, corporation or body politic or subdivision thereof may become a Class 2 member of Laclede Electric Cooperative (hereinafter called the "Cooperative"), by becoming a customer of a corporate subsidiary which is wholly-owned by the Cooperative and to which the Cooperative furnishes electric energy, and (1) making a written application for membership in the Cooperative; and (2) agreeing to comply with and be bound by the Articles of Incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors of the Cooperative. Class 2 members shall have the right to receive capital credits earned by the wholly-owned subsidiary, after municipal franchise or gross receipts taxes, income taxes, if any, paid by the subsidiary have been off-set against such capital credits.

SECTION 1. (c) No person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until accepted for membership by the Board of Directors. No Class 1 member may hold more than one Class 1 membership in the Cooperative. In the event a person, firm,

association, corporation or body politic or subdivision thereof has both a Class 1 and Class 2 membership, he or it shall be considered to have a single membership for purposes of all voting and notification rights set forth in these bylaws. No membership in the Cooperative shall be transferrable, except as provided in these bylaws. Any subsequent reference in these bylaws to "members" or "membership" shall include both Class 1 and Class 2 members. Any subsequent reference in these bylaws to "Cooperative" shall also include any wholly-owned subsidiary of the Cooperative.

At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all applications received more than ninety (90) 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 hereinabove set forth, any such application may be accepted by vote of the members. The Secretary shall give each such applicant at least ten (10) 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. Two persons who are joined in a lawful marriage relationship recognized by the State of Missouri 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 married couple 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 have the effect of constituting a joint waiver notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver or 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) 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 Incorporation, bylaws, and rules and regulations adopted by the Board of Directors. The records of the Cooperative shall be changed in such a manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The records of the Cooperative shall be changed in such a manner as to indicate the changed membership status, provided that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 4. MEMBERSHIP FEE. The membership fee shall be Twenty Dollars (\$20). In addition to the membership fee the Directors shall have the right to require, at its discretion, that the member, or any of the members shall deposit with the Cooperative an additional amount for each service connection as a guarantee of payment of service charges.

SECTION 5. PURCHASE OF ELECTRIC ENERGY AND SERVICES. Each member shall purchase from the Cooperative all electric energy purchased for use on the premises specified in his/her application for membership, and shall pay thereafter 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, 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 and electric services in excess of the cost of

service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount per month 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/her 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, rules or 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 (10) days after such notice was given. 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 if a member who has ceased to purchase energy from the Cooperative, shall be canceled 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 a 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 that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative, and provided that any membership fee which has been paid, in whole or in any part, by the application of capital credited to the

account of a nonmember patron as provided in these bylaws, shall be repaid to the member only in accordance with the provisions of these bylaws with respect to the retirement of patronage capital.

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 members during the seven (7) years next preceding the date of filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its 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

MEETING OF MEMBERS

SECTION 1 .ANNUAL MEETING. The Annual Meeting of Members shall be held at such time between June 1 and October 31 of each year, and at such place in the area served by the Cooperative as the Board of Directors shall by resolution designate, 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 resolution of the Board of Directors, or upon a written request signed by any three 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, specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBERS' MEETINGS.

Written or printed notice stating 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 percent (2%) of the first 2,000 members and one percent (1%) of the remaining members present in person or participating by submission of a mail ballot, electronic ballot or other form of absentee ballot for the election of directors under the procedures established by resolution of the Board of Directors 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. 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 Incorporation or these bylaws.

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:

1. Report as to which members are 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 of 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. Election of directors.
5. Presentation and consideration of reports of officers, directors, and committees.
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 (9) directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. VOTING DISTRICTS. The territory served by the Cooperative shall be divided into three (3) districts for the purpose of properly distributing its directors over the area in which its members reside. Each district shall be represented by three (3) directors. The three (3) districts shall be as follows:

Please refer to map on page #16.

Not less than sixty (60) days before the meeting of the members at which directors are to be elected, the Board of Directors shall review the composition of the several districts, and if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the Board of Directors shall reconstitute the districts.

SECTION 3. ELECTION AND TENURE OF OFFICE. There shall be one (1) director elected by ballot from each district to serve until the third succeeding annual meeting of the members or until their successors shall have been elected and shall have qualified. Each

member of the Cooperative shall be entitled to vote for one (1) candidate from each district. The candidate from each district receiving the highest number of votes shall be considered elected as director. Ballots for the election of directors may be submitted by mail, electronic ballot, absentee ballot, or any combination thereof, under procedures established by the Board of Directors and announced with the notice of annual meeting. The procedures may be reasonably adjusted from year to year, but once established and used the additional method(s) of voting shall not be eliminated without membership resolution directing such action.

