



# Chariton Valley Electric Cooperative, Inc.

Your Touchstone Energy® Partner



## 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, 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 By-Laws of the Cooperative; and,
- (c) Agreeing to comply with and to be bound by these Articles of Incorporation, the By-Laws 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 By-Laws of the Cooperative may provide the procedure for such action. The By-Laws 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 30<sup>th</sup> 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 nine (9) directors. 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. 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**

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/she 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, 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	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 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 from 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 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 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 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 Utilities 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 an 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.