



Linn County
Rural Electric
Cooperative

Articles of Incorporation and Bylaws



We are committed to providing our members with safe, reliable, cost effective, sustainable electricity and excellent member service.

5695 REC Drive • P.O. Box 69 • Marion, Iowa 52302-0069

Phone: 319-377-1587 or Toll Free in IA: 1-800-332-5420

Email: lcrec@linncountyrec.com • Web: www.linncountyrec.com

TABLE OF CONTENTS

	Page Number
Articles of Incorporation.....	1
Article I Name	1
Article II Principal Office	1
Article III Authority	1
Article IV Purposes	1
Article V Duration	2
Article VI Incorporators	2
Article VII Members	2
Article VIII Date of Annual Meeting.....	5
Article IX Directors.....	5
Article X Revenues and Receipts	7
Article XI Sale and Mortgage of Assets.....	8
Article XII Merger and Consolidation.....	9
Article XIII Liquidation.....	9
Article XIV Personal Liability and Indemnification.....	9
Article XV Article Amendments.....	9
Bylaws	10
Bylaw I Cooperative Goal.....	10
Bylaw II Meetings of Members.....	10
Bylaw III Directors.....	12
Bylaw IV Meeting of Directors.....	14
Bylaw V Officers.....	14
Bylaw VI Contracts, Checks And Deposits.....	17
Bylaw VII Waiver of Notice.....	17
Bylaw VIII Fiscal Year.....	17
Bylaw IX Membership in Other Organizations.....	17
Bylaw X Seal.....	17
Bylaw XI Amendments.....	18
Bylaw XII Easements and Member Cooperation	18
Bylaw XIII Indemnification and Insurance	
Coverage for Directors And Officers	19
Bylaw XIV Deferred Patronage Dividends.....	19

ARTICLES OF INCORPORATION

Of Linn County Rural Electric Cooperative Association

We, whose names are hereunto subscribed, hereby associate ourselves into an incorporated cooperative association under the provisions of Chapter 390-G1 of the 1935 Code of Iowa, assuming all of the powers, 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 Name

The name of the Cooperative shall be Linn County Rural Electric Cooperative Association.

ARTICLE II Principle Office

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

ARTICLE III Authority

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

ARTICLE IV Purposes

The Cooperative is formed for the following purposes:

- (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 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 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 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 or any interest therein necessary, useful or appropriate to enable the Cooperative to accomplish any or all of its purposes;

- (d) to assist the members, the Cooperative may become involved in other business ventures, other than the distribution of electric service, 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, water supply, waste management, television and/or transmission and distribution lines or system necessary, convenient or useful for carrying out and accomplishing any of the foregoing purposes;
- (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 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.

ARTICLE V Duration

The duration of the Cooperative shall be perpetual.

ARTICLE VI Incorporators

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

Name	Occupation	Post Office Address
Glenn Stoner	Farmer	Mt. Vernon, Ia. R#2
A.D. Brennaman	Farmer	Marion, Ia. R#1
Wallace K. Rogers	Farmer	Fairfax, Ia. R#1
L.A. Birk	Farmer	Anamosa, Ia. R#1
H.G. Donnan	Farmer	Cedar Rapids, Ia. R#1
H.A.W. Koch	Farmer	Central City, Ia. R#2
Frank Federick	Farmer	Marion, Ia. R#3

ARTICLE VII Members

Section 1. Qualifications and Obligations. The incorporators of the

Cooperative shall be members of the Cooperative. Any individual, acting for himself or herself as an accredited representative of an association, corporation, partnership or organization and who customarily uses the services rendered by the Cooperative, may become a member in the Cooperative by (a) signing a membership application, which in the case of joint membership shall require the signature of both persons;

