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# **Articles of Incorporation Farmers Electric Cooperative, Inc.**

We, whose names are hereunto subscribed, hereby associate ourselves into an incorporated cooperative association under the provisions of Chapter 390-G 1 of the Code of 1935 of the State of Iowa, assuming all of the power, rights, and 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 Farmers Electric Cooperative, Inc.

## **ARTICLE II**

The principal office of the Cooperative shall be located at Greenfield, in the County of Adair, State of Iowa.

## **ARTICLE III**

The cooperative is organized under the provisions of Chapter 390-G1 of the Code of 1935 of the State of Iowa.

## **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 lessee, exchange and mortgage plants, building, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;
- 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 lessee, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or 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, with 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 evidence 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, wherever situated, acquired or to be acquired.
  - f) to become a member of any federated cooperative association whose membership is restricted to incorporated cooperative associations; and
  - g) 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.

h) To construct, erect, purchase, lease as lessee and in any manner, acquire, own, hold, maintain, operate, sell, dispose of, lease as lessee, exchange and mortgage plants, building, 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.

#### 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:

<b>Name</b>	<b>Occupation</b>	<b>Post Office</b>
Carl Zellweger	Farmer	Orient, IA
Albert Ray	Farmer	Greenfield, IA
R.E. Taylor	Farmer	Menlo, IA
Raymond L. James	Farmer	Orient, IA
Clay Evans	Farmer	Bridgewater, IA
Robert Kading	Farmer	Casey, IA
Frank A. Hawthorne	Farmer	Stuart, IA
A.E. Brown	Farmer	Fontanelle, IA

#### ARTICLE VII

**Section 1.** Any individual, firm, association, corporation, partnership, or other organization, may become

a

member in this Cooperative by a) applying for membership certificate in this association, b) agreeing to purchase from the Cooperative the amount of electric energy hereinafter in Section 3 of the Article specified, and c) agreeing to comply with and to be bound by these Articles of Incorporation, the By-Laws of the Cooperative, 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 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 and the Act under which it is organized. A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section, provided the husband and wife comply jointly with the provisions of the above subdivision A, B, and C.

**Section 2.** A membership certificate in this Cooperative shall be issued to each member. No applicant for membership shall hold office until his certificate of membership has 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 individually 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 has violated or refused to comply with any of the provisions of these articles of incorporated 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 mem

bership 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.** Membership in the Cooperative and a certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon 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. In case of termination of membership due to voluntary cessation of utilizing the Cooperative's services, a member shall not be entitled to repayment of his membership fee. In cases of expulsion the Cooperative shall pay him an amount equal to the membership paid by him, within sixty (60) days thereafter. In cases of death or eligibility, it shall pay such value to him or his personal representatives within two years thereafter, without interest. Interest shall not in any case be paid upon the value of membership. Any termination of membership for any reason shall not release the member from the debts or liabilities of such member to the Cooperative.

A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.

When a membership is held jointly by a husband and wife, upon the death of either such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor 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; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

**Section 7.** Except as otherwise provided by Iowa Law, a director, officer, employee or member of the Cooperative is not liable on the Cooperative's 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 of 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 496A.4A Iowa Code (1976) as amended.

### **ARTICLE VIII**

The first regular meeting of the members of the Cooperative shall be held on the second day of December 1938, at the hour of 8:00 p.m., in the city or town in which the principal 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 directors who must be Members of the Cooperative. The board of directors shall be a variable-range size board of directors consisting of not less than seven (7) and not more than nine (9) directors, as the board of directors shall from time to time establish. The directors shall be divided into three (3) classes or voting districts as more specifically provided in the Cooperative's by-laws. At each annual meeting, a number of directors equal to the number of vacant seats on the board of directors shall be elected to hold office for a term of three (3) years, or until their respective successors shall have been elected and qualified. The election of directors shall be by ballot and each voting Member shall be entitled to cast one (1) vote for each director to be elected. The Board 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.

**Section 2.** At the first regular meeting to be held on the date specified in Article VII of these articles of incorporation, directors shall be elected by and from the members of the Cooperative to serve until the next succeeding regular annual meeting of the members as fixed in the by-laws of the Cooperative, or until their successors have been elected and have qualified. Thereafter, at each annual meeting of the members, directors shall be elected by ballot by and from the members to serve until the next annual meeting of the members, or until their successors have been elected and have qualified, subject to the provisions of these articles of incorporation and the by-laws with respect to the removal of directors. 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 bonafide resident in the area served by the Cooperative, 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. The by-laws of the Cooperative may provide additional qualifications not in conflict with law or these articles of incorporation. Nothing in this section contained shall, or shall be construed to, affect in any manner whatever the validity of any action taken at any meeting of the board of directors.