SECTION 4. QUALIFICATIONS. All directors and director candidates must be eligible to serve in compliance with this bylaw.

A. General Qualifications. To become or remain a director, a person must:

1. Be an individual; and
2. Have the capacity to enter legally binding contracts; and
3. Not, while a director and during the five (5) years immediately prior to becoming a director, be nor have been, convicted of a felony or have pled guilty to a felony; and
4. Unless excused for a good cause by the Board, attend at least two-thirds (2/3) of all regular Board meetings during any twelve (12) month period.

B. Membership Qualifications. To become or remain a director, a person must:

1. Be a member in good standing by virtue of individual or joint membership at his or her primary residence; and
2. Permanently occupy and continuously and materially use the Cooperative's electric energy and service at his or her principal place of abode at a location within the director district from which the director is elected or appointed.

C. Conflict of Interest Qualifications. To become or remain a director, a person must satisfy the following conflict of interest qualifications by not being:

1. A close relative of any existing Director; nor

2. An employee, or a past employee, within five (5) years preceding the date of election, or a close relative of an existing or ineligible employee; nor
 3. Employed by, or materially affiliated with, nor sharing a material financial interest with, any other director; nor
 4. Engaged in any business, nor employed by, materially affiliated with, nor having a material financial interest in any individual or entity, that regularly, directly, or substantially competes with the Cooperative or any entity in which the Cooperative owns a substantial interest; or that regularly sells goods or services to the Cooperative or a Cooperative subsidiary in a material amount; or that possesses any other substantial and recognizable conflict of interest with the Cooperative or a Cooperative subsidiary;
- For the purpose of this section a "close relative" is defined as a person who by blood or marriage is either a spouse, child, stepchild, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece.

D. Director Disqualification: Only individuals complying with or meeting all of the General Qualifications, Membership Qualifications, and Conflict of Interest Qualifications (collectively "Director Qualifications") may become or remain a director. 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.

SECTION 5. NOMINATIONS. It shall be the duty of the Board of Directors to appoint a Committee on Nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from each of the districts of the project area 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 geographical representation, shall prepare and post at the principle office of the Cooperative at least sixty (60) days before the meeting a list of nominations for directors, but 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 the Committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least seven (7) 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. The names shall be arranged by districts and shall specify separately the nominations made by the Committee on Nominations and also the nominations made by petition, if any. No member may nominate more than one candidate.

The Committee on Nominations shall nominate at least two (2) persons from each district in which a director is to be elected.

SECTION 6. 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 cent-um 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 time 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 provided that the new director must reside in the same district as the director in respect of whom the vacancy occurs.

SECTION 7. 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, provided that the new director must reside in the same district as the director in respect to whom the vacancy occurs.

SECTION 8. COMPENSATION. Directors shall not receive a salary for their services as directors, except that by resolution of the Board of Directors a fixed sum and expense of attendance, if any, may be allowed for

attendance at each meeting of 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 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

MEETING 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 the Cooperative's service area as the Board of Directors may provide by resolution. Such regular monthly meetings 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 (3) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the directors calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. NOTICE OF DIRECTORS' MEETINGS. Actual 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, electronic mail, facsimile transmission, or other means, by or at the direction of the Secretary, or upon default by the Secretary, by the President, or the directors calling the 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 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 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 (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 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 principle 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, 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 there of 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 to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and 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) Having charge and custody of all funds and securities of the Cooperative; and
- (b) The receipt and issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) The general performance of all 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. 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 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 officer, agent or employee of the Cooperative to give bond 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 directors and close relatives 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. DELEGATION OF SECRETARY AND TREASURER RESPONSIBILITIES. Notwithstanding the duties, responsibilities and authorities of the Secretary and the Treasurer hereinabove provided, the Board of Directors by resolution may, except as otherwise limited by law, delegate the responsibility, authority, and administrative duties in whole or in part to one or more of the agents, other officers, or employees of the Cooperative who are not directors.

To the extent that the Board does so delegate with respect to any officer, that officer as such shall be released from such duties, responsibilities and authorities.

ARTICLE VII

DISPOSITION OF REVENUES AND RECEIPTS

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, members and nonmembers alike, 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 patronage basis to all its patrons, members and nonmembers alike, 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, members and nonmembers alike, 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 of capital.