(b) agreeing to purchase from the Cooperative the amount of electric energy specified in Section 3 of this Article; and (c) agreeing to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors of the Cooperative; provided, however, that no individual, except the incorporators of the Cooperative, shall become a member in the Cooperative unless and until he or she has been accepted for membership by the affirmative vote of a majority of the members of the board of directors of the Cooperative; provided further, however, that if any applicant's application for membership has not been accepted or has been rejected by the board of directors prior to the first meeting of the members following the date of the application, such application shall be submitted to such meeting by the board of directors and subject to compliance with the conditions set forth in subdivisions (a), (b) and (c) of this Section, such application for membership may be accepted by a vote of the members at such meeting, and the action of the members with respect thereto shall be final. The Secretary of the Cooperative 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. Any other cooperative association formed under Chapter 390-G1 of the Code of 1935 of the State of Iowa and engaged in any activity directly or indirectly related to any activity in which the Cooperative is engaged, is also eligible to membership subject to the foregoing provisions of this Section. No individual or association may own more than one membership in the Cooperative.

Section 2. Membership Certificates. The Cooperative shall have no capital stock but membership in the Cooperative shall be evidenced by a certificate of membership. The form and content of the certificate shall be determined by the board of directors. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued upon such terms and such indemnity to the Cooperative as the board of directors may prescribe.

Section 3. Purchase of Electric Energy. Each member of the Cooperative shall as soon as electric energy shall be available purchase from the Cooperative monthly not less than the minimum amount of electric energy which shall from time to time be determined by resolution of the board of directors of the Cooperative and shall pay therefor and for all additional electric energy, distributed by the Cooperative, used by such member, the price which shall from time to time be fixed therefor by resolution of the board of directors. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable. Each member shall comply with such rules and

regulations as may from time to time be adopted by the board of directors and as approved by the Utility Board of the Iowa Department of Commerce and other regulatory bodies.

Section 4. Expulsion 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, expel any member of the Cooperative who shall have violated or refused to comply with any of the provisions of these articles of incorporation or the bylaws 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. Withdrawal of Membership. Any member of the Cooperative may withdraw from membership upon payment in full of all of his/her or its debts and liabilities to the Cooperative and upon compliance with and performance of such terms and conditions as the board of directors may prescribe.

Section 6. Transfer and Termination of Membership. Membership in the Cooperative and the certificate representing the same shall not be transferable, and upon the death, expulsion or withdrawal of a member, or upon a member ceasing to be eligible for membership in the Cooperative, the membership of such member shall thereupon terminate, and that member's certificate of membership shall be surrendered to the Cooperative. Any such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

Section 7. Joint Membership. Two individuals, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may convert such membership into a joint membership by both signing the application for membership. The words "member", "applicant", "persons", "his/her" and "him," as used in these Articles and Bylaws, shall include a joint membership unless otherwise clearly distinguished in the text; conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

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

through their one joint membership;

- (f) upon the legal separation or divorce 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 person shall not be released from any debts or liabilities of the joint membership to the Cooperative; and
- (g) when a membership is held jointly, upon the death of either person 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, and the joint membership certificate may be surrendered by the survivor, and upon the recording of such death on the records 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.

ARTICLE VIII Date of Annual Meeting

The first regular meeting of the members of the Cooperative shall be held on the 8th day of July, 1938, at the hour of 1:00 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 bylaws.

ARTICLE IX Directors

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of seven (7) directors which shall exercise all of the powers of the Cooperative except such as are by law or by these articles of incorporation or by the bylaws conferred upon or reserved to the members.

Section 2. Tenure. At the annual meeting of the members beginning with the year 1956, three directors, one each from districts two (2), three (3), and seven (7), described in Bylaw III, Section 1 shall be elected by ballot by and from the members to serve for a period of one year and until their successors shall have been elected and shall have qualified; two directors, one each from districts four (4), and six (6), described in Bylaw III Section 1 shall be elected by ballot by and from the members to serve for a period of two years, and until their successors shall have been elected and shall have qualified; and two directors, one each from districts one (1), and five (5), described in Bylaw III Section 1 shall be elected by ballot by and from the members to serve for a period of three years, and until their successors shall have been elected and shall have qualified. At each annual meeting beginning with the year 1957, directors shall be elected by and from the members to succeed those directors whose terms have expired to serve for a period of three years and until their successors shall have been elected and qualified.