**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 by marking on the ballot an "X" opposite the names of the number of candidates equal to the number of directors to be elected and enclosing the ballot in a sealed envelope bearing his name addressed to the Secretary. When such ballot so enclosed is received by mail from any absent members at such meeting. If a husband

and wife hold a joint membership and are absent from any such meeting they may vote by mail for directors by jointly marking and enclosing the ballot hereinabove provided for. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

**Section 4.** Subject to the provisions of these articles of incorporation, vacancies occurring in the board of directors between annual meeting of the members of the Cooperative shall be filled by a majority vote of the members or until their successors have been elected and have qualified.

**Section 5.** Any member may bring charges against an officer or director by filling them in writing with the Secretary, together with a petition signed by ten per centum (10 per cent) 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 any vacancy created by such removal may be filled by the members at such meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and 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, apply the unexpended 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 per cent) of the remaining earnings must be added to surplus until surplus equals either thirty per centum (30 per cent) 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 non-member

business, and earnings arising from the earnings of other cooperative organizations of which the association is a member, or one thousand dollars (\$1000.00) whichever is greater. No addition shall be made to surplus whenever it exceeds either fifty per centum (50 per cent) of such total, or one thousand dollars (\$1000.00), whichever is greater;

- c) Not less than one per centum (1 per cent) nor more than five per centum (5 per cent) 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) Of all remaining net earnings, the directors shall determine the percentage or amount of said allocation that currently shall be paid in cash. All said remaining allocation not so paid in cash shall be allocated to the revolving fund and credited to the account of each ratably in proportion to the business the member has done with the Cooperative during each year. Said credits are herein referred to as "deferred patronage dividends."

**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 as provided elsewhere in these Articles of Incorporation, and except that the directors may, at their discretion, pay deferred patronage of deceased natural persons who were members, and may pay all other deferred patronage dividends without reference to the order of priority herein prescribed.

**Section 4.** The Cooperative may issue certificates for deferred patronage refunds, but such a certificate shall be non-transferable 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

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

- a) Property which, in the judgement 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 in value ten per centum (10 per cent) of the value of all the property of the Cooperative.
- b) Services of all kinds, including electric energy;
- c) Personal property acquired for resale; unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting in person or by mail, and 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, without authorization by the members, shall have full power and authority to borrow money from United States of America 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 or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether situated, all upon such terms and conditions as the board of directors shall determine.

- d) 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 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 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

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 therefor. The remainder of such assets shall be distributed in the following order of priority: a) payment of any deferred patronage refund or certificate issued therefor, and if the assets are insufficient to pay all such patronage refunds or certificates issued therefor they shall be prorated to the payment of all such deferred patronage refunds or certificates issued therefor; b) payment to the members of the membership fee paid by them; and c) the remaining assets shall be distributed among the members according to law.

## ARTICLE XIII

The directors, by a vote of seventy-five per cent (75%) of the directors, may adopt, alter, amend or repeal By-laws for the Cooperative, and the same shall remain in force until altered, amended or repealed by a vote of seventy-five per cent (75%) of the members present at any annual meeting or special meeting of the members.

## ARTICLE XIV

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.

Carl Zellweger.....	Orient, IA
Albert Ray.....	Greenfield, IA
R.E. Taylor.....	Menlo, IA
Raymond L. James.....	Orient, IA
Clay Evans.....	Bridgewater, IA
Robert Kading.....	Casey, IA
Frank A. Hawthorne .....	Stuart, IA
A.E. Brown.....	Fontanelle, IA

State of Iowa  
Adair County

On this 28th day of November, 1938, before me, M.G. Kellam, a notary public, in and for Adair County, Iowa, personally appeared:

Carl Zellweger  
Albert Ray  
R.E. Taylor  
Raymond L. James  
Clay Evans  
Robert Kading  
Frank A. Hawthorne  
A.E. Brown

To me known to be the identical persons named in and who executed the foregoing articles of incorporation and whose names are affixed thereto and acknowledged that they executed the same as their voluntary act and deed.

Made under my hand and seal of office the day and year last above written.