All other amounts received by the Cooperative, from its operations in excess of costs of expenses shall, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year; and 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 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. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being the first retired.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise. In the event that a nonmember patron shall elect to become a member of the Cooperative the capital credited to the account of such nonmember patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such nonmember patron.

Notwithstanding any other provisions of the bylaws the Board of Directors, at its discretion shall have the power at any time for current members, or upon the death of any patron, to retire capital credited to any such patron upon such terms and conditions as the Board of Directors acting under policies of general application shall direct; provided 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 shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's Office.

SECTION 3. PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES. In the

event that the Cooperative should engage in the business of furnishing, to the membership as a whole, goods or services other than electric energy or energy services, all amounts received and receivable there from which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis for each line of business, and returned to those members from whom such amounts are obtained.

SECTION 4. UNCLAIMED MONIES.

Notwithstanding any provisions herein contained to the contrary, any member or former member or other customer who fails to claim any capital credits, patronage refunds, utility deposits, membership fees, or account balances within two 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 two or more years after availability of such monies, the Cooperative shall give 60 days' notice in a newspaper of general circulation, published in the County of the last known address of the member, former member or customer. Such notice shall contain the owner's name, approximate amount and type of owner's interest, and that if not duly claimed within 60 days of said notice, the same shall be deemed assigned and donated to the Cooperative. If no provable claim shall have been filed within 60 days after the one time publication of such notice, 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 general income of the Cooperative, includable in the fiscal year in which the 60th day falls after the published notice.

ARTICLE VIII

DISPOSITION OF PROPERTY

SECTION 1. 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 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 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 open, 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 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.

SECTION 2. TRANSFER TO SUBSIDIARY. The Board may transfer title to portions of the Cooperative's property and assets from time to time to wholly-owned subsidiary corporations when, in the judgment of the Board, such transfers are necessary, appropriate, or convenient to protect Cooperative 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 1 of this Article.

SECTION 3. DISPOSITION OF PROPERTY. Laclede Electric Cooperative, Inc. shall evaluate and respond to proposals to purchase a substantial part of the assets of the Cooperative in accordance with the following provisions:

A. Basic Principles:

In receiving, evaluating and acting on proposals to sell or transfer a substantial part of the assets of the Cooperative, the following fundamental principles shall be applied by the Board of Directors:

1. The Cooperative is a viable cooperative enterprise performing well and beneficially providing the services for which it was organized to its members. The Cooperative is best situated to provide those services and any transfer of a substantial part of the assets will have to insure that such services are reasonably provided in the area served by the Cooperative in the future.
2. In evaluating a proposal to acquire a substantial part of the assets of the Cooperative, the Board should determine, in the exercise of its best business judgment, whether their proposal is in the best interest of the Cooperative's members, past, present, and future. In making this judgment, the Board should consider not only economic matters such as value of assets and rates, but also the value of the Cooperative as an institution and a way of doing business. Such consideration should be made not merely in light of the current situation, but also with due regard for the reasonably

foreseeable future circumstances.

3. The Cooperative has always been operated as a nonprofit, mutual benefit organization whose cardinal purpose is to provide its members with adequate and reliable electric service on an area coverage basis at the lowest cost consistent with sound business principles. All revenues received by the Cooperative in excess of its costs and expense are tax exempt and are allocated to its consumers on a patronage basis as capital credited to the accounts of the consumers. Those capital credits are retired to the consumers in accordance with the Bylaws and policies of the Cooperative.
4. The uniqueness of the Cooperative way of doing business is not limited to the economic facts of absence of profit at the corporate level and the allocation of patronage among the consumers. It is also important that a Cooperative is a participatory democracy. Its members ultimately govern the Cooperative by electing its Board and amending its Bylaws. This identity of consumer and ownership is an integral aspect of the Cooperative objective of furnishing the best service at the lowest cost consistent with the sound business principles on a non-profit basis.
5. The Cooperative is not merely engaged in the business of supplying retail electric energy. Because of its membership aspects, it is a socioeconomic institution with ongoing community involvement and concerns. The Cooperative exists not merely for the benefits of its present members and community, but also for the benefit of future members and the ever-changing community served by the Cooperative.
6. The Cooperative was not organized and is not operated for the purpose of increasing its market value with a view concerning of converting its assets into profits by means of a sale or other disposal. Rather, it exists to serve its community on a cooperative basis as described above.
7. Acquisition of a substantial portion of the Cooperative's assets by any organization other than another electric cooperative will necessarily mean that the Cooperative form of business will end. Under Missouri Law, a cooperative cannot be acquired by an investor owned utility and continued as a Cooperative. Rather, such an acquisition would cause the Cooperative to cease its legal existence as an institution and convert the operation of the

Cooperative's facilities to operation as an investor owned utility subject to regulation by the Missouri Public Service Commission. A PSC regulated investor owned utility is not owned or governed by its consumers.