Section 3. Qualifications. For purposes of nominating, electing and filling vacancies to the board of directors, and to be eligible to remain a director, the following eligibility requirements shall apply: the individual (1) must be a bona fide resident of the district for which he or she is nominated, (2) must hold membership in the Cooperative for at least one year, (3) must be receiving electric service from the Cooperative at the location where he or she resides, (4) must not be employed by or have 10 percent or greater financial interest in a business that sells electric energy or electrical supplies to the Cooperative or its affiliates or supplies for “an electric production facility,” as defined by 199IAC15.1, to Cooperative members, and (5) in the case of a joint membership, either one but not both may serve as director at any given time, and both joint members must meet all of the other qualifications set forth herein (6) must not be so closely related to any Cooperative employee so as to violate the Cooperative’s Employment of Relatives Policy EP-11, (7) must not be a current or former employee of the Cooperative or its affiliates (affiliates shall mean subsidiaries of the Cooperative and membership/ownership in NRUCFC, Federated, RESCO or Central Iowa Power Cooperative), (8) shall not be a convicted felon, (9) shall only campaign through the Cooperative’s publications and website candidate biography and (10) must certify that s/he meets these qualifications. Notwithstanding these eligibility requirements, 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 4. Districts. The territory served by the Cooperative shall be divided into seven (7) districts which shall be specified in the bylaws.

Section 5. Nominations. It shall be the duty of the board of directors to appoint, not less than forty-five (45) days nor more than one hundred eighty (180) days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of one member from each district. No officer or member of the board of directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least forty (40) days before the meeting a list of nominations for directors. Such nominations shall be made by districts as herein prescribed to succeed the directors whose terms will expire at the meeting of members for which such nominations are made. Any fifty (50) or more members may make other nominations in writing over their signatures not less than thirty (30) days prior to the meeting at which directors are to be elected. The Secretary shall post the same at the same place where the list of Nominations made by the committee is posted.

Section 6. Ballots. A ballot marked “Ballot for Directors” containing the names of all the nominees so posted, arranged by districts and alphabetically within such districts and stating the residence of each, shall be mailed with the notice of the meeting. The Secretary shall also mail with the notice of the meeting a statement of the number of directors to be elected, 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 for directors as provided in this section. Any member who is absent from any such meeting may vote according to said statement for directors by marking on the ballot opposite the name of one candidate from each district for which a director is to be elected, and submitting the ballot according to said statement. If two persons hold a joint membership and are absent from any such meeting they may vote the same as an individual by jointly marking and submitting the ballot as provided above. When such ballot is received from any absent member it shall be accepted and counted as a vote for directors by ballot of such absent member at such meeting.

Section 7. Vacancies. 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 at which time their successors shall be elected to fill the unexpired term of the director whose death, resignation, or removal from office created such vacancy in accordance with the method prescribed in Article IX, Sections 5 and 6.

Section 8. Removal. At any meeting called for that purpose any director may be removed by vote of a majority of all voting members of the Cooperative or by a vote of a majority of all members in the director's district. Previous to the meeting, the director against whom such charges have been brought shall be informed of the charge(s) in writing 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 charge against the director shall have the same opportunity.

ARTICLE X Revenues and Receipts

Section 1. Disposition. No dividends shall be paid upon memberships in the Cooperative. Subject to the obligations of the Cooperative with respect to monies borrowed and to the provisions of any mortgage or other security given to secure such obligations, the directors shall annually dispose of the earning of the Cooperative in excess of its operating expenses as follows:

- (a) to provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses;
- (b) at least ten percent (10%) of the remaining earnings must be added to surplus until surplus equals either (1) thirty percent (30%) of the total of 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 Cooperative is a member, or (2) one thousand dollars (\$1,000) whichever is greater; no additions shall be made to surplus whenever it exceeds either fifty percent (50%) of such total, or one thousand dollars (\$1,000), whichever is greater;
- (c) not less than one percent (1%) nor more than five percent (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

- (d) The directors may determine a percent or an amount of said allocation to be currently paid in cash. All of said remaining allocation not so paid in cash shall be credited to the account of each member ratably in proportion to the business that member has done with the Association during such year; such credits are herein referred to as “deferred patronage dividends”.

