

ARTICLES OF INCORPORATION

Of

Chariton Valley Electric Cooperative, Inc.

Albia, Monroe County, Iowa

(as amended and published, September 2018)

We, whose names are hereunto subscribed, hereby associate ourselves into an incorporated cooperative association under the provisions of Chapter 499 of the Code of Iowa 1983, assuming all powers, rights, privileges granted to, and all of the duties and obligations imposed upon, incorporated cooperative associations by said chapter, and for such purposes do adopt the following Articles of Incorporation:

ARTICLE I

The name of the Cooperative shall be Chariton Valley Electric Cooperative, Inc.

ARTICLE II

The principle office of the Cooperative is currently located at Albia, in the County of Monroe, State of Iowa.

ARTICLE III

The Cooperative is organized under the provisions of Chapter 499 of the Code of Iowa, 1983.

ARTICLE IV

The purposes for which the Cooperative is formed are:

- (a) to generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell dispose of, lease as lessor, exchange and mortgage plants, building, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems, electric generating plants, electric cold storage or processing plants and any other property real or personal, tangible or intangible, which shall be deemed necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes; to construct, erect, purchase, lease as lessee and in any manner, acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and communication, telecommunications, engineering, computer, master billings, centralized printing, land and industrial development, group purchasing, inventory control, telephone, water supply, waste management, television and/or transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any of the foregoing purposes. The Cooperative may do and perform any and all acts and things and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes as set forth in this article and in this section, or as may be permitted by the provisions of the laws under which the association is formed; and to exercise any of its power anywhere.
- (b) to acquire, own, hold, use, exercise and to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Cooperative.
- (c) to purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property to any interest therein necessary, useful or appropriate to enable the Cooperative to accomplish any or all of its purposes;
- (d) to assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and

character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal); and in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefore;

- (e) to borrow money, to make and issue bonds, notes and other evidences of indebtedness secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Cooperative; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Cooperative, wheresoever situated acquired or to be acquired;
- (f) to assist persons to whom electric energy is or will be supplied by the Cooperative in constructing, equipping, maintaining and operating electric cold storage or processing plants by the financing thereof or otherwise.
- (g) to become a member of any federated cooperative association whose membership is restricted to incorporated cooperative associations; and
- (h) to do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the provisions of the laws under which the Cooperative is formed: and to exercise any of its powers anywhere.

ARTICLE V

The duration of the Cooperative shall be perpetual.

ARTICLE VI

The name, occupation and post office address of each of the incorporators of the Cooperative are:

NAME	OCCUPATION	ADDRESS POST OFFICE
Earl Exline	Farmer	Moulton, Iowa
L. F. Lemly	Farmer	Plano, Iowa
Earl Boyer	Farmer	Moravia, Iowa
John Carr	Farmer	Lovilia, Iowa
Arnold Anderson	Farmer	Albia, Iowa
E. E. Agans	Farmer	Albia, Iowa
Don C. Alexander	Farmer	Corydon, Iowa
Howard L. Vincent	Farmer	Russell, Iowa

ARTICLE VII

Section 1

Any individual for himself, or herself, and any person as the accredited agent and representative acting in behalf of any firm, association, corporation, partnership or other organization, and who customarily uses the services rendered by the Cooperative, may become a member in the Cooperative by:

- (a) applying for membership in the Cooperative;
- (b) agreeing to purchase from the Cooperative the amount of electric energy as specified in the Bylaws of the Cooperative; and,
- (c) agreeing to comply with and to be bound by these Articles

of Incorporation, the Bylaws of the Cooperative and any amendments thereto, and such rules and regulations as may from time to time be adopted by the Board of Directors of the Cooperative;

Provided, however, that no person, firm, corporation or body politic shall become a member unless and until he, she, or it has been accepted for membership by the Board of Directors or the members. The Bylaws of the Cooperative may provide the procedure for such action. The Bylaws of the Cooperative may fix such other terms and conditions upon which persons shall be admitted to and retain membership in the Cooperative not inconsistent with these Articles of Incorporation or the laws of the State of Iowa.

Section 2

The Cooperative shall have no capital stock but a membership certificate in this Cooperative shall be issued to each member. No applicant for membership shall hold office until his/her certificate of membership shall have been issued.

Section 3

The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

Section 4

The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of these Articles of Incorporation or the By-laws of the Cooperative or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 5

Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 6

- (a) Membership in the Cooperative and the certificate representing the same shall not be transferable. Upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall thereupon terminate, and the certificate of membership of such member shall be surrendered forthwith to the Cooperative.
- (b) A joint membership may be issued to any two or more individuals sharing a premise served by the Cooperative an individual membership may be converted by a member and any one or more persons sharing a premise served by the Cooperative into a joint membership upon the written request of such member and compliance by such individuals jointly with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such issuance or conversion shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership.
- (c) When a membership is held jointly, upon the death of any joint member such membership shall be deemed to be held solely by the survivor(s) with the same effect as though such membership had been originally issued solely to him, her, or them, as the case may be, and the joint membership certificate may be surrendered by the survivor(s) and upon the recording of such death on the books of the Cooperative the certificate may be reissued to and in the name of such survivor(s); provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

ARTICLE VIII

The first regular meeting of the members of the Cooperative shall be held on the 30th day of April 1945, at the hour of 8:00 p.m., in the city or town in which the principle office of the Cooperative is located, and thereafter regular annual meetings of the members shall be held at such time and place as shall be fixed in the By-laws.

