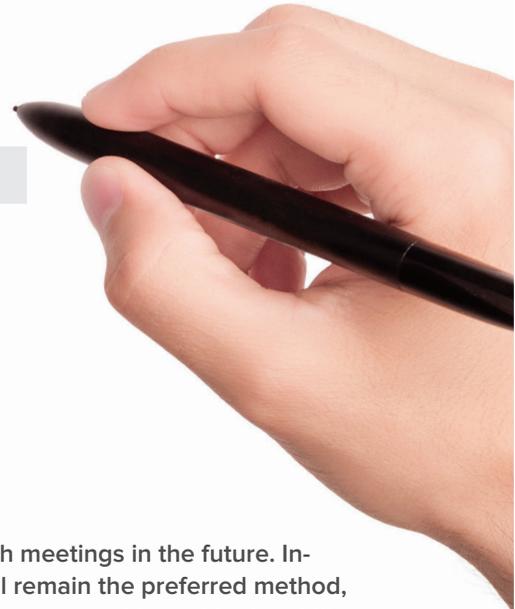


# PIIONEER MEMBERS TO VOTE ON CODE CHANGES



The Pioneer Board of Trustees is recommending the Pioneer Electric membership adopt several changes to the co-op's Code of Regulations and one amendment to the Articles of Incorporation. Four of the proposals were first submitted for action at the 2020 annual meeting but could not be acted upon because Ohio's pandemic state of emergency prohibited an in-person meeting. The other three proposals are new. All fall into one of three categories: the board, meetings, or capital credits. The amendment to the Articles of Incorporation would remove the in-person requirement and permit future voting methods on Code of Regulations changes to be determined by the board. This is consistent with Pioneer's election method which includes mail and online voting.

In the code, additional qualifications for eligibility to serve on the board would prohibit any member from serving if guilty of a criminal offense and would prohibit close relatives from serving on the Pioneer board at the same time. There is new language proposed regarding the removal of a trustee from the Pioneer board, as well as clarification regarding vacancies on the board. The new provisions would be consistent with current Ohio business philosophies and legal considerations.

Several sections of the Code of Regulations would be updated to allow for virtual meetings. The governor's state of emergency declaration took precedence over Pioneer's provisions for an in-person annual meeting, board meetings, and special meetings and enabled the co-op to move to an electronic format for such business at times during 2020. However, legal counsel agrees that the governing document of the co-op should address

the potential for such meetings in the future. In-person meetings will remain the preferred method, but the language changes would provide the ability to consider alternatives if deemed necessary.

Two proposed changes would simplify capital credit retirements. There is currently no provision for retiring capital credits accumulated in the name of a partnership, business, or corporation if the business is dissolved. Under the change, those capital credits could be refunded to the partners, owners, or stockholders of such a business. The final proposal addresses an issue in our present retirement of capital credits to the estates of deceased members. Upon hearing concerns of our members or their heirs as well as from attorneys, we have been looking for a means to simplify some of these retirements. The proposal would permit members to designate in advance beneficiaries to whom any remaining capital credits would be retired if the member should pass away.

Members are encouraged to approve or deny the code of regulation changes in conjunction with the 2021 annual meeting.

Changes to the Code of Regulations are highlighted in red throughout the next several pages.

## ARTICLE I | MEMBERSHIP

SECTION 1. Requirements for Membership. Any person whether a natural person or a firm, association, corporation, partnership, body politic or subdivision thereof, will become a member of Pioneer Rural Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that such person has first:

(a) Made an application for membership therein; (b) Agreed to purchase from the Cooperative electric power and/or energy as hereinafter specified; (c) Agreed to comply with and be bound by the Articles of Incorporation and Code of Regulations of the Cooperative and any rules and regulations adopted by the Board of Trustees of the Cooperative (hereinafter sometimes called the “Board”).

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in this Code of Regulations.

SECTION 2. Joint Membership. Individuals 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 the Code of Regulations shall include individuals holding a joint membership and all provisions relating to the rights and liabilities of membership shall apply equally 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 any or all shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting; (b) The vote of any one separately or all jointly shall constitute one joint vote; (c) A waiver of notice signed by any or all shall constitute a joint waiver; (d) Notice to any shall constitute notice to all; (e) Expulsion of any shall terminate the joint membership; (f) Withdrawal of any shall terminate the joint membership; and (g) Any one, but not more than one, may be elected or appointed as an officer or Board member, provided that all meet the qualification for such office; (h) Payment of capital credits to any shall constitute payment to all.