M. G. Kellam  
Notary Public, in and  
For Adair County, Iowa

**FARMERS ELECTRIC COOPERATIVE, INC**  
**Greenfield, Iowa**  
**BY-LAWS**

**ARTICLE I**  
**MEMBERS**

**Section 1. Qualifications and obligations.** Any person, firm, corporation or body politic may become a member in the Cooperative by:

- a) Applying for membership certificate in the Cooperative.
- b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified, and
- c) Agreeing to comply with and be bound by the articles of incorporation of the Cooperative and these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors. Provided, however, that no person, firm, corporation, or body politic shall become a member unless and until he or she has been accepted for membership by the Board of Directors or the members. At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b), and (c) of this section, such applications for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the members' meeting to which his application will be submitted and such applicant may be present and heard at the meeting. No person, firm, corporation, or body politic may own more than one (1) membership in the Cooperative.

**Section 2. Joint Membership.** Persons who qualify to be members may hold a Joint Membership in the Cooperative ("Joint Membership"). A Joint Membership shall consist only of a husband and wife or two individuals joined in a legally recognized marital relationship, each of whom qualifies to be a member.

If both persons qualify to be a member, and unless or until either person notifies the Cooperative otherwise in writing, then both persons hold a Joint Membership. Joint members who so qualify become members of the Cooperative in the same manner as any other member. The rights and obligations of joint members are as follows:

Except as otherwise provided in these Bylaws, a joint member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a member. Joint members are jointly and severally liable for compliance with the governing documents of the Cooperative. As used in these Bylaws and except as otherwise provided in these Bylaws, membership includes a Joint Membership, and a member includes a joint member. For Joint Membership:

- a) Notice of a Meeting provided to one joint member constitutes notice to both joint members;
- b) Waiver of notice of a meeting signed by one joint member constitutes waiver of notice for both joint members;
- c) The presence of one or both joint members at a meeting constitutes the presence of one member at the meeting;
- d) The presence of one joint member at a meeting waives the notice for the other joint member;
- e) The presence of one joint member at a meeting may invalidate a mailed ballot previously mailed by the other joint member;
- f) If only one joint member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds a Joint Membership and constitutes one vote, signature, or action;
- g) If more than one joint member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the Joint Membership and constitutes one vote, signature or action;
- h) Except upon the cessation of marriage or cessation of the legally recognized marital relationship the suspension or termination of a joint member constitutes a suspension or termination of both joint members; and,
- i) A joint member qualified to be a member of the Board

("Director") may be a Director, regardless of whether another joint member is qualified to be a Director, but if more than one joint member is qualified to be a Director, then only one joint member may be a Director.

Joint members shall notify the Cooperative in writing of a cessation of marriage or cessation of the legally recognized marital relationship. Upon determining or discovering the cessation of marriage or cessation of the legally recognized marital relationship, the Joint Membership shall be converted to a membership as follows:

- a) If only one joint member remains qualified to be a member and
- b) continues to use a cooperative service at the same location, then the Joint Membership converts to a membership comprised of this person;
- c) If both joint members remains qualified to be a member and each continues to use a cooperative service then the Joint Membership converts to a separate membership for each person;
- d) If neither joint member remains qualified to be a member, then the Joint Membership terminates.

**Section 3. Membership Certificate.** A membership certificate in this Cooperative shall be issued to each member.

**Section 4. Purchase of Electric Energy.** Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all central station electric energy used on the premises referred to in the application of such member for membership, and shall pay therefore at rates which shall from time to time be fixed by resolution of the Board of Directors; provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per period as shall be fixed by the Board of Directors from time to time, regardless of the amount of electric energy consumed. 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.

**Section 5. Non-Liability for Debts of the Cooperative.** 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 individually liable or responsible for

any debts or liabilities of the Cooperative.

**Section 6. Suspension of Members.** The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, suspend 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 bylaws or any rules and regulations adopted from time to time by the Board of Directors. Any member suspended 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 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 8. Transfer and Termination of Membership.**

- a) Membership in the Cooperative and a certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, suspension, or withdrawal of a member the membership of such member shall be surrendered forthwith to the Cooperative. In case of termination of membership due to voluntary cessation of utilizing the Cooperative's services, a member shall not be entitled to repayment of his membership fee. In cases of suspension, the Cooperative shall pay him an amount equal to the membership fee paid by him within sixty (60) days thereafter. In case of death or ineligibility, it shall pay such value to him or his personal representative within two years thereafter, without interest. Interest shall not, in any case, be paid upon the value of membership. Any termination of the membership for any reason shall not release the member from the debts or liabilities of such member to the Cooperative.
- b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance of such husband and wife jointly with the provisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the

Cooperative and such joint membership noted on the original certificate representing the membership so transferred.