ARTICLE IX

Section 1

The business and affairs of the Cooperative shall be managed by a board of eleven (11) directors. Following the Annual Meeting to be held in the year 2014, and prior to the Annual meeting to be held in 2017, the size of the Board of Directors shall be reduced in size from eleven (11) to nine (9) directors. The reduction may occur through resignations, retirements, or such other means as deemed appropriate by the Board of Directors. The reduction shall be coordinated so that following the reductions, there shall be two (2) Directors representing each of Districts 1 and 2; one (1) Director representing each of Districts 3 and 4; and three (3) Directors representing District 5; however, the downsizing need not occur simultaneously. Each of said Directors shall be members of the Cooperative. The Directors shall exercise all of the powers of the Cooperative except such as are by law or by these Articles of Incorporation or by the By-laws conferred upon or reserved to the members. A joint member may be eligible to be a candidate and to serve on the Board of Directors provided all other eligibility requirements are met by such joint member; however, the other individual(s) on the joint membership shall be ineligible.

Section 2

During the month of January, 1989, the existing Board of Directors shall appoint four (4) members from District V (Albia) as new members of the Board of Directors. At the annual meeting of members to be held in 1989, in addition to the director positions normally scheduled for election in the existing districts, the members shall elect four (4) directors from District V from a slate of candidates as nominated by the Nominating Committee. Within District V, the two (2) candidates receiving the highest number of votes shall be elected for a term of three (3) years; the one (1) candidate receiving the next highest number of votes shall be elected for a term of two (2) years; and the one (1) candidate receiving the next highest number of votes shall be elected for a term of one (1) year. In addition, at the annual meeting of members to be held in 1989, the director elected in District III shall be elected for a term of two (2) years.

At the Annual Meeting of Members to be held in 1990, the director's position scheduled for election in District I shall be terminated.

At the Annual Meeting of Members to be held in 1991, the two (2) director positions existing in District III, and scheduled for election in 1991, shall be consolidated into one (1) position.

Commencing with the 1992 Annual Meeting and all subsequent annual meetings, a number of directors equal to the number of directors whose terms expire at the time said meeting shall be elected to hold office for a term of three (3) years or until their respective successors shall have been elected and qualified.

No member shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who is not a bona fide resident of the district from which he is nominated and elected, or who is any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the cooperative;

provided, however, that nothing in this section contained shall or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

For the purpose of nominating and electing directors of the Cooperative, the territory served by the Cooperative shall be divided into districts as follows, with the number of directors to be elected from each district specified as follows:

DISTRICT No. 1	Appanoose County	2 Directors	
DISTRICT No. 2	Monroe, Davis and Wapello Counties		3 Directors
DISTRICT No. 3	Wayne County	1 Director	
DISTRICT No. 4	Lucas & Marion Counties	1 Director	

DISTRICT No. 5 Albia City Limits 4 Directors

As reflected in Section 1 above, the number of Directors is to be reduced from eleven (11) to nine (9) prior to the Annual Meeting to be held in 2017. Thereafter, the number of Directors to be elected from each district shall be as follows:

DISTRICT No. 1	Appanoose County	2 Directors
DISTRICT No. 2	Monroe, Davis and Wapello Counties	2 Directors
DISTRICT No. 3	Wayne County	1 Director
DISTRICT No. 4	Lucas & Marion Counties	1 Director
DISTRICT No. 5	Albia City Limits	3 Directors

The geographic boundaries of each district shall be set forth in the By-Laws and a map of such districts shall be maintained at the Cooperative office. Said districts may be revised as necessary by the Board of Directors to maintain as nearly as possible a proportionate number of members for each district, determined based upon the number of Directors to be elected from each district.

Section 3

The By-laws may provide for a procedure for nominations. In that case a ballot marked "Ballot For Directors" containing the names of all the nominees for the Board of Directors, alphabetically arranged and stating the residence of each, shall be mailed with the notice of the meeting. The Secretary shall also mail with the notice of the meeting a statement of the number of directors to be elected. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for directors as provided in this section. Any member who is absent from any annual meeting or special meeting of the members may vote by mail upon any motion or resolution to be acted upon at any such meeting with respect to an amendment to the Articles of Incorporation or the By-laws, or any action submitted pursuant to a resolution adopted by the Board of Directors or by petition of not less than ten per centum (10%) of the members. The Secretary shall enclose with the notice of such meeting an exact copy of such motion or resolution to be acted upon and such absent member shall express his vote thereon by writing "yes" or "no" on each such motion or resolution in the space provided therefore and enclose each such copy so marked in a sealed envelope bearing his name and addressed to the secretary. When such written vote so enclosed is received by mail from any absent member it shall be accepted and counted as a vote of such absent member at such meeting. The failure of any such absent member to receive a copy of such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

In addition to the foregoing methods of voting, the Board of Directors may authorize voting by Electronic Transmission, provided such electronic vote is received from the Member by the cooperative or its representative at the headquarters office of the Cooperative, before 4:30 p.m. local time, on the last business day before the day of the Member Meeting at which the election or vote will be held, in accordance with such policies and procedures as may be adopted from time-to-time by the Board to promote the orderly, secure and accurate voting and tabulation of ballots sent and received by Electronic Transmission.

Section 4

Subject to the provisions of these Articles of Incorporation, vacancies occurring in the Board of Directors between annual meetings of the members of the Cooperative shall be filled by a majority vote of the remaining Directors, and Directors thus selected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified. Any member selected to fill any vacancy in the office of Director shall be a bona fide resident of the district represented by the director whose death, resignation or recall from office created such vacancy.