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 the other individuals to be included as parties to the joint membership to comply with the Articles of Incorporation, Code of Regulations and rules and regulations adopted by the Board. Upon the death of any individual who is a party to the joint membership, such membership shall be held solely by the survivors provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 4. Joint Ownership with Rights of Survivorship. Married persons in a legally recognized documented relationship may apply for a Joint Membership with Rights of Survivorship, 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 the Code of Regulations shall include individuals holding a joint membership with rights of survivorship and all provisions relating to the rights and liabilities of membership shall apply equally to the holders as a joint membership with rights of survivorship. 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 with rights of survivorship shall be as follows:

(a) The presence at a meeting of any or all shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting; (b) The vote of any one separately or all jointly shall constitute one joint vote; (c) A waiver of notice signed by either spouse shall constitute a joint waiver; (d) Notice to either spouse shall constitute notice to both; (e) Expulsion of any shall terminate the joint membership with rights of survivorship; (f) Withdrawal of either spouse shall terminate the joint membership with rights of survivorship; (g) Either one may be elected or appointed as an officer or a Board member, provided that both meet the qualifications for such office; (h) Payment of capital credits to either spouse shall constitute payment to all; (i) Upon the death of the first joint member with rights of survivorship, the membership shall be held solely by the survivor; and (j) Any accrued but unpaid capital credits shall be assigned to the surviving spouse and shall be paid to the surviving spouse in the same manner as if he or she owned the membership originally as a sole member.

SECTION 5. Payable on Death – Designation of Beneficiary. Any individual or joint member may designate “Payable on Death” beneficiaries, upon an approved form provided by the cooperative, to claim capital credits on said patron’s account upon his or her death. Said beneficiary or beneficiaries, as the case may be, may request that the capital credits they are entitled be retired immediately upon such terms and conditions as the Board, acting under policies of general application shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired by said action. If the beneficiary or beneficiaries fail to request the immediate retirement of capital credits, said credits shall be paid to the beneficiary or beneficiaries as retired by the Cooperative. No designated beneficiary or beneficiaries shall have any membership privileges except the right to receive capital credits as retired by the board.

SECTION 56. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in the application of membership, and shall pay therefore at

rates which shall from time to time be fixed by the Board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric power and/or energy in excess of the cost of service are furnished by the patrons of the Cooperative, whether members or non-members, as capital and each patron shall be credited with the capital so furnished as provided in this Code of Regulations. Each patron shall pay all amounts owed by him or her to the Cooperative as and when the same shall become due and payable.

SECTION 67. Termination of Membership. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, this Code of Regulations, or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him or her liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him or her, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board.

SECTION 78. Service to all Persons within the Cooperative's Service Area. The Cooperative shall extend electric service to all persons, whether members or non-members, within the Cooperative's service area who (i) desire such service and (ii) meet all requirements established by the Cooperative as a condition of such service. Conditions for service shall be set forth in the rules and regulations of the Cooperative. All such rules and regulations shall be just, reasonable and not unreasonably discriminatory or preferential. No discrimination or preference shall be made between members and non-member patrons of the Cooperative with respect to rates or terms or conditions of service. As used in the Code of Regulations, the term "service area" shall mean the territory as certified by the Public Utilities Commission of Ohio wherein the Cooperative supplies electric power and/or energy or maintains electric

facilities as well as all areas adjacent thereto which are unserved by any other supplier of electric energy, and all areas which are closer to the electric distribution facilities of the Cooperative than to the electric distribution facilities of any other electric supplier.

#### ARTICLE III | MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held ~~after the month of January in each year beginning with the year 1971 at such place in person, or by video teleconference, or by other electronic means each year~~ within the service area of the Cooperative at a place, date, and time to be fixed annually by the Board of Trustees, which day ~~as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members reporting on election results,~~ passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. ~~It shall be the responsibility of the Board to make adequate 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. In the event that such annual meeting is not held, for any reason, a special meeting in lieu thereof shall be called and held as soon thereafter as convenient, and any business transactions or elections held at such meeting shall be as valid as if transacted or held at the annual meeting.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Board members, by the Chair, or by ten 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 person, or by video teleconference, or by other electronic means~~ within the service area of the Cooperative ~~as~~ designated by the Board.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called shall be delivered not less than ten days nor more than twenty-five days before the day 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. Notice of adjournment of a members' meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

SECTION 4. Quorum. The members entitled to vote present in person or represented by proxy at any meeting of the members shall constitute a quorum.

SECTION 5. Voting. Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy except as otherwise provided by law, the Articles of Incorporation or this Code of Regulations.