- c) When a membership is a joint membership, upon the death of either such member, the joint membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor 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; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.
- d) Upon the legal separation or dissolution of the holders 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 spouse shall not be released from any debts due to the Cooperative.
- e) Except as provided in Article 1, Section 7(c) above, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership. Provided that upon the dissolution for any reason of a partnership, such membership shall continue to be held solely by such remaining partner or partners as were parties to the original membership and continue directly to occupy or use the premises covered by such membership.

**Section 9. 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 at least 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 any vacancy created by such removal may be filled by the members at such meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges

by a copy of the notice with charges attached being served at least twenty (20) days prior to the meeting by personal service previous to the meeting and shall have an opportunity at the meeting to be heard in person by the council and to present evidence, and the person or persons bringing the charges against him shall have the same opportunity.

## ARTICLE II MEETING OF MEMBERS

**Section 1. Annual Meeting.** The first regular meeting of the members shall be held on a date specified in the articles of incorporation of the Cooperative and thereafter the annual meeting of the members shall be held each year at such place, date and time as shall be designated by resolution of the Board of Directors, including remote/electronic meeting places. If no date is set by the 1st day of February each year, the annual meeting of the members shall be held on the third Tuesday in March of each year, beginning in such place within the State of Iowa, including remote/electronic meeting places, as shall be designated by the Board of Directors by resolution. If no place is set the 1st of February of each year, it shall be at such place at Greenfield, in the County of Adair, State of Iowa, as shall be designated in the notice of the meeting 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. If the day fixed thereby for the annual meeting would fall on a Sunday or legal holiday, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**Section 2. Special Meetings.** Special meetings of the members may be called by at least three (3) Directors or upon a written request of by at least twenty per centum (20%) of all the members unless otherwise provided in the Cooperative's articles of incorporation and it shall then be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Adair in the State of

Iowa specified in the notice of the special meeting, which meeting may be held at a remote or electronic meeting place designated by the Board of Directors.

**Section 3. Notice of Members' Meetings.** Written, electronic 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 twenty (20) days before the date of the meeting, either personally, by mail, or electronic transmission, 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, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. In the event of electronic transmission, the notice shall be deemed delivered when electronically sent to a member at the member's electronic mail address shown in the Cooperative's records. In case of joint membership, notice given to either joint member shall be deemed notice to both joint members. 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 such meetings under the sole condition that notice pursuant to this Bylaw provision was given.

**Section 4. Quorum.** As long as the total number of members does not exceed five hundred (500), at least ten per centum (10%) of the total number of members present in person shall constitute a quorum of the transaction of business at all meetings of the members. In case the total number of members shall exceed five hundred (500), then at least fifty (50) members present in person or voting by mail or electronically as authorized by the Board of Directors shall constitute a quorum for the transaction of business at all meetings of the members. In case of a joint membership, the presence at a meeting of either joint member, or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

**Section 5. 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 voting thereon at such meeting in person, electronically, or by mail, as authorized by the Board of Directors, and except as otherwise provided by law, the articles of incorporation of the Cooperative, or these bylaws. If a qualified person holds a joint membership, they shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members, as further explained in Article I, Section 2.

No member shall create or enter into a proxy, voting trust, or any other agreement conferring upon any other person the right to vote or otherwise represent their interest, and no such proxy, voting trust, or agreement is valid or effective.

**Section 6. Mail or Electronic Voting.** Any member may vote by mail or electronically, when authorized by the Board of Directors, 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 bylaws, or any action submitted pursuant to a resolution adopted by the Board of Directors or by petition of not less than twenty per centum (20%) 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 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/her name, address and signature. If received by mail or electronically at the cooperative prior to 9:00 a.m. on the day of the meeting it shall be accepted and counted as a vote of such member at such meeting. Any member who is absent from any meeting provided for in Section 1 of Article II for the election of Directors may also vote by mail or electronically in the election of Directors by ballot as hereinafter provided in these bylaws. If qualified persons hold a joint membership and are absent from any annual or special meeting of the members, they shall jointly be entitled to vote by mail or electronically as provided in this section, and as further explained in Article I, Section 2. The failure of 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 under the sole condition that notice was given by the Cooperative pursuant to the Bylaw requirements thereof.