Section 2. Membership Control. The members may, at any meeting, control the amount to be allocated to surplus or educational fund within the limits specified in Section 1 of this Article X.

Section 3. Revolving Fund.

- (a) The directors may use a revolving fund to pay the obligations or add to the capital of the Association. In that event the deferred patronage dividends credited to members constitute a charge on the revolving fund, on future additions thereto, and on the Association’s assets, subordinate to existing or future creditors. Except as otherwise provided in subsection (b) below and Article XIII herein, deferred patronage dividends for any year have priority over those for subsequent years.
- (b) The directors may pay deferred patronage dividends of deceased natural persons who were members, and may pay all other deferred patronage dividends without reference to priority.
- (c) Payment of deferred patronage dividends shall be carried out to the extent and in the manner specified in the Bylaws of the Association.
- (d) The payment of deferred patronage dividends of deceased natural persons who where members shall be made upon such terms and conditions as the directors may prescribe by policy and as agreed upon by the personal representative(s) of such member’s estate.

Section 4. Deferred Patronage Certificates. The Cooperative may issue certificates for deferred patronage dividends, which certificates may be transferable or non-transferable as the board of directors may from time to time determine.

Section 5. Maturity of Deferred Patronage

Dividend Certificates. Credits or certificates referred to in Sections 3 and 4 of this Article X shall not mature until the 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 Sale and Mortgage of Assets

The sale or other disposition of assets and the mortgage or pledge of assets shall be governed by Iowa Code Sections 499.47A and 499.47B as amended.

The board of directors, without the consent or vote of the members of the Cooperative or any part thereof, shall have full power and authority to borrow money from the United States of America, or the National Rural Utilities Cooperative Finance Corporation or such other 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 to authorize the making and issuance of bonds, notes or other evidences of indebtedness, secured or unsecured, for money so borrowed and to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon or the pledge of or other lien upon all or any of the property, assets, rights, privileges and permits of the Cooperative wherever situated, acquired or to be acquired, upon such terms and conditions as the board of directors shall determine.

ARTICLE XII Merger and Consolidation

Any merger or consolidation of this Cooperative with other Cooperatives shall be governed by Iowa Code Sections 499.61 through 499.71, as amended.

ARTICLE XIII Liquidation

Upon 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 dividends or certificates issued therefor. The remainder of such assets shall be distributed in the following order of priority; (a) payment of any deferred patronage dividend or certificate issued therefor, and if the assets are insufficient to pay all such patronage dividends or certificates issued therefor they shall be prorated to the payment of all such deferred patronage dividends or certificates issued therefor; and (b) the remaining assets shall be distributed among the past and present members in proportion to their total unpaid deferred patronage dividends prior to liquidation.

ARTICLE XIV Personal Liability and Indemnification

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 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 instance authorized in Section 496A.4A Iowa Code (1976) as amended, under authority of Iowa Code Section 499.59A, as amended.

ARTICLE XV Article Amendments

These articles may be amended by a vote of sixty-six and two-thirds percent (66 2/3%) of the members present at any annual meeting or any special meeting

called for that purpose or represented by a vote submitted by an absentee member for said meeting pursuant to the Bylaws, provided that at least ten (10) days before said meeting a copy of the proposed amendment(s) or summary thereof shall be sent to all members.

BYLAWS

BYLAW I Cooperative Goal

The goal of Linn County Rural Electric Cooperative Association (hereinafter called the “Cooperative”) is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

Dependable Service. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof.

BYLAW II Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members shall be held not earlier than the fifteenth (15) day of April and not later than the thirtieth (30) day of September each year, 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. The date and place for the annual meeting is to be fixed each year by resolution by the board of directors at least forty-five (45) days prior to the date the annual meeting is to be held. If the election of directors shall not be held on the day designated 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 convenient. Failure to hold the annual meeting at the designated time shall not work a forfeiture or liquidation of the Cooperative.