SECTION 6. Proxies. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No member shall vote as proxy for more than three (3) members at any meeting of the members. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him or her and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed. In case of a joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed. No person other than a member shall vote a proxy.

SECTION 7. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
2. Presentation of unapproved minutes of previous meeting of the members and the taking of necessary action thereon.
3. Presentation and consideration of reports of officers, Board members and committees.

4. Election of Board members.
5. Unfinished business.
6. New business.
7. Adjournment.

#### ARTICLE IV | BOARD OF TRUSTEES

SECTION 1. General Powers. The entire business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or this Code of Regulations conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. The Board shall divide the service area of the Cooperative into three (3) districts, designated as the Miami Rural Electric Cooperative, Shelby Rural Electric Cooperative, and the Champaign Rural Electric Cooperative, so that equitable representation may be given to the geographic areas served by the Cooperative. The Board shall have the power to change the boundaries of such districts whenever in their opinion the purpose of this Section requires such a change. Each district shall be represented by three Board members. One Board member from each district shall be elected each year by secret ballot at the annual meeting of the members, or at any meeting held in lieu thereof as hereinbefore provided, by and from the members to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of Board members. Board members may be elected by a plurality vote of the members voting thereon pursuant to such rules and procedures as established by the Board of Trustees. No more than one Board member from the same geographical area, as provided in Section 4, shall serve at the same time, ~~unless said Board members were serving as such on April 25, 1987.~~

SECTION 3. Qualifications. No person shall be eligible to become or remain a member of the Board who:

- (a) is not a member and bona fide resident in the particular district and geographical area of the Cooperative which such person is to represent; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric power and/or energy, or supplies to the Cooperative, or who otherwise is engaged in an activity posing a conflict of interest with the governance of the Cooperative;
- (c) is a current employee of the Cooperative, or is a former employee of the Cooperative with less than five (5) years separation from the Cooperative; or (d) ~~is a close relative of a current employee;~~ **has a close relative serving on the**

Board or as an employee of the Cooperative. As used in this Section, “close relative” means spouse, parent, child, or sibling by reason of blood, marriage or adoption, and a spouse of a parent, child or sibling or any other person residing at the same premises as the Board member; or (e) has served seven (7) full consecutive terms, ~~the first of which commenced subsequent to April 25, 1987~~ until three (3) years has expired from the end of the person’s last term; (f) ~~has been found guilty of any felony criminal offense and the offense has not been sealed.~~

Upon establishment of the fact that a trustee is holding the office in violation of any of the foregoing provisions, the Board shall remove such trustee from office. Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken by the Board.

SECTION 4. Nominations. The Board of Trustees of each of the Miami Rural Electric Cooperative, Shelby Rural Electric Cooperative and Champaign Rural Electric Cooperative shall constitute a committee of nominations for each respective district. At least thirty (30) days before the annual meeting of the members of the Cooperative, each committee shall nominate from the membership of this corporation residing in their respective districts, as hereinbefore set forth, two (2) candidates for the office of trustee from their respective districts. No candidate shall be nominated who shall reside in one of the geographical areas provided for in the second paragraph of this Section 4 in which resides a Board member whose term is not expiring, ~~unless said candidate was serving as a Board member on and continuously since April 25, 1987, and has not moved from the geographical area in which he or she resided at the time of his or her election.~~ The Board of Trustees of each district shall consist of twelve (12) members residing within said district who shall serve a term of three (3) years. Four Board members from each district shall be elected each year. The Board of Trustees of the Cooperative shall divide each district in four (4) geographical areas. Each committee shall, at least thirty (30) days before the annual meeting of the members of the Cooperative, nominate from the membership of the Cooperative residing in such respective areas two (2) candidates for the office of district trustee. Thereafter, at the annual meeting of members of the Cooperative the members residing within each district shall elect one of said candidates as district trustee by secret ballot. Trustees may be elected by plurality vote of the members. Except for district trustees serving as such on ~~and continuously since April 25, 1987 who have not moved from the geographical area in which they resided at the time of their election.~~ No more than three district trustees shall reside within the same geographical area. No person shall be eligible to become or remain a district trustee who (a)

is not a member and bona fide resident in the particular geographical area which he or she is to represent, (b) is a current employee, or is a former employee with less than five (5) years separation from the Cooperative, (c) is a close relative of a current employee, or (d) who has served seven (7) full consecutive terms ~~the first of which commenced subsequent to April 25, 1987~~ until three (3) years has expired from the end of the person’s last term. As used in the Section, “close relative” means a spouse, parent, child, sibling and a spouse of a parent, child or sibling.