**Section 7. Remote Member Meetings Participation and voting.** To the extent authorized by the Board of Directors, and subject to guidelines and procedures adopted by the Board of Directors, an annual or special meeting of the Members may be held without a geographical location if the meeting is held through the internet or other electronic communications technology in a manner:

- a) Permitting the Cooperative to verify that each person participating in the meeting is a Member; and,
- b) Permitting Members the opportunity to read or hear the proceedings substantially concurrent with their occurrence, vote on matters submitted to the Members, ask questions, and make comments.

Additionally, to the extent authorized by the Board of Directors, and subject to guidelines and procedures adopted by the Board of Directors, Members may participate in any Member meeting through remote or electronic communication. Members participating in a Member meeting through remote or electronic communications are deemed present, and may vote, at the Member meeting if the Cooperative has implemented reasonable measures:

- a) That each person participating remotely or electronically is a Member; and,
- b) To provide the Members a reasonable opportunity to participate in the Member Meeting, and to vote on matters submitted to the Members, including an opportunity to communicate, and to read or hear the proceedings of the member meeting substantially concurrently with the proceedings. If the Board of Directors authorizes participation through remote or electronic communication, then the notice of the Member meeting must describe the means of remote or electronic communication to be used.

**Section 8. Definitions.** As used in these Bylaws, subject to the context requiring otherwise, and as determined by the Board of Directors:

- a) "Electronic" and "Electronically" meaning relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
- b) "To Sign An Electronic Document" means, with present intent to authenticate or adopt the Electronic Document, to attach to, or logically associate with, the Electronic Document an electronic, sound, symbol, or process; and,

- c) "Electronic Transmission" includes transmission through (a) electronic mail; (b) the Cooperative's website; or, (c) a website or information processing system that the Cooperative has designated or uses to send, receive, or transmit electronic documents or electronic information, or to electronically conduct an action, transaction, business, meeting, or activity.

**Section 9. Order of Business.** The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof or the waiver of notice of the meeting as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors, and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournments.

### ARTICLE III DIRECTORS

**Section 1. General Powers.** The business and affairs of the cooperative shall be managed by a Board of Directors who must be members of this Cooperative. The Board of Directors shall be a variable-range size Board of Directors consisting of not less than seven (7) and not more than nine (9) directors, as the Board of Directors shall from time to time establish. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative or by these bylaws conferred upon or reserved to the members.

**Section 2. Qualifications and Tenure.** The directors shall be divided into three (3) classes or voting districts. At each annual meeting of the members, a number of directors equal to the number of vacant seats on the Board of Directors shall be elected to hold office for a term of three (3) years or until their respective successors shall have been elected and qualified. The election of directors shall be by ballot, and each

voting member shall be entitled to cast one (1) vote for each director to be elected. All directors shall be members. 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 primary resident in the area served by the Cooperative, 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. Directors shall be a bona fide resident in the area served by the Cooperative, which means a person who resides in the area served by the Cooperative and does not mean a person who owns the land but resides out of state or in a neighboring town which is not served by the Cooperative. When a membership is held jointly by qualified persons, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director or hold a position of trust in the Cooperative, unless both shall meet the requirements hereinabove set forth. Article I, Section 2, further details board services requirements for joint members. Nothing in this Section 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.

**Section 3. Voting Districts.** The territory served or to be served by the Cooperative shall be divided into three districts, each of which shall contain as nearly as possible the same number of members per district.

The East District shall be represented by three directors elected at large from within the district. The East District shall contain all the territory served by the Cooperative in the following townships: Madison, Douglas, Lincoln, Walnut, Scott, Union, Crawford, South, and Ohio in Madison County.

The Central District shall be represented by three directors elected at large from within the district. The Central District shall contain all the territory served by the Cooperative in the following townships: Jackson, Webster, Penn, Monroe and Grand River in Madison County; Lincoln, Harrison, Grand River, Union, Grove, and Jefferson in Adair County; Beaver, Penn, and Stuart in Guthrie County; Union, Highland, Lincoln, New Hope, Jones and Dodge in Union County, Iowa.