Section 2. Special Meetings. Special meetings of the members may be called by the directors or upon a written request signed by at least twenty percent (20%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meetings of the members may be held at any place within the service area of the Cooperative as specified in the notice of special meeting.

Section 3. Notice of Members’ Meetings. Unless the member waives it in writing, each member shall have ten (10) days written notice of the time and place of all meetings, and of the purpose of all special meetings. Such notice shall be given to the member in person or by mail directed to the member’s address as shown on the records of the Cooperative.

Section 4. Quorum. Ten percent (10%) or more of the members present in person or represented by mail and electronic ballots shall constitute a quorum necessary for the transaction of business at any annual meeting or special meeting of the membership; provided, however, that so long as the total number

of members of the Cooperative shall exceed five hundred (500), then fifty (50) or more members present in person shall be sufficient to constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present 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, by mail or electronically, except as otherwise provided by law, the articles of incorporation of the Cooperative, or by these bylaws. A joint membership is entitled to one (1) vote at a meeting of the members.

Section 6. Voting by Mail. Any member who is absent from any annual or special meeting of the members may vote by mail upon any motion or resolution to be acted upon at any such meeting with respect to an amendment to the articles of incorporation, or any action submitted pursuant to a resolution adopted by the board of directors or by petition of not less than twenty percent (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. Such absent member shall return to the Secretary the marked ballot in a sealed envelope bearing the member's name, address and member number. 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. If either holder of a joint membership is absent from any annual or special meeting of the members, they shall jointly be entitled to vote by mail as provided in this section. 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. Cooperative staff may recruit tellers to count the mail ballots received in advance of the annual meeting, which mail vote shall be tallied with the vote of other members at the meeting.

Section 7. Order of Business. The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall essentially be as follows:

1. Call to order.
2. Secretary verification of member's notification.
3. Approval of the agenda.
4. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon, or waiver thereof.
5. Presentation and consideration of, and action upon, reports of officers, directors and the committees.
6. Election of directors.
7. Unfinished business.
8. New business.

9. Adjournment.

Failure to follow the order of business will not invalidate the business of the meeting. Voting on a motion or resolution at an annual meeting or special meeting of the members shall only take place if written notice of such motion or resolution was provided to all members with the notice of the meeting, with a ballot enclosed to allow voting by mail.

BYLAW III Directors

Section 1. Districts. The territory served by the Cooperative shall be divided into Districts as follows:

District Number One – Grant, Spring Grove, Jackson, Boulder, Washington, Otter Creek, Maine, Buffalo, and Fayette Townships, all in Linn County, Iowa, and Sections 1 through 30 of Clinton Township in Linn County, Iowa and Cass and Fairview Townships in Jones County, Iowa and all townships in other counties contiguous to the above not otherwise specifically included in another district.

District Number Two – Sections 5, 6, 7, 12, 13, 18, 19, 30, and 31 in T 80 N of Penn Township in Johnson County, Iowa.

District Number Three – Rapids, Fairfax, and College Townships, all in Linn County, Iowa, and Sections 31 through 36 of Clinton Township in Linn County, Iowa, and Florence and Fremont Townships in Benton County, Iowa, and Monroe and Oxford Townships, in Johnson County, Iowa, and Sections 19 through 22 and Sections 27 through 34 of Clear Creek Township, in Johnson County, Iowa and all townships in other counties contiguous to the above not otherwise specifically included in another district.

District Number Four – Monroe Township in Linn County, Iowa.

District Number Five – Marion, Brown, Bertram, Linn, Putnam and Franklin Townships, all in Linn County, Iowa, and all townships in other counties contiguous to the above not otherwise specifically included in another district.