It is primarily an outlet for capital, predominantly owned by absentee stockholders whose cardinal purpose is to render utility service at rates designed to earn the greatest profits at the least capital risk as will be permitted by the Public Service Commission. In addition, the investor owned utility will have no interest and under current Public Service Commission rules would not be permitted to engage in many of the economic and community development programs that the Cooperative can make available to the community it serves.

B. Applicable Standards:

In receiving, evaluating and acting upon a proposal to sell or transfer a substantial part of the assets of the Cooperative, the following standards or criteria shall apply in addition to any other requirements set by the Board in response to a specific proposal:

1. Any proposal must be submitted to the Board for its review and evaluation and not directly to the members of the Cooperative without Board recommendation.
2. Any proposal must be in a form which would not cause the Cooperative to be in violation of any of its obligations under any state or federal law, financing agreement or mortgage, or power supply agreement.
3. The proposed sale must be in the best interests of the members of the Cooperative, in the good faith opinion of the Board exercising its best business judgment, before it will be recommended by the Board and submitted to a vote of the membership. In making this judgment, the Board shall consider all of the basic principles outlined above. These judgments shall be made with regard to the then present circumstances and those of the reasonably foreseeable future.
4. Rates and other fees and charges, service rules and regulations of the acquiring entity, must adequately serve the best interest of the consumers subject to the transfer.

5. The acquiring entity's electric service must be at least as reliable as that provided by the Cooperative at the time of the proposal and as projected into the reasonably foreseeable future.
6. Other service functions affecting consumers must be at least as good as those afforded by the Cooperative.
7. Adverse tax impact upon the Cooperative as corporate entity and its present and former members shall be minimized to the extent practicable.
8. The proposal must provide for appropriate treatment of employees of the Cooperative in light of the Cooperative ceasing business at least as to the transfer of property.
9. The proposal must provide that the total consideration to be paid in consideration for the transfer of the Cooperative's assets will be paid directly to the Cooperative or on its account provided however, that a proposal of merger may provide for acquisition of stock by its members in exchange for their patronage allocations and membership. Any proposal to acquire the Cooperative which is accompanied by an independent offer to pay directly to the members an additional dollar amount shall be summarily rejected.
10. The Board shall consider whether the acquiring entity is financially and otherwise able to consummate the proposal to acquire the assets from the Cooperative.
11. The Board shall consider whether a possible merger or consolidation with one or more electric cooperatives might be preferred to the proposed acquisition of the Cooperative assets by another entity. The Board shall also consider whether the beneficial effects of the transfer can be obtained by some other arrangement such as a contractual agreement, territorial agreement, or other arrangement.
12. The Board shall not rely solely upon the standard criteria for evaluating proposals for acquisitions of assets of entities of the type different than rural electric cooperatives. Recognition must be given to the unique nature and institution of the Cooperative way of doing business and what the impact of its

termination will be upon the Cooperative members.

C. Rules and Procedures:

In receiving, evaluating, and acting upon a proposal for the sale or transfer of a substantial part of the Cooperative's assets, the following rules and procedures shall be followed unless that some exception not required by the Bylaws or the law is required by extenuating circumstances:

1. Only proposals submitted to the Board for its recommendation shall be acted upon by the Board or the members.
2. In order for a proposal to be officially evaluated and acted upon by the Board, it must be a written firm offer, binding upon the entity seeking to acquire assets from the Cooperative until a specified date or until rejected, executed by the appropriate officers of the acquiring entity. Such proposal must contain at least the following information:
 - (a) Comprehensive coverage of all substantive aspects of the offer which, if legally accepted by the association, would ripen into an enforceable contract;
 - (b) The names, addresses, and telephone numbers of the persons representing the maker of the proposal, with whom the Board may communicate and from whom it may secure authoritative answers and decisions relating to the proposal;
 - (c) The specific date on which the proposal will expire if not accepted by the association.
3. Upon receipt of such a proposal, the Board shall first determine whether it meets the following qualifications:
 - (a) It is in compliance with Paragraph HI C (2) above;
 - (b) It is not in conflict with this policy, and;
 - (c) The maker appears fully capable of performing its obligations under the proposal.