Section 5

Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members. The vacancy in the Board of Directors occasioned by the removal shall be filled by the members and the vacancy occasioned by the removal of any officer shall be filled by the Board of Directors pursuant to the By-laws. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

ARTICLE X

Section 1

No dividends shall be paid upon membership in the Cooperative. Subject to the provisions of any mortgage or deed of trust given or assumed by the Cooperative, the Board of Directors shall, after the expiration of each fiscal year and after paying or making provision for the payment of all obligations and expenses of the Cooperative properly chargeable against its revenues and receipts for such fiscal year as follows:

- (a) to provide a reasonable reserve for maintenance depreciation, obsolescence, bad debts or contingent losses or expenses;
- (b) at least ten per centum (10%) of the remaining earnings to surplus until surplus equals either thirty per centum (30%) of the total of all capital paid in for stock or memberships, plus all unpaid patronage dividends, plus certificates of indebtedness payable upon liquidation, earnings from nonmember business, and earnings arising from the earnings of other cooperative organizations of which the association is a member, or \$1,000, whichever is greater. No addition shall be made to surplus when it exceeds either fifty per centum (50%) of the total or \$1,000, whichever is greater.
- (c) Not less than one per centum (1%) nor more than five per centum (5%) of such earnings in excess of reserves may be placed in an educational fund to be used as the Directors deem suitable for teaching or promoting cooperation; and the effective use of electricity; and
- (d) All remaining net earnings shall be allocated to a revolving fund and shall be credited to the account of each member ratably in proportion to the business he has done with the Cooperative during such year; such credits are herein referred to as "deferred patronage refunds".

The Directors shall determine the percentage or the amount of said allocation that currently shall be paid in cash. All said remaining allocation not so paid in cash shall be transferred to the revolving fund and credited to said members and subscribers.

Section 2

The members may, at any meeting, control the amount to be allocated to surplus or educational fund with the limits specified in Section 1 of this Article X.

Section 3

The Directors may use the revolving fund to pay the obligations of or add to the capital of the Cooperative. In such event, the deferred patronage dividends credited to members shall constitute a charge upon the revolving fund and future additions thereto, and on the corporate assets subordinate to creditors then or thereafter existing. Deferred patronage dividends for any year shall have priority over those for any subsequent year, except that the Directors may, at their discretion, pay deferred patronage dividends of deceased natural persons who were members, and all other deferred patronage dividends, without reference to the order of priority herein prescribed, except as provided in Article XIII of the Articles of Incorporation. The payment of dividends owing to deceased natural persons

who were members shall be made upon such terms and conditions as the Board of Directors, acting under policies of General Application and legal representatives of such member's estate shall agree upon, provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Section 4

The Cooperative may issue certificates for deferred patronage refunds, but such a certificate shall be nontransferable except to a party eligible to and accepted for, membership who becomes the owner or operator of the real property formerly owned or operated by a member and served by the Cooperative.

Section 5

Credits or certificates referred to in Sections 3 and 4 of this Article X shall not mature until the dissolution or liquidation of the Cooperative but shall be callable by the Cooperative at any time in the order of priority specified in Section 3 of this Article X.

ARTICLE XI
Disposition of Property

Section 1

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of this property unless such sale, mortgage, lease or other disposition or encumbrances authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to borrow money from the National Rural Utility Cooperative Finance Corporation, the United States of America and/or any agency or instrumentality thereof, or a national financing institution, organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings, in which the cooperative holds membership, and in connection with such borrowing to authorize the making and issuance of bonds, notes, and/or other evidences of indebtedness, secured or unsecured, for money so borrowed and to secure the payment of such bonds, notes, or other evidences of indebtedness by mortgage or mortgages or deed or deeds of trust upon the pledge of or other lien upon all or any of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative wherever situated, acquired or to be acquired, upon such terms and conditions as the Board of Directors shall determine; provided further that the Board of Directors shall upon the authority of two-thirds of these members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or a foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated, or to the holder or holders of any notes, bonds, or other evidences of indebtedness issued to the United States of America or any agency or instrumentality thereof, CFC, or any other lender authorized above.

Section 2

A sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Cooperative, with or without the good will, if not made in the usual and regular course of business, may be made upon terms and conditions and for such consideration which may consist in whole or in part of money or property, real or personal, including shares of any other cooperative association organized under the statutes of the State of Iowa, as long as such sale, lease, exchange or other disposition is authorized in the following manner:

- (a) The Board of Directors of the Cooperative shall adopt a resolution recommending the sale, lease, exchange, or other disposition and directing the submission thereof to a vote at a meeting of the membership, which may be either an annual or special meeting.

- (b) Written or printed notice of the proposal shall be given to each member of record entitled to vote at the meeting within the time and in the manner provided by these Articles of Incorporation for the giving of notice of meetings of members and whether the meeting be an annual or special meeting, shall state that the purpose, or one of the purposes of the meeting is to consider the proposed sale, lease, exchange or other disposition of substantially all of the property and assets of this Cooperative.
- (c) At the meeting the membership may authorize the sale, lease, exchange or other disposition and may fix, or may authorize the Board of Directors to fix, any and all of the terms and conditions thereof and the consideration to be received by this Cooperative. Such authorization shall be approved if two-thirds of the members vote affirmatively on a ballot on which a majority of all voting members of the Cooperative participate.
- (d) After the authorization by the vote of members, the Board of Directors of the Cooperative may nevertheless in its discretion abandon the sale, lease, exchange or other disposition of assets, subject to the rights of third parties under any contracts relating thereto without further action or approval by the members.