The West District shall be represented by three directors

elected at large from within the district. The West District shall contain all the territory served by the Cooperative in the following townships: Summit, Eureka, Jackson, Prussia, Walnut, Summerset, Richland, Lee, Orient, and Washington in Adair County; Grant, Lincoln, Franklin, Massena, Union, Victoria, Edna, Benton, Pymosa, Grove, and Bear Grove in Cass County; Grant and Thompson in Guthrie County; Exira and Oakfield in Audubon County; Spaulding in Union County, Iowa.

Each elected director shall be a resident of the voting district he or she is elected to represent.

A map showing the location of the district boundaries shall be filed in the official records of the Cooperative and shall be certified by the Secretary of the Cooperative as the official boundary map.

Not less than ninety (90) days before any meeting of the members at which directors are to be elected, the Board of Directors shall review the composition of the districts, and if It should be found that substantial inequalities in representations have developed which can be corrected by redefinition of the districts, the Board of Directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

**Section 4. Nominations.** It shall be the duty of the Board of Directors to appoint, not less than 30 days nor more than 120 days before the date of an in-person or remote member meeting of the members at which directors are to be elected, a Committee on Nominations consisting of not less than six (6) nor more than eleven (11) members of the Cooperative. At least two (2) committee members shall be appointed from each district. No officer or member of the Board of Directors shall be appointed a member of such Committee. The Nominations Committee shall select one (1) or more candidates from each district. The Committee shall prepare and post at the principal office of the Cooperative or on the Cooperative website at least twenty-five (25) days before the meeting, a list of nominations for directors, but any fifteen (15) or more members may make other nominations in writing over their signatures not less than twenty (20) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the Committee is posted. Nominations for directors by written petition shall be made from those

representative areas where a current director is being elected. A ballot marked "Ballot for Directors" containing the names of all nominees so posted, alphabetically arranged, and stating the residence of each shall be mailed or electronically transmitted as authorized by the Board of Directors, with the notice of the meeting. The Secretary shall also mail with the notice of the meeting or transmit electronically as authorized by the Board of Directors, a statement of the number of directors to be elected, 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 or electronically for directors as provided in this section. Any member may vote in-person, by mail, or electronically for directors as authorized by the Board of Directors by marking on the ballot an "X" opposite the names of the number of candidates equal to the number of directors to be elected and enclosing the ballot in a sealed envelope bearing his name, address, and signature and addressed to the Secretary. When such ballot so enclosed is received by mail or electronically prior to 9:00 a.m. on the day of the meeting, it shall be accepted and counted as a vote for director by ballot of such member at such meeting. In-person ballots will be collected at in-person meetings. The members may, at any meeting in which a director or directors shall be removed as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. If qualified members hold joint membership, they may vote by mail or electronically for a director by jointly marking and enclosing the ballot hereinabove provided for. Notwithstanding anything in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors or of any action thereafter taken by the Board of Directors under the sole condition that notice was delivered by the Cooperative pursuant to the By-Laws requirements thereof.

**Section 5. Vacancies.** Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors. Directors thus selected shall serve until the next annual meeting of the members or until their successors shall have been elected and qualified.

**Section 6. Compensation and Expenses.** Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum, if any, may be allowed for attendance at meetings for which their attendance has, by law, the Cooperative's certificate of incorporation, bylaws, or rules and regulations, or Board resolution been duly authorized. For attendance at such meetings, directors shall also receive reimbursement of any actual travel, out-of-pocket, or per-diem expenses incurred, in accordance with the Cooperative's established policies applicable to directors on authorized travel. Except in emergencies, no director shall receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the members. Any such emergency services payments to Directors must be Board approved.

**Section 7. Rules and Regulations.** The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with law, the articles of incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative. These rules and regulations shall include all policies adopted by the Board of Directors.

**Section 8. 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 applicable laws and rules and regulations of any regulatory body shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Services of the United States of America. All accounts of the Cooperative shall be examined by the Board of Directors at least for (4) times a year at regular meetings of the Board of Directors. The Board of Directors shall also, 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. A statement of operations and financial condition for the closing fiscal year shall be submitted to the members at the following annual meeting.

## ARTICLE IV MEETING OF DIRECTORS

**Section 1. Regular Meetings.** A regular meeting of the

Board of Directors shall be held without notice other than this bylaw, within a reasonable period after the annual meeting of the members. A regular meeting of the Board of Directors shall also be held periodically at such time and place as the Board of Directors may provide by resolution. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof, provided that a copy of such resolution shall be delivered to any director not present when it was adopted at least five (5) days prior to the first regular meeting held pursuant thereto.