District Number Six – Jefferson, Hardin, Madison, and Union Townships, all in Johnson County, Iowa, and Section 1 in T 80 N and Sections 24, 25, and 36 in T 81 N, all of Penn Township in Johnson County, Iowa, and Sections 23, 24, 25, 26, 35, and 36 in Clear Creek Township in Johnson County, Iowa and all townships in other counties contiguous to the above not otherwise specifically included in another district.

District Number Seven – Big Grove, Cedar, Newport, Graham, East Lucas, West Lucas and Scott Townships, all in Johnson County, Iowa, and Sections 19, 30, 31 and 32 in T 81 N and Sections 8, 9, 16, 17, 20, 21, 22, 27, 28, 29, 32, 33 and 34 in T 80 N all of Penn Township in Johnson County, Iowa and Gower and Springdale Townships in Cedar County, Iowa, and all townships in other counties contiguous to the above not otherwise specifically included in another

district and all other land in Johnson County, Iowa east of the Iowa River.

Section 2. Election of Directors. The directors for each district up for election at the annual meeting of members shall be elected by secret written ballot of the members. Directors shall be elected by a plurality of the votes cast. Drawing by lot shall resolve any tie vote.

Section 3. Procedures for Removal of Directors. Any member may bring one or more charges for cause against any one or more directors and may request removal of such director(s) be reason thereof by filing with the Secretary such charges in writing, together with a petition signed by not less than two percent (2%) of the then-total membership of the Cooperative. The petition shall call for a special meeting of the members to be held, the stated purpose of which shall be to hear and act upon such charges against the director(s) proposed to be removed. If more than one director is sought to be removed, individual charges for removal shall be specified.

Such director(s) shall be informed in writing of the charges after they have been validly filed and at least thirty (30) days prior to the meeting of the members at which the charges are to be considered. Evidence shall be presented at the meeting first by the member(s) who brought the charges, with all witnesses subject to cross examination by the director(s) charged or by counsel. Thereafter the director(s) charged shall present evidence to refute the charges, subject to cross examination by the member(s) bringing the charges or their counsel. After closing statements, the questions of removal shall be submitted by secret written ballot, with voting to take place separately for each director charged.

Cause for removal shall mean that the director is alleged to have committed an act or omission adversely affecting the business and affairs of the Cooperative and amounting to gross negligence, fraud, or criminal conduct.

Section 4. Compensation. Board members shall not receive any salary for their services as such, except that the board of directors may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member or close relative of a board member shall receive compensation for employment with the Cooperative.

Section 5. Rules and Regulations. The board of directors shall have power to make and adopt such rules and regulations, not inconsistent with the articles of incorporation of the Cooperative or the bylaws or the laws of the State of Iowa, as it may deem advisable for the management, administration and regulations of the business and affairs of the Cooperative.

Section 6. Accounting System and Reports. The board of directors shall cause

to be established and maintained a complete accounting system to be implemented and followed by the Controller and such other employees as designated by the General Manager, which system shall comply with the rules and regulations of any applicable regulatory body. 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, records, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

BYLAW IV Meetings of Directors

Section 1. Organizational Meeting and Regular Meetings. An organizational meeting of the board of directors shall be held without notice other than this bylaw, immediately after the annual meeting of the members. A regular meeting of the board of directors shall also be held monthly and at such time and place as the board designates. Such regular monthly meetings may be held without notice other than the time, place and date shall be specified in the minutes of the previous meeting which shall be furnished to the directors prior to the board meeting.

Section 2. Special Meetings. Special meetings of the board of directors may be called by the President or any two (2) directors who may fix the time, place and date of the meeting.

Section 3. Notice. Notice of the time, place and purpose of any special meeting shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid.

Section 4. Quorum. A quorum of the board of directors will be required to transact business. A majority of the board of directors shall constitute a quorum.

Section 5. Voting. Each director shall be entitled to one vote upon each matter submitted to a vote at a meeting of directors. All actions or resolutions shall require the affirmative vote of a majority of the directors voting thereon in person at such meeting, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Any director who is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present. If less than a quorum of directors are present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but the Secretary shall cause the absent directors to be duly and timely notified of the date, time, and place of such adjourned meeting.