If the proposal does not meet any one of these

qualifications, it shall be summarily rejected by the Board. If the proposal meets all three, the Board shall promptly:

- (1) Submit the proposal for review by the Cooperative's general counsel and request from the general counsel its opinion as to whether such proposal meets the requirements of the Bylaws and this policy to be considered a bona fide proposal to acquire a substantial portion of the assets of the Cooperative, whether such proposal is legally binding upon the offer or upon acceptance by the Cooperative, a summary of the obligations of the offer or and the Cooperative under the proposal, an analysis of the legal effect the proposed transfer upon affected members of the Cooperative, and an outline of the regulatory and contractual permissions which the Cooperative and the offering entity must obtain prior to consummating the transaction.
 - (2) Forward a copy of the proposal to Associated Electric Cooperative and to Sho-Me Power Electric Cooperative and request from each a statement as to the effect of the proposal upon the all requirements contracts between Associated and Sho-Me Power Electric Cooperative and between Sho-Me Power Electric Cooperative and Laclede Electric Cooperative.
 - (3) Forward a copy of the proposal to all other Cooperatives who are members of Sho-Me Power Electric Cooperative advising them of receipt of the offer and consideration of it by the Board.
 - (4) Undertake a complete evaluation of the proposal with due regard to the provisions of this policy. The Board shall consider the types and sources of information and opinions as is in its sole business judgment shall be determined to be appropriate but shall have the final authority and responsibility to make the determination of whether acceptance of the proposal is in the best interests of the Cooperative and its members. The Board may appoint a delegation on behalf of the Cooperative to negotiate with the offer or over particular issues and questions and to obtain whatever information the Board determines will be helpful or convenient to making its decision.
4. If the Board determines that the proposal is in the

best interests of the Cooperative and its membership, past, present, and future, as evaluated under this policy, it shall offer the same sale or transfer to any other electric cooperative corporately sited and operating in Missouri, giving first right of refusal to each electric cooperative in the Sho-Me Power Electric Cooperative group. Such opportunity shall be in the form of written notice to such electric cooperatives which notice shall be attached to a copy of the original proposal which the Cooperative has received from the offer or. Such electric cooperative shall be given not less than 30 days during which to submit competing proposals and the actual minimum time period within which such proposals are to be submitted to the Board shall be stated in the written notice at the time given.

5. If the Board then determines that the favorable consideration should be given to the initial or any subsequent proposal, the Board shall then make arrangements to submit the proposal to the membership at a special or annual meeting of the membership.

Sixty (60) days prior to calling the meeting of the membership, the Cooperative shall mail to the members of the Cooperative notice of its receipt of the proposal for the sale or transfer of a substantial portion of the Cooperative's assets and the intention of the Board of Directors to recommend acceptance of the proposal at the meeting of the membership to be called for that purpose. (The meeting of the members if the time period so permits, may be the regular meeting of the members for that calendar year or may be a special meeting of the members).
6. After the expiration of the sixty (60) days the Board shall call a meeting of the membership to be held not less than ten (10) nor more than twenty-five (25) days after the giving of notice of the meeting to the membership.
7. The Board of Directors shall make available to the membership such information communicated in such fashion as the Board deems appropriate explaining and evaluating the proposal and the Board's reasons for approving the same.
8. All communications with the members concerning the proposal to be communicated to the members by mail, shall solely be done by the Cooperative. The Cooperative shall not make available any list of the names and addresses of the members to any person or entity for the

purpose of mailing information to members regarding the proposal to be submitted and recommended by the Board at the membership meeting called to consider such proposals.

9. If the Board determines the proposal should be rejected, it shall promptly notify the offer or. The Board shall also notify the members of the proposal made and the fact that the proposal has been rejected by the Board. The Board may, but is not by this policy required to give the reasons for not submitting the proposal to a vote of the membership. The Board may appoint a delegation to meet the offer or to explore other possibilities of concerted activity including territorial agreements and other contractual relationships that would not be violative of the Cooperative's existing legal obligations or inconsistent with the Cooperative fulfilling its mission as set forth in this policy.

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 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 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 the same year.

ARTICLE XI

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. RULES AND REGULATIONS. The Board of Directors shall have power to make and adopt such 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 3. ACCOUNTING SYSTEM & 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, rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Cooperative's principal mortgage lenders. The Board of Directors shall also 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. The results of such audit shall be reported to the members at the next following annual meeting.