The Board of Directors may meet by conference telephone call or other electronic means by which all persons participating in the meeting can simultaneously hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

**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 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 of the Board of Directors shall be given at least ten (10) days previous thereto, by written notice, delivered personally or mailed or electronically sent, to each director at his/her last known mailing or electronic address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If electronically transmitted, notice shall be deemed delivered when electronically sent to an electronic mail address shown in the Cooperative's records. 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, personally or by telephone or other electronic means, 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 the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

**Section 6. Conflict of Interest.** No contract or other transaction between the Cooperative and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are a director, officer, employee, or are financially interested in the corporation, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves, or ratifies such contract, or transaction or because their votes are counted for such purpose if any of the following are true:

- a) The material facts of the contract or transaction and the fact of such relationship or interest is disclosed or known to the Board of Directors or Committee which authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purposes without counting the vote or consent of such interested director.
- b) The material facts of the contract or transaction and the fact of such relationship or interest is disclosed or known to the Directors entitled to vote, and they authorize, approve, or ratify such contract or transaction by vote or written consent.
- c) The contract or transaction is fair and reasonable to the Cooperative.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves, or ratifies such contract or transaction.

## **ARTICLE V OFFICERS**

**Section 1. Number.** The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, and Chief Executive Officer. The offices of Secretary and Treasurer may be held by the same person.

**Section 2. Election and Term of Office.** The President, Vice-President, Secretary, and Treasurer 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. The Chief Executive Officer need not be a director of the Cooperative and shall be appointed to serve at the pleasure of the Board of Directors.

**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, provided that notice of reasons and an opportunity to be heard are given such person.

**Section 4. Vacancies.** Except as otherwise provided in these bylaws, 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 shall:

- a) Preside at all meetings of the members and of the Board of Directors;
- b) Sign, the President and Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;
- a. And 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 his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time as may be assigned by the Board of Directors.

**Section 7. Secretary.** The Secretary shall:

- a) Keep 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 bylaws or as required by law;

- c) Be custodian of the corporate records and of the seal of the Cooperative applying the seal as authorized by the Cooperative's Board or as required by law or other Cooperative governance documents.
- d) Keep a register of the address of each member;
- e) Sign with the President certificates of membership, the issue of which shall have been authorized by resolution 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 bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative make available a copy of the bylaws 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 by the Board of Directors, including authenticating the Cooperative's records.

**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 bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- c) In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

**Section 9. Chief Executive Officer.** The Board of Directors may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties as the Board of Directors may from time to time require of him or her and shall have such authority as the Board of Directors may from time to time vest in him or her.

**Section 10. Bonds of Officers.** The Board of Directors shall require the Treasurer or 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. Any such bond which the Board requires shall be purchased by the Cooperative.

**Section 11. Compensation.** The powers, duties, and compensation of any officers, agents, and employees shall be fixed by the Chief Executive Officer in consultation with the Board of Directors.

**Section 12. Reports.** The officers of the Cooperative shall submit at each annual meeting of the members' reports covering business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

**Section 13. Delegation of Duties.** Notwithstanding the duties, responsibilities, and authorities of the President, Vice President, Secretary, and of the Treasurer hereinbefore provided in Article V, Section 5, 6, 7 & 8, the Board of Directors by resolution may, except as otherwise limited by law, delegate wholly or in part, the responsibility and authority for, and the regular and routine administration of, one or more of such officer's such duties to one or more agents or other officers of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to any such officer, that officer, as such, shall be released from such duties, responsibilities, and authorities.

**Section 14. Chief Executive Officer.** The Board of Directors may from time to time delegate certain duties and authority to the Chief Executive Officer as are not in conflict with these Bylaws.

## ARTICLE VI

### CONTRACTS, CHECKS, AND DEPOSITS

**Section 1. Contracts.** Except as otherwise provided in these bylaws, the Board of Directors may authorize any officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

**Section 2. Checks, Drafts, Etc.** All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees, of the Cooperative and in

such manner, as shall from time to time be determined by resolution of the Board of Directors.

**Section 3. Deposits.** All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

## ARTICLE VII MEMBERSHIP CERTIFICATES

**Section 1. Certificate 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 bylaws. Such certificate shall be signed by the President of the Cooperative. The Cooperative may issue electronic certificates of membership in lieu of hardcopy certificates.