BYLAW V Officers

Section 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, Assistant Secretary, Chief Executive Officer, and

such other officers as may be determined by the board of directors from time to time. The offices of Secretary and Treasurer may be held by the same person. The General Manager of the Cooperative shall be elected to the office of Chief Executive Officer at the organizational meeting of the board of directors each year and shall have such duties as may be determined by the board of directors.

Section 2. Election and Term of Office. With the exception of the Chief Executive Officer, the officers of the Cooperative shall be elected, by ballot, annually by and from the board of directors at the organizational meeting of the board of directors held after each annual meeting of the members. Each shall hold office until his or her successor shall have been duly elected.

Section 3. Procedures for Removal of Directors. Any member may bring one or more charges for cause against any one or more directors and may request removal of such director(s) by filing with the Secretary a written petition signed by not less than two percent (2%) of the then-total membership of the Cooperative stating the charge(s) and the basis for said charge(s). The petition shall call for a special meeting of the members to be held, the stated purpose of which shall be to hear and act upon such charge(s) against the director(s) proposed to be removed. If more than one director is sought to be removed, individual charge(s) for removal shall be specified.

Such director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least thirty (30) days prior to the meeting of the members at which the charge(s) are to be considered. Evidence shall be presented at the meeting first by the member(s) who brought the charge(s), with all witnesses subject to cross examination by the director(s) charged or by counsel. Thereafter the director(s) charged shall present evidence to refute the charge(s), subject to cross examination by the member(s) bringing the charges or his/her counsel. After closing statements, the questions of removal shall be submitted by secret written ballot, with voting to take place separately for each director charged. A director may be removed by a vote of the majority of all voting members of the Cooperative or by a vote of the majority of all the members in the charged director's district.

Cause for removal shall mean that there is probable cause the director committed an act or omission adversely affecting the business and affairs of the Cooperative that is gross negligence, fraud or other criminal conduct as defined by the Iowa Jury Instructions in effect at the time the Charge is filed.

Section 4. Vacancies. A vacancy in any office may be filled by the board of directors for the unexpired portion of the term.

Section 5. President. The President:

(a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the board of directors;

- (b) shall sign, with the Secretary, any deeds, mortgages, bonds, contracts and 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, and
- (c) in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the board of directors from time to time.

Section 6. Vice President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned by the board of directors. Any duties of this office may be delegated to Cooperative staff and overseen by this Officer.

Section 7. Secretary. The Secretary shall:

- (a) archive the minutes of the meetings of the members and the Board of Directors;
- (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 and see that the seal of the Cooperative is affixed to all documents the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provision of these bylaws;
- (d) keep a register of the post office address of each member which shall be furnished to the Cooperative by such member;
- (e) have general charge of the membership records;
- (f) keep on file at all times a complete copy of the amended articles and bylaws; keep a copy available for the inspection of any member; at the expense of the Cooperative, forward a copy of the articles and bylaws and amendments to each member upon request; make a complete copy of the amended articles and bylaws available on the Cooperative website accessible by the public; and
- (g) 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.

Any duties of this office may be delegated to Cooperative staff and overseen by this Officer.

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 monies due and payable to the Cooperative from any source whatsoever, and deposit all such monies in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of Section 3 of Bylaw VI; 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.

Any duties of this office may be delegated to Cooperative staff and overseen by this Officer.

Section 9. Assistant Secretary. In the absence of the Secretary, or in the event of the Secretary's inability or refusal to act, the Assistant Secretary shall perform the duties specified of the Secretary in Section 7 of this Bylaw V. Any duties of this office may be delegated to Cooperative staff and overseen by this Officer.

Section 10. General Manager. The board of directors may appoint a general manager who may be, but shall not be required to be, a member of the Cooperative. The general manager shall perform such duties as the board of directors may from time to time require and shall have such authority as the board of directors may from time to time determine.

Section 11. 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 a bond for the faithful discharge of duties in such sum and with such surety or sureties 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 such bonds in such amounts with such surety or sureties, and containing such terms and conditions as it shall determine.