ARTICLE XII

Personal Liability of Directors, Officers, Employees, or Members

Except as otherwise provided by Iowa law, a director, officer, employee, or member of the Cooperative is not liable on the debts or obligations, and a director, officer, member or other volunteer is not personally liable in that capacity for a claim based upon an act or omission of the person performed in the discharge of the person's duties, except for a breach of the duty of loyalty to the Cooperative, for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law, or for a transaction from which the person derives an improper personal benefit.

The Cooperative may indemnify any present or former director, officer, employee, member or volunteer in the manner and in the instances authorized in Section 499.59A.

ARTICLE XIII

The Cooperative shall attempt to resolve any claim or dispute which may arise between the Cooperative and a member, former member, or customer who has received electric service in a good faith manner. In resolving such disputes, the Cooperative shall give consideration to: (1) applicable laws; (2) rules and regulations imposed by state and federal agencies; (3) these Articles of Incorporation; (4) the Cooperative's bylaws, policies, practices, plans, and procedures; (5) industry standards; and (6) the individual facts and circumstances regarding the claim or dispute.

If a member, former member, or customer who has received electric service is not satisfied with the Cooperative's resolution of the claim or dispute, all matters subject to the jurisdiction of the Iowa Utilities Board shall be resolved by the Iowa Utilities Board or, if and when appropriate, the applicable regulatory body with jurisdiction over the Cooperative and the matter.

All other claims and disputes shall, at the request of either the Cooperative or the member, former member, or customer who has received electric service, first be submitted to mediation conducted by an impartial mediator agreed to by the parties. In the event the claim or dispute is not resolved through mediation, then such shall, at the request of either the Cooperative or the member, former member, or customer who has received electric service, be submitted to binding arbitration to be conducted in accordance with the policies adopted by the Board of Directors of the Cooperative. In absence of such policies, or in the event such policies are incomplete, the provision of Iowa Code 679A (Arbitration), as it may be amended from time to time, shall apply to the extent it is not inconsistent with the policies adopted by the Cooperative.

Notwithstanding the foregoing, the Cooperative reserves the right to pursue collection of a debt owned by any member, former member, or customer who has received

electric service through other means, including but not limited to use of a collection agency, small claims court, and other applicable courts. Further, any claim where the amount in controversy is less than the small claims jurisdictional amount may be resolved without utilizing the alternate dispute resolution procedures set forth in this Article.

Every member, by becoming or continuing to be a member, agrees to the foregoing, and agrees to be bound by the Bylaws of the Cooperative. The Bylaws and these Articles of Incorporation constitute and agreement between the Cooperative and the members.

ARTICLE XIV

Upon dissolution or liquidation, the assets of the Cooperative shall be applied to the payment of liquidation expenses and then to the payment of all obligations of the Cooperative other than patronage refunds or certificates issued thereof. The remainder of such assets shall be distributed in the following order of priority: (a) payment of any deferred patronage refund or certificate issued therefore, and if the assets are insufficient to pay all such patronage refunds or certificates issued therefore they shall be prorated to the payment of all such deferred patronage refunds or certificates issued therefore and (b) the remaining assets shall be distributed among the members according to law.

ARTICLE XV

The Directors, by a vote of seventy-five percent of the Directors, may adopt, alter, amend or repeal By-laws of the Association, which shall remain in force until altered, amended or repealed by a vote of seventy-five percent of the members present or represented having voting privileges, at any annual meeting or special meeting of the membership.

ARTICLE XVI

The Cooperative may amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereinafter prescribed by law.

AMENDED AND RESTATED BY-LAWS

Of
Chariton Valley Electric Cooperative, Inc.
Albia, Iowa
(as amended and published May 2020)

The mission of Chariton Valley Electric Cooperative, Inc. (hereinafter called the “Cooperative”) is to safely deliver reliable power and innovative services at competitive rates while providing superior member service.

ARTICLE I Members

Section 1. Qualifications and Obligations.

Any incorporators of the Cooperative shall be members of the Cooperative. Any individual, acting for himself or as an accredited representative of an association, corporation, partnership or organization and who customarily uses the services rendered by the Cooperative may become a member in the Cooperative by:

- (a) agreeing to purchase from the Cooperative the amount of electric energy hereinafter in Section 3 of this Article specified; and
- (b) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these By-laws and any amendments thereof, and such rules and regulations as may from time to time be adopted by the Board of Directors; provided, however, that no applicant, except the incorporators, shall become a member in the Cooperative unless and until the applicant has been accepted for membership by the affirmative vote of a majority of the members of the board of directors. The action of the Board of Directors with respect thereto shall be final. Any other cooperative association formed under Chapter 499 of The Code of Iowa and engaged in any activity directly or indirectly relating to any activity, in which the Cooperative is engaged, is also eligible to membership subject to the foregoing provisions of this Section. No individual or association may own more than one membership in the Cooperative.

Section 2. Membership.

The Cooperative shall have no capital stock, but membership in the Cooperative shall be evidenced by a certificate of membership.

Section 3. Purchase of Electric Energy.

Each member shall, as soon as electric energy is available, purchase from the Cooperative monthly, not less than the minimum amount of electric energy, if any, and the monthly facility charge, which shall from time to time be determined by resolution of the Board of Directors and shall pay therefore, and for all additional electric energy used by such member, the rate which shall from time to time be fixed therefore by the Board of Directors.

Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable. Each member shall comply with such rules and regulations as may from time to time be adopted by the Board of Directors.

Section 4. Joint Membership.