**Section 2. Issue of Membership Certificates.** Membership Certificates shall be issued after payment of all deposits, past due amounts, and agreeing to comply with the Articles, By-Laws, and policies and regulations as are adopted at various times by the Board of Directors. The fully completed application form signed by the member and following approval by a resolution of the Board of Directors and executed by the board chair shall be considered the issuance of a membership certificate.

**Section 3. 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 memberships 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, apply the unexpended revenues and receipts for such fiscal year in the following manner:

- 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 net earnings must be added to the surplus until surplus equals either (1) thirty per centum (30%) of the total of all capital paid in for memberships plus all unpaid patronage dividends (hereinafter called "patronage refunds"), plus certificates of indebtedness payable upon liquidation, earnings from nonmember business, and earnings arising from other Cooperative organizations of which the Cooperative is a member, or (2) one thousand dollars (\$1,000.00), whichever is greater; no additions shall be made to surplus whenever it exceeds either fifty per centum (50%) of such total or one thousand dollars (\$1,000.00) whichever is greater without the approval of the membership by a majority of votes cast.
- 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) Of all remaining net earnings, the directors shall determine the percentage or the amount of said allocation that currently shall be paid in cash, provided that so long as there are unpaid deferred patronage dividends for prior years, the amount currently payable in cash shall not exceed twenty percent of said allocation. All said remaining allocation not so paid in cash shall be allocated to revolving funds and credited to the account of each member ratable in proportion to the business he/she have done with the cooperative during each year. Such credits are herein referred to as "deferred patronage refunds."

**Section 2. Membership Control Over Disposition of Revenue and Receipts.** The members may, at any meeting, control the amount to be allocated to surplus or educational fund within the limits specified in these bylaws.

**Section 3. Revolving Fund.** The directors may use the revolving funds to pay the obligations or add to the capital of

the Cooperative. In such an event, the deferred patronage refunds credited to members shall constitute a charge upon the revolving funds and future additions thereto, and on the corporate assets subordinate to creditors then or thereafter existing. Deferred patronage refunds for any year shall have priority over those for any subsequent year except as provided elsewhere in these Bylaws, and except that the directors may, at their discretion, pay deferred patronage dividends of deceased natural persons who were members without reference to the order of priority herein prescribed.

**Section 4. Deferred Patronage Certificates.** The Cooperative may issue certificates for deferred patronage refunds, but such certificates shall be non-transferable except to a person 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. Maturity of Deferred Patronage Refund Certificates.** Credits or certificates referred to in these bylaws 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 the articles of incorporation of the Cooperative.

## **ARTICLE IX WAIVER OF NOTICE**

Any member or Director may waive, in writing, any notice of meetings required to be given by these bylaws. In case of a joint membership, a waiver of notice signed by either person shall be deemed a waiver of notice of such meeting by both joint members.

## **ARTICLE X DISPOSITION OF PROPERTY**

Except as otherwise provided by Iowa law the Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- a) Property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of all the property of the Cooperative;

- b) Services of all kinds, including electric energy, and
- c) Personal property acquired for resale, unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meetings in person or by mail, and 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, without authorization by the members, shall have full power and authority to borrow money from United States of America, Reconstruction Finance Corporation, 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 or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing of any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

## **ARTICLE XI 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 of same year.

## **ARTICLE XII MEMBERSHIP IN OTHER ORGANIZATIONS**

The Board of Directors shall have authority to authorize this Cooperative to become a member of other Cooperative Associations.

## **ARTICLE XIII 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 XIV AMENDMENTS**

The Directors, by a vote of seventy-five percent (75%) of the Directors, may adopt, alter, amend, or repeal By-Laws for the Cooperative, which shall remain in force until altered, amended, or repealed by a vote of seventy-five percent (75%) of the members present or represented having voting privileges at any regular annual meeting or special meeting of the members, providing the notice of any such meeting contains a copy of the proposed alteration, amendment, or repeal.

#### **ARTICLE XV PARLIAMENTARY PROCEDURES**

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committees provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's certificate of incorporation or By-Laws.

#### **ARTICLE XVI ELECTIONS & CREDENTIALS COMMITTEE**

The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15) and who are not close relatives or members of the same household of existing Directors or known candidates for Directors to be elected at such meeting. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative. It shall be the responsibility of the Committee to pass upon all questions that may arise with respect to the regulation of members in person to count all ballots cast in any election or in any other ballot vote taken and to rule upon the effect of any ballot irregularly marked. The Committee's decisions on all such matters shall be final.