SECTION 5. Removal of Trustee. ~~Any member may bring specific charges of malfeasance, misfeasance, or nonfeasance in office against a Trustee and, by filing with the Secretary in writing a detailed description of each charge and the evidentiary basis therefore together with a petition signed by at least ten per centum of the members, may request the removal of such Trustee by reason thereof. If more than one trustee is sought to be removed, individual charges against each such trustee and the evidentiary basis for each such charge shall be specified. For purposes of this Article “malfeasance, misfeasance or nonfeasance” means an act or omission amounting to gross negligence, fraud, or criminal conduct, which has a material adverse effect on the business and affairs of the Cooperative. At the next regular or special meeting of the members occurring not less than forty-five days after the filing of such charges, the member bringing the charges against the trustees shall have an opportunity to be heard in person or by counsel and to present evidence in support of the charges; and the trustee shall have the opportunity to be heard in person or by counsel and to present evidence in response to the charges. No trustee shall be removed from office unless the specific charges against such trustee are supported by clear and convincing evidence. The question of the removal of such trustee shall be considered and voted upon at the meeting of members and any vacancy created by such removal may be filled, by the affirmative vote of a majority of the remaining trustees, for the unexpired portion of the term and until a successor shall have been elected and qualified. The removal of no more than two trustees may be considered or voted upon at any meeting of members.~~

Any member may bring charges for cause against a trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent (10%) of the members, may request the removal of such trustee by reason thereof. Such trustee shall be informed in writing of the charges at least thirty (30) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges

against him shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled as provided by the Code of Regulations. Removal would occur upon a majority vote of the members attending the removal meeting. In the event that a member of the Board of Trustees can no longer adequately perform his duties as a trustee with reasonable accommodations because of physical and/or mental limitations, a member of the Board of Trustees may seek the removal of said Trustee.

In such case, a Trustee's meeting shall be called and notice of the agenda shall be provided to all trustees advising them that the meeting will discuss the removal of a trustee for physical or mental limitations. At this initial meeting, the Board may call for a hearing on the issue of the trustee's removal upon a vote for a "removal hearing" by two-thirds of the members of the Board of Trustees in attendance.

If two-thirds of the members in attendance vote for a "removal hearing" of a trustee, such trustee shall be informed in writing of the charges against him or her at least thirty (30) days prior to the "removal hearing" at which the charges are to be considered and shall have an opportunity at the hearing to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such trustee shall be considered and removal will only occur upon a three-fourths vote for removal by the Board of Trustees. If a vacancy is created, the Board of Trustees shall fill said vacancy in accordance with the corporate code of regulations.

~~SECTION 6. Vacancies. A vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term and until a successor shall have been elected and shall have qualified.~~

The Board of Trustees shall have the power to fill any vacancy occurring on the Board of Trustees by appointing a person to fill the position for the remainder of that term. A vacancy shall be deemed to automatically occur when a Trustee dies, resigns, or is otherwise disqualified or when a Trustee has three consecutive unexcused absences from Board of Trustees' meetings in one year. Absences may be excused by the Chair if extenuating circumstances exist (which determination shall be in the sole discretion of the Chair).

SECTION 7. Compensation. Members of the Board shall not receive any salary for their services as such, however, the

Board may by resolution provide a reasonable compensation to be paid to each Board member for his or her services rendered on behalf of the Cooperative as a Board member, such as attendance at meetings, conferences and training programs or performing committee assignments. The Board may also authorize reimbursement of Board members for expenses actually and necessarily incurred in carrying out such Cooperative business or grant a reasonable per diem allowance in lieu of detailed accounting for such expense. A Board member may also receive compensation for services rendered as an officer of the Cooperative, but no Board member shall receive compensation for serving the Cooperative in any other capacity, except in emergency. No close relative of a Board member shall receive compensation for serving the Cooperative, except in emergency, unless such compensation shall be specifically authorized by a vote of the members. As used in the Section, "close relative" means a spouse, parent, child, sibling and a spouse of a parent, child or sibling.