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

BYLAW VI Contracts, Checks and Deposits

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

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the pay-

ment 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.

BYLAW VII 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.

BYLAW VIII Fiscal Year

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

BYLAW IX Membership in Other Organizations

The Cooperative upon board approval may purchase stock in or become a member of any non-profit corporation or other Cooperative if such purchase or membership furthers the purposes of this Cooperative as specified in the articles of incorporation. The Cooperative may purchase stock in or become a member of any other organization upon the affirmative vote of the Board of Directors.

BYLAW X 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 words "Corporate Seal, Iowa."

BYLAW XI Amendments

The directors, by vote of seventy-five (75%) of the directors, may adopt, alter, amend, or repeal bylaws 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 annual meeting or special meeting of the membership.

BYLAW XII Easements and Member Cooperation

Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement right-of-way over, on, and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to the member or other members or for the construction, operation, maintenance, vegetation management, relocation,

or upgrading of the Cooperative's electric facilities. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy, or to conduct load research.

**BYLAW XIII Indemnification and Insurance
Coverage for Directors and Officers**

The Cooperative shall indemnify its directors and officers in case of their liability to the maximum extent permitted by law, even if the liability is to the Cooperative itself. It shall be permissible for the Cooperative to acquire insurance coverage for this indemnification.

BYLAW XIV Deferred Patronage Dividends:

The Cooperative shall maintain books and records reflecting the deferred patronage dividend allocated and paid to each member.

Section 1. Reversion Fund for Unclaimed Patronage Dividends. Pursuant to the authority granted in Iowa Section 499.30A, the Cooperative shall establish a separate reversion fund for the deposit of unclaimed member patronage dividends. The establishment and use of this fund shall be as follows:

- (a) If a member's patronage dividend is deemed abandoned after the member has been provided proper notice and time to file a claim for the dividend under Iowa law, said dividend shall be forfeited and deposited into the reversion account.
- (b) The General Manager/ CEO of the Cooperative shall have the discretion to honor a claim for an abandoned patronage dividend which is submitted after the six-month claims period, upon a showing of legitimate reason for the claim being filed late. If a delinquent claim is honored, the Cooperative shall pay out the amount of the disbursement to the member, the member's estate, or the member's successor in interest.
- (c) Forfeited patronage dividends shall be used as the board of directors deems suitable for any of the following purposes:
 - (1) Teaching and promoting cooperation; or
 - (2) Economic development including private or joint public and private investments involving the creation of economic opportunities for members or the retention of existing sources of income that would otherwise be lost.

Section 2. Payment of Deferred Patronage Dividends. The Directors shall determine the extent and manner in which to pay patronage dividends to

members and former members. Each year the Directors shall determine whether to pay allocated patronage dividends for previous years and the manner of any such payment. Allocated patronage dividends to be paid to a member or former member with an outstanding debt will be recouped or offset against that debt until the debt is paid in full. Pursuant to Iowa Code Chapter 499, former members shall be mailed a patronage dividends check for the period of time determined by the Directors as long as the check amount is more than \$5.00 or is the last of that member's accumulated patronage dividends.

Section 3. Transfer of Deferred Patronage Dividends prior to Payment. A member with a commercial account may transfer its allocated patronage dividends to a buyer of its business by making this request in writing and with the approval of the Board of Directors. Following such an approved transfer, the allocated patronage dividends shall be paid to the buyer pursuant to Section 2 of this Article.

Upon the dissolution of a business that was a commercial member of the Cooperative, a business officer shall provide the Cooperative with names and mailing addresses of the individuals to whom future retired patronage dividends should be paid. Without such information, retired patronage dividends will be paid in the business name.

Section 4. Security Interest in Deferred Patronage Dividends. The Cooperative shall file a UCC Financing Statement with the Iowa Secretary of State when any commercial member's deferred patronage dividends accumulate to more than \$10,000 to provide the Cooperative with a security interest in those dividends.