

As amended January 28, 2020

The aim of HARRISON COUNTY RURAL ELECTRIC COOPERATIVE (hereinafter called the "Cooperative") is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

BYLAWS

ARTICLE I—MEMBERS

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

- (a) paying the membership fee hereinafter specified;
- (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 here to 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 it 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 application 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.

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 subdivisions (a), (b), and (c).

Section 2. **Membership Fee.** The Cooperative shall have no capital stock but membership in the Cooperative shall be evidenced by a certificate of membership. The membership fee in the Cooperative shall be Five Dollars (\$5.00) and no certificate of membership shall be issued until such membership fee shall have been paid in full.

Section 3. **Purchase of Electric Energy.** Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Directors. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 4. **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 5. **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 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 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 directors at any regular or special meeting of the directors. The action of the directors with respect to any such reinstatement shall be final.

Section 6. **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 7. **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, 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 fee paid by him, within sixty (60) days thereafter. In cases of death or ineligibility, 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.

(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 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.

(c) 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 8. **Removal of Directors and Officers.** Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members, and any officer or director may be removed by the vote of a majority of all voting members of the Cooperative. 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 shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

ARTICLE II—MEETING OF MEMBERS

Section 1. **Annual Meeting.** The first regular meeting of the members of the Cooperative was held on the 3rd day of October, 1936 at the hour of 8:00 o'clock p.m., in the City or Town in which the principal office of the Cooperative was located, and thereafter a regular annual meeting of the members shall be held on such date and at such place in the City or Town in which the principal office of the Cooperative is located, as shall be fixed by resolution of the Board of Directors and as 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 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 signed by at least twenty per centum (20%) of all of the members and it shall thereupon be the

duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place specified in the notice of the Special Meeting.

Section 3. **Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, 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 or by mail, by or at the direction of the Secretary or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at this address as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership notice given to either husband or wife 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 any such meeting.

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 for 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 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 husband or wife, 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. Members casting Director election ballots by mail shall be deemed present for determining a quorum for the Director Election.

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 or by mail, except as otherwise provided by law the articles of incorporation of the Cooperative, or these bylaws. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a 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 the bylaws, or any action submitted pursuant to a resolution adopted by the board of directors or by petition of not less than ten per centum (10%) of the members. The secretary shall enclose with the notice of such meeting an exact copy of such motion or resolution to be acted upon and such absent member shall express his vote thereon by writing "yes" or "no" on each such motion or resolution in the space provided therefor and enclose each such copy so marked in a sealed envelope bearing his name and addressed to the Secretary. When such written vote so enclosed is received by mail from any absent member it shall be accepted and counted as a vote of such absent member at such meeting. 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 in the election of directors by ballot as hereinafter provided in these bylaws. If a husband and wife 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 as provided in this section. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

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

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 or waivers 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.

ARTICLES III—DIRECTORS

Section 1. **General Powers.** The business affairs of the Cooperative shall be managed by a board of nine (9) directors which 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.**

(a) The board of nine (9) directors shall consist of one (1) from each of eight numbered districts and one director at large. The geographic areas of each of the 8 districts shall be established and revised as necessary by the Board of Directors in such a manner that the districts shall have approximately an equal number of members. The district boundaries are established in Section 2 (c) below. All members shall be allowed to vote in the election of each district director and the director at large.

(b) At the annual meeting of members in 1989, one director from each of the districts 1 and 3 shall be elected for a term of three years, and one director shall be elected at large for a term of three years. At the annual meeting of members in 1990, one director from each of the districts 5, 6, and 7 shall be elected for a term of three years. At the annual meeting of members in 1991, one director from each of the districts 2, 4, and 8 shall be elected for a term of three years. At each annual meeting thereafter, a number of directors equal to the number of directors whose terms expire at the time of such meeting, shall be elected to hold office for the term of three (3) years, or until their respective successors shall have been elected and qualified, subject to the provisions of the Articles of Incorporation and these 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 bona fide resident in the area served by the Cooperative, or who is in any way employed by or financially interested in a competing enterprise or 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. When a membership is held jointly by a husband and wife, 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 to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this Section contained shall, or shall construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

(c) The specific district boundaries as set out below shall also be shown on a map of the Cooperative’s service area and said map shall be maintained as an official record of the Cooperative. The district boundaries are as follows:

- DISTRICT 1: Cass, Union and Washington Townships of Harrison County, Cass Township of Shelby County and Minden Township of Pottawattamie County.
- DISTRICT 2: Cincinnati, Clay, St. John and Taylor Townships of Harrison County and Rockford Township of Pottawattamie County.
- DISTRICT 3: Allen, Jackson, Little Sioux and Morgan Townships of Harrison County and Sioux and Spring Valley Township of Monona County
- DISTRICT 4: Boyer and Douglas Townships of Harrison County and Washington Township of Shelby County.
- DISTRICT 5: Boyer, Denison, Paradise, Union, Washington and Willow Townships of Crawford County.
- DISTRICT 6: Calhoun, Magnolia and Raglan Townships of Harrison County.
- DISTRICT 7: Jefferson and LaGrange Townships of Harrison County and Boomer and Neola Townships of Pottawattamie County.
- DISTRICT 8: Harrison and Lincoln Townships of Harrison County, Willow Township of Monona County and Grove and Union Townships of Shelby County.

DISTRICT AT LARGE: Entire Cooperative Service Area

Section 3. **Nominations.** The Board of Directors shall appoint a committee on nominations. Such committee on nominations shall be appointed 90 days or more before the date of a meeting of members at which directors are to be elected. A committee on nominations consisting of not less than five (5) nor more than eleven (11) members of the Cooperative who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. 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 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. A ballot marked "Ballot for Directors" containing the names of all the nominees so posted, 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 and showing separately the nominations made by the committee or nominations made by petition. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for directors as provided in this section. Any member who is absent from any such meeting may vote by mail for directors by marking on the ballot an "X" opposite the names of the number of candidates 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 member it shall be accepted and counted as a vote for directors by ballot of such absent member at such meeting. The members