A joint membership may be issued to any two or more individuals sharing a premise served by the Cooperative, by specifically requesting a change, or if one of them is already a member, may automatically convert such membership into a joint membership. The change to a joint membership shall be documented in writing. The words “member,” “applicant”, “person”, “his”, “him”, and “them” or “their” as used in these By-laws, shall include any two or more individuals applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

- (a) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) notice to or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (c) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (d) either, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualifications required therefore; and,
- (e) neither will be permitted to have any additional service connections except through their one joint membership.

Section 5. Non-liability for Corporate Debts.

The private property of the members shall be exempt from execution for the debts of the Cooperative and no member shall be individually responsible for any debts or liabilities of the Cooperative.

Section 6. Expulsion of Members.

The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these By-laws, or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 7. Withdrawal of Membership.

Any member may withdraw from membership upon payment in full of all of his or its debts and liabilities to the Cooperative and upon compliance with and performance of such terms and conditions as the Board of Directors may prescribe.

Section 8. Termination of Membership.

When a membership is held jointly, upon the death of any joint member such membership shall be deemed to be held solely by the survivor(s) with the same effect as though the membership had been originally issued solely to him, her, or them, as the case may be, and the joint membership certificate may be surrendered by the survivor(s) and upon recording of such death on the books of the Cooperative the certificate may be reissued to and in the name of such survivor(s); provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

Section 9. Effect of Legal Separation or Divorce Upon Joint Membership.

Upon the legal separation or divorce of the holder of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint. Provided, that the other joint member shall not be released from any debts of the Cooperative.

Section 10. Removal of Directors and Officers.

Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and, by a vote of a majority of all voting members of the Cooperative, the officer or director may be removed. The officer or director against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses; and the person or persons bringing the charges against him shall have the same opportunity. The vacancy in the Board of Directors occasioned by such removal may be filled by the members. The vacancy occasioned by the removal of any officer shall be filled by the Board of Directors as provided in Section 4 of Article V of these By-laws.

ARTICLE II

Meetings of Members

Section 1. Annual Meetings.

The regular annual meeting of the members of the Cooperative shall be held on such date and at such place in the area served by the Cooperative as determined by the Board of Directors, for the purpose of electing Directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the annual meeting shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings.

Special meetings of the members may be called by a majority vote of the directors or upon a written request signed by at least ten per centum (10%) 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 in Section 3 of this Article II. Special meetings of the members may be held at any place within the Cooperative service area, in the State of Iowa specified in the notice of the special meeting.

Section 3. Notice of Members' Meeting.

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or 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, in a sealed envelope, addressed to the member at the address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 4. Failure to Receive Notice.

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 annual or special meeting.

Section 5. Quorum.

At least 50 members, present in person, shall constitute a quorum for the transaction of business at all meetings of the members; provided, that if less than 50 members are present at said meeting, a majority of the members so present may adjourn the meeting from time to time without further notice. Provided further that for purposes of the Director election, a member casting a ballot by mail or electronic means shall be deemed present when determining whether a quorum has been met, but not for any purpose other than the election of Directors.

Section 6. Voting.

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members present in person or represented by mail vote except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these By-laws. The election of Directors shall be by ballot and each member shall have the right to cast one vote for each Director to be elected at such election. The number of candidates receiving the highest number of votes from each district equal to the number of candidates to be elected from that district are elected for the term specified in Section 2 of Article III of these By-laws.

The Board of Directors deems it advisable to establish a procedure to be followed in the event of a tie vote in connection with the election of directors, where the prevailing candidates(s) cannot be determined.

In such an instance, the Chairman of the Nominating Committee, if present, shall break the tie by drawing names from among the names of the candidates receiving the same number of votes. In the absence of the Chairman, one of the tellers shall conduct the drawing.

The Cooperative's legal counsel shall oversee the process. In the event there is one or more candidates that receive the same number of votes; but a winner can be declared from among the other candidates, then there shall be no need for a draw.

Section 7. Voting by Mail.

Any member who is absent from any annual or special meeting of the members may vote by mail upon any motion or resolution to be acted upon at any such meeting with respect to an amendment to the Articles of

Incorporation of the Cooperative or these By-laws, or any action submitted pursuant to a resolution adopted by the Board of Directors or by petition of not less than ten per centum (10%) of the members. The Secretary shall enclose with the notice of such meeting an exact copy of such motion or resolution to be acted upon, and such absent member shall express their vote thereon by marking "yes" or "no" on the copy of each such motion or resolution in the space provided therefore and enclose each such copy so marked in a sealed envelope bearing their member number or name and addressed to the Secretary. When such written vote so enclosed is received by mail from any absent member, it shall be accepted and counted as a vote of such absent member at such meeting. Any member who is absent from any meeting where there will be an election of directors may also vote by mail in the election of directors by ballot as provided in Section 3 of Article III of these By-laws. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

In addition to the foregoing methods of voting, the Board of Directors may authorize voting by Electric Transmission, provided such electronic vote is received from the member by the Cooperative or its representative at the headquarters office of the Cooperative, before 4:30 p.m. local time, on the last business day before the day of the member meeting at which the election or vote will be held, in accordance with such policies and procedures as may be adopted from time-to-time by the Board of Directors to promote the orderly, secure and accurate voting and tabulation of ballots sent and received by Electronic Transmission.

Section 8. 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:

- (a) Call of the roll.
- (b) Reading of the notice of the meeting together with proof of the due publication or mailing thereof or the waiver or waivers of notice of the meeting.
- (c) Presentation and reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of and acting upon, reports of officers, directors and committees.
- (e) Election of directors.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

Article III Directors

Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of nine (9) individuals, elected from Director Districts as provided herein. Each of said Directors shall be members of the Cooperative. The Directors shall exercise all of the powers of the Cooperative except such as are by law or by these Articles of Incorporation or by the By-laws conferred upon or reserved to the members. A joint member may be eligible to be a candidate and to serve on the Board of Directors provided all other eligibility requirements are met by such joint member; however, the other individual(s) on the joint membership shall be ineligible.