ARTICLE V | MEETINGS OF BOARD OF TRUSTEES  
SECTION 1. Regular Meetings. A regular meeting of Board shall be held at such place and time designated by the board either in person, or by video teleconference, or by other electronic means, ~~A regular meeting of the Board 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 shall also be held monthly at such time and place, either within or ~~without~~ outside the State of Ohio, as designated by the Board. ~~Said meetings may be in person, or by video teleconference, or by other electronic means.~~ Such regular ~~monthly~~ meeting ~~may~~ shall be held without notice other than such resolution fixing the time and place thereof; ~~said meeting shall be presumed to be in person unless the Chair or a majority of the Board designates otherwise.~~

SECTION 2. Special Meeting. Special meetings of the Board may be called by the Chair or by any three Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chair or Board members calling the meeting shall fix the time and place, either within or without the State of Ohio, for the holding of the meeting. Said meetings may be in person, or by video teleconference, or by other electronic means as determined by the Chair or other Board members calling the meeting.

SECTION 3. Notice of Special Board Meetings. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chair or the Board member calling the meeting. If mailed, such

notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

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

SECTION 5. Action of Trustees without a Meeting. Any action which may be authorized or taken at a meeting of the Board may be authorized or taken without a meeting in a writing or writings signed by all of the members of the Board.

#### ARTICLE VII | NON-PROFIT OPERATION

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

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative operations shall be so conducted that all patrons, members and non-members 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 non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members 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 non-members 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 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 or her account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made pursuant to such rules and procedures as established by the Board of Trustees, provided, however, that nothing herein shall be construed as impairing or limiting the Cooperative's right to set off capital credits against obligations due the Cooperative by a member. 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, **to the individual partners, shareholders or members of a dissolved partnership, corporation, or limited liability company**, successors in occupancy in all or a part of such patron's premises served by the Cooperative or to a trustee of a trust created by a patron wherein the patron has reserved the right to revoke or amend said trust unless the Board, acting under policies of general application, shall determine otherwise, except as herein otherwise provided. Notwithstanding any other provision of this Code of Regulations the Board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his or her estate or trustees of his or her trust shall request in writing that the capital credited to any such patron or trustees of a trust described in the preceding paragraph be retired prior to the time such capital would otherwise be retired under the provisions of this Code of Regulations, to retire capital credited to any such patron immediately upon such terms and conditions as

the Board, acting under policies of general application, and the legal representatives of such patron's estate or trustees of a trust, as the case may be, shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. In the case of the death of patron holding a joint membership with other individuals only an equal share, based upon the number of individuals holding the joint membership, of the capital credited to such joint membership shall be payable to the patron's estate.

In the case of the death of patron holding a joint membership with rights of survivorship, the capital credited to such joint membership with rights of survivorship shall be assigned to the surviving owner. Assigned capital credits to the surviving owner shall be paid to the surviving owner in the same manner as if the surviving member owned the membership originally as a sole member.

**SECTION 3. Assignment and Gift by Failure to Claim.** Notwithstanding any other provision of the Bylaws, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the Cooperative within four years after payment of the same has been made available by notice or check mailed to him or her at his or her last address furnished to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such patron of such capital credit or other payment of the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such patron or former patron to cash any check mailed to him or her by the Cooperative at the last address furnished by him or her to the Cooperative. The assignment and gift provided for under this Section shall become effective only upon the expiration of four (4) years from the date when such payment was made available to such patron or former patron without claim therefore and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60) day period, such gift to the Cooperative shall become effective. The notice by mail herein provided for shall be one mailed by the Cooperative to such patron or former patron at the last known address and the notice by publication shall be two (2) consecutive insertions in a newspaper circulated in the service area of the Cooperative, which may be the Statewide Newsletter. The sixty (60) day period following the giving of such notice shall be deemed to terminate sixty (60) days after the mailing of such notice or sixty (60) days following the last date of publication thereof, whichever is later.

## ARTICLE XII | AMENDMENTS

~~This Code of Regulations 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. Any alteration, amendment or repeal of this Article, or Article VIII shall require the affirmative vote of at least two-thirds of the members of the Cooperative, and no other provision of this Code of Regulations may be altered, amended or repealed by an affirmative vote which is less in number or different in character than the affirmative vote required for action under that provision.~~

*The following amendment repeals Article XII of the Code of Regulations and shall become a part of the Article of Incorporation as amended.*

*Article XII of the Code of Regulations is hereby repealed in its entirety.*

*The Articles of Incorporation are amended to include the following provision.*

**The Code of Regulations may be altered, amended or repealed by the vote of a majority of the members voting thereon pursuant to such rules and procedures as established by the Board of Trustees in conjunction with a meeting called for said purposes which may be held in person, or by video teleconference, or by other electronic means; provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.**

*The aforementioned Article shall be included in the Code of Regulations as Article XII.*

**If you have any questions regarding the changes in the Code of Regulations or Articles of Incorporation, please contact Nanci McMaken at 800-762-0997.**