SECTION 4. 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, suitor proceeding, whether civil, criminal, administrative, by reason of the fact that he or she 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 XI

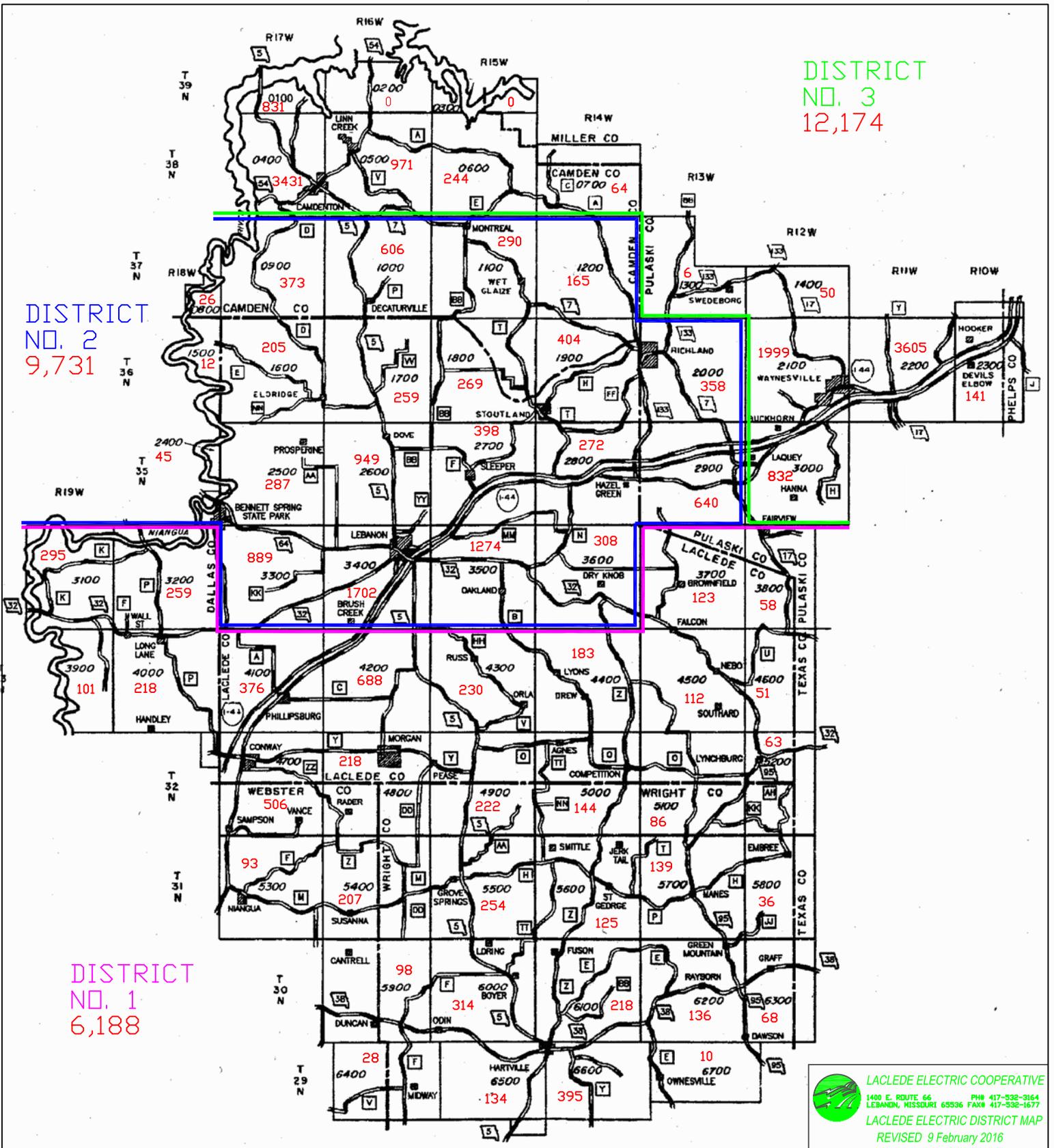
AMENDMENTS

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.

DISTRICT
NO. 3
12,174

DISTRICT
NO. 2
9,731

DISTRICT
NO. 1
6,188



 LACLEDE ELECTRIC COOPERATIVE
1400 E. ROUTE 66 PH# 417-532-3164
LEBANON, MISSOURI 65536 FAX# 417-532-1677
LACLEDE ELECTRIC DISTRICT MAP
REVISED 9 February 2016