Section 2. Director Districts.

Directors shall be elected from Districts as set forth in these Bylaws. Director shall be elected to serve for a term of three (3) years.

No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is not a bona fide resident of the district from which he is nominated and elected, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, , an employee of the Cooperative or who was employed by the Cooperative within a period of ten (10) years immediately preceding the date on which Board of Directors shall be eligible; provided, however, that nothing in this section contained shall or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

For the purpose of nominating and electing Directors of the Cooperative, the territory served by the Cooperative shall be divided into districts as follows, with the number of Directors to be elected from each district specified as follows:

DISTRICT No. 1	Appanoose County	2 Directors
DISTRICT No. 2	Marion, Monroe, Davis & Wapello Counties	2 Directors
DISTRICT No. 3	Wayne County	1 Director
DISTRICT No. 4	Lucas & Marion Counties	1 Director
DISTRICT No. 5	Albia City Limits	3 Directors

At such time as the membership in the district herein established shall become disproportionate, the districts, including both territory included therein, and the number of directors allotted thereto, may be changed by resolution of the Board of Directors.

Section 3. Nominations & Balloting

- a) Nominations for Director candidates shall be by Petition, with any interested member submitting a Petition containing the signatures of at least fifteen (15) members in good standing who reside in the district for which the individual is seeking nomination. The petition must be submitted to the Cooperative no later than sixty (60) days prior to the date of the meeting where the director election shall be conducted. All Petitions shall be reviewed by a committee consisting of two or more employees appointed by the Board of Directors, who will examine the Petitions and verify that the requirements of the Petition have been satisfied and the candidate meets all eligibility requirements to serve as a Director candidate. Any individual who submits a Petition shall be notified by said committee of the acceptance or rejection of the Petition no less than forty-five (45) days prior to the date of the meeting where the director election shall be conducted. If a Petition is rejected, the committee shall explain the reason for rejection and the individual submitting the petition shall have ten (10) days to remedy any defect and resubmit the Petition. All candidates shall be finalized no less than thirty (30) days prior to the date of the meeting where the director election shall be conducted.
- b) A ballot marked "Ballot for Directors" containing the names of all the nominees so posted, arranged by districts and alphabetically within such districts, and stating the residence of each, shall be mailed with the notice of the meeting. The Secretary shall also mail with the notice of the meeting a statement of the number of Directors to be elected from each district and showing separately the nominations made by the committee on nominations and the nominations made by petition. Such statement of the secretary shall also inform the members of the manner in which they may vote by mail for the Directors as provided in this Section, or how to vote by electronic means if authorized by the Board of Directors. Any member who is absent from any such meeting may vote by mail for directors by marking on the ballot an "X" opposite the names of the number of candidates from each district equal to the number of directors to be elected from such district, and enclosing the ballot in a sealed envelope bearing their member number and addressed to the secretary of the Cooperative. When such ballot so enclosed is received by mail from any absent member it shall be accepted and counted as a vote for Directors by ballot of such absent member at such meeting. The provisions of this Section shall not be mandatory in the case of recall of one or more Directors as provided in Section 5 of Article IX of the Articles of Incorporation. Members may also vote by electronic means if authorized by the Board of Directors and the members shall be provided instructions with the notice of the meeting on how to do so.

Section 4. Vacancies.

Subject to the provisions of Section 8 of Article I of these By-laws and Section 5 of Article IX of the Articles of Incorporation of the Cooperative, vacancies occurring in the Board of Directors between annual meetings of the members shall be filled by a majority vote of the remaining Directors, and Directors thus elected shall serve until the next annual meeting of the members or until their successors have been elected and shall have qualified. Any member selected to fill any vacancy in the office of Director shall be a bona fide resident of the district represented by the director whose death, resignation, or recall from office created such vacancy.

Section 5. Compensation.

Directors shall receive no salary for their services as Directors except that by -policy of the Board of Directors, a fixed sum and expenses shall be paid for attendance at each meeting of the Board of Directors, committee, or other activity on behalf of the Cooperative as may be authorized by the Board of Directors or membership. Except in emergencies, 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 such compensation shall be specifically authorized by a vote of the members.

Section 6. Rules and Regulations.

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the Articles of Incorporation of the Cooperative or these By-laws, or the laws of the State of Iowa, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 7. Accounting System and Reports.

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to the applicable laws of the State of Iowa and the applicable rules and regulations of any regulatory body thereof, shall conform to such system of accounts as may from time to time be designated by the Rural Utility Services of the United States of America. All accounts of the Cooperative shall be examined by the Board of Directors at least four (4) times a year at regular meetings of the board. The Board of Directors shall also, within one hundred twenty (120) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be available to the members and a summary of the report will be submitted to the members at the following annual meeting.

ARTICLE IV Meetings of Directors

Section 1. Regular Meetings.

A regular meeting of the Board of Directors shall be held without notice other than this By-Law, 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 Cooperative service area, State of Iowa, 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. Any and all Directors may participate in any meeting of the Board of Directors or of any duly constituted committee thereof, by any means of communication through which the Directors may simultaneously hear each other during such meeting. For the purposes of establishing a quorum and taking action at the meeting, such Directors participating pursuant to this section shall be deemed present in person at the meeting and the place of the meeting shall be the place of origination of the conference communication.

Section 2. Special Meetings.

Special meetings of the Board of Directors may be called by the President or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Cooperative service area, State of Iowa) for the holding of any special meeting of the Board of Directors called by them.

Section 3. Notice.

Notice of the time, place and purpose of any special meeting shall be given at least two (2) days previous thereto, by written notice, delivered personally, mailed or e-mailed, to each director at his last known address and or email address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If e-mailed, the notice shall be deemed delivered when the sender received confirmation of that the e-mail has been sent and a record of said sent mail will be retained by the Cooperative in accordance with the Cooperative's record retention policy. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting.

The act of the majority of Directors present at a meeting which a quorum is present shall be the act of the Board of Directors.

ARTICLE V
Officers

Section 1. Number.

The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The office 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 first meeting of the Board of Directors held after each 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. Subject to the provisions of Section 8 of Article 1 and Section 3 of this Article V, each officer shall hold office until the first meeting of the Board of Directors following the next annual meeting of the members or until his successor shall have been duly elected and shall have qualified.

Section 3. Removal.

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.

Section 4. Vacancies.

Subject to the provisions of Section 8 of Article I of these By-laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President.

The President:

- (a) shall be the principle executive officer and shall preside at all meetings of the members and of the Board of Directors;
- (b) shall sign, with the Secretary, certificates of membership, and may sign any deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-laws 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, shall 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 6. Vice-President.

In the absence of the President, or in the event of the President's 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 and shall perform such other duties as from time to time may be assigned to the Vice President by the Board of Directors.

Section 7. Secretary.

The Secretary shall:

- (a) keep, or cause to be kept, the minutes of meetings of the members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these By-laws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the

execution of which on behalf of the cooperative under its seal is duly authorized in accordance with the provision of these By-laws;

- (d) keep a register of the post office address of each member which shall be furnished to the Cooperative by such member;
- (e) sign with the President certificates of membership, the issue of which shall have been authorized by acceptance of the Board of Directors;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the By-Laws containing all amendments thereto, which copy shall always be open to the inspection of any member, and, at the expense of the Cooperative, forward a copy of the By-Laws and all amendments thereto to each member; and
- (h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors;

Section 8. Treasurer.

The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever and deposit all such moneys in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of Section 3 of Article VI of these By-laws, or cause the same to be done; and,
- (c) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to them by the Board of Directors.

Section 9. General Manager.

The Board of Directors may appoint a General Manager who may be, but who shall not be required to be, a member of the Cooperative. The General Manager shall perform such duties as the Board of Directors may from time to time require of the General Manager and shall have such authority as the Board of Directors may from time to time vest in the General Manager.

Section 10. Bonds of Officers.

The Treasurer and any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

Section 11. Salaries.

The compensation, if any, of any officer, agent or employee who is also a Director or close relative of a Director shall be determined by the members as provided in Section 5 of Article III of these By-laws.

Section 12. Reports.

The officers shall submit at each annual meeting of the members, reports covering the business of the Cooperative for the previous fiscal year and showing its condition at the close of such fiscal year.

**ARTICLE VI
Contracts, Checks and Deposits**

Section 1. Contracts.

Except as limited elsewhere by these By-Laws, 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, notes, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by the General Manager, acting or interim, and the Finance Manager/CFO of the Cooperative and in such manner as shall from time to time be determined by action 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.

ARTICLE VII Membership Certificates.

Section 1. Certificates of Membership.

Membership in the Cooperative shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Incorporation of the Cooperative or these By-Laws. Such certificates shall be signed by the President and by the Secretary and shall be sealed with its corporate seal.

Section 2. Lost Certificate.

In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the cooperative as the Board of Directors may prescribe.

ARTICLE VIII Revenues and Receipts

Section 1. Disposition of Revenues and Receipts.

No dividends shall be paid upon membership in the Cooperative. Subject to the obligations of the Cooperative, with respect to moneys borrowed and to the provisions of any mortgage or other security given to secure such obligations, the Directors shall annually dispose of the earnings of the Cooperative in excess of its operating expenses as follows:

- (a) To provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses;
- (b) At least ten percent (10%) of the remaining earnings must be added to surplus until surplus equals either thirty percent (30%) of the total of all capital paid in for stock or memberships, plus all unpaid patronage dividends, plus certificates of indebtedness payable upon liquidation, earnings from nonmember business, and earnings arising from the earnings of other Cooperative organizations of which the association is a member, or \$1,000, whichever is greater. No addition shall be made to surplus when it exceeds either fifty percent (50%) of the total or \$1,000, whichever is greater.
- (c) Not less than one per centum (1%) nor more than five per centum (5%) of such earnings in excess of such earnings in excess of reserves may be placed in an educational fund, to be used as the Directors deem suitable for teaching or promoting cooperation; and
- (d) All remaining net earnings shall be allocated to a revolving fund and shall be credited to the account of each member ratably in proportion to the business they have done with the Cooperative during such year; such credits are herein referred to as "deferred patronage dividends".

The Directors shall determine the percentage or the amount of said allocations that currently shall be paid in cash. All said remaining allocation not so paid in cash shall be transferred to the revolving fund and credited to said members and subscribers.

Section 2. Membership Control Over Disposition of Revenues and Receipts.

The members may, at any meeting, control the amount to be allocated to surplus or educational fund within the limits specified in Section 1 of this Article.

Section 3. Revolving Fund.

The Directors may use the revolving fund to pay the obligations of or add to the capital of the Cooperative. In such event, the deferred patronage dividends credited to members shall constitute a charge upon the revolving fund and future additions thereto, and on the corporate assets subordinate to creditors then or thereafter existing. Deferred patronage dividends for any year shall have priority over those for any subsequent year, except that the Directors may, at their discretion, pay deferred patronage dividends of deceased natural persons who were members, and all other deferred patronage dividends, without reference to the order of priority herein prescribed, except as provided in Article XIII of the Articles of Incorporation. The payment of dividends owing to deceased natural persons who were members shall be made upon such terms and conditions as the Board of Directors, acting under policies of General Application, and legal representatives of such

member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Section 4. Deferred Patronage Certificates.

The Cooperative may issue certificates for deferred patronage dividends, which may be transferable or nontransferable as the Board of Directors may from time to time determine.

Section 5. Maturity of Deferred Patronage Dividend Certificates.

Credits or certificates referred to in Section 3 and 4 of this Article VIII shall not mature until the dissolution or liquidation of the Cooperative, but shall be callable by the Cooperative at any time in order of priority specified in Section 3 of Article X of the Articles of Incorporation of the Cooperative.

Section 6. Earnings – Distribution.

The conduct of the business of this Association shall be upon the Cooperative Plan and the earnings of this Association shall be distributed among members in accordance with the Articles of Incorporation of this Association. The payment of deferred patronage dividends shall be made in accordance with the policies adopted from time to time by the Board of Directors.

**ARTICLE IX
Waiver of Notice**

Any member, director or officer may waive, in writing, any notice of meetings required to be given by law, the Articles of Incorporation of the Cooperative, or these By-Laws.

**ARTICLE X
Disposition of Property**

Section 1.

The Cooperative may not sell, mortgage, lease, or otherwise dispose of any of its property other than:

- (a) property which, in the judgment of the Board of Directors is or will be neither necessary nor useful in operating and maintaining the Cooperative's system, provided; however, that sales of such property shall not in any one year exceed ten per centum (10%) in value, of the value, of all the property of the Cooperative.
- (b) Services of all kinds, including electric energy;
- (c) Personal property acquired for resale; and,
- (d) Merchandise:

Unless such sale, mortgage, lease, or other disposition is authorized by a vote of not less than two-thirds majority of all members of the Cooperative thereof, and the notice of such proposed sale, mortgage, lease, or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without the consent or vote of the members of the Cooperative or any part thereof, shall have full power and authority to borrow money, and to authorize the making and issuance of bonds, notes, or other evidences of indebtedness, secured or unsecured, for money so borrowed and to secure the payment of such bonds, notes, or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon or the pledge of or other lien upon all or any of the property, assets, rights, privileges, and permits of the Cooperative wherever situated, acquired or to be acquired, upon such terms and conditions as the Board of Directors shall determine.

Section 2. Sale or Other Disposition of Assets Other Than in Regular Course of Business.

A sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Cooperative, with or without the good will, if not made in the usual and regular course of business, may be made upon terms and conditions and for such consideration which may consist in whole or in part of money or property, real or personal, including shares of any other Cooperative association organized under the statutes of the State of Iowa, as long as such sale, lease, exchange or other disposition is authorized in the following manner:

- (a) The Board of Directors of the Cooperative shall take action recommending the sale, lease, exchange, or other disposition and directing the submission thereof to a vote at a meeting of the membership, which may be either an annual or special meeting.
- (b) Written or printed notice of the proposal shall be given to each member of record entitled to vote at the meeting within the time and in the manner provided by these Articles of Incorporation for the giving of notice of meetings of members and whether the meeting be an annual or special meeting shall state that the purpose, or one of the purposes of the meeting is to consider the proposed sale, lease, exchange or other disposition of substantially all of the property and assets of this Cooperative.
- (c) At the meeting the membership may authorize the sale, lease, exchange or other disposition and may fix, or may authorize the Board of Directors to fix any and all of the terms and conditions thereof and the consideration to be received by this Cooperative. Such authorization shall be approved if two-thirds (2/3) of the members of the Cooperative participate.
- (d) After the authorization by the vote of members, the Board of Directors of the Cooperative may nevertheless in its discretion abandon the sale, lease, exchange or other disposition of assets, subject to the rights of third parties under any contracts relating thereto without further action or approval by the members.

ARTICLE XI

Personal Liability of Directors, Officers, Employees, or Members

Except as otherwise provided by Iowa law, a director, officer, employee, or member of the Cooperative is not liable on the debts or obligations, and a director, officer, employee, member or other volunteer is not personally liable in that capacity for a claim based upon an act or omission of the person performed in the discharge of the person's duties, except for a breach of the duty of loyalty to the Cooperative, for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law, or for a transaction from which the person derives an improper personal benefit.

The Cooperative may indemnify any present or former director, officer, employee, member or volunteer in the manner and in the instances authorized in Section 499.59A, as amended.

ARTICLE XII

Fiscal Year

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

ARTICLE XIII

Membership in Other Organizations

The Cooperative may become a member of any other organization which the Board of Directors may deem desirable or advantageous to the best interests of the Cooperative.

ARTICLE XIV

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, Iowa."

ARTICLE XV

Amendments

These By-Laws may be altered, amended, or repealed by a vote of seventy-five percent of the Board of Directors at any regular or special meeting of the Board of Directors, provided that, notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal, and that once these By-laws have been so altered, amended, or repealed, such action shall remain in force until altered, amended, or repealed by the Board of Directors from time to time, or altered, amended, or repealed by a vote of seventy-five percent of the members present or represented, having voting privileges, at any annual meeting or special meeting of the membership, provided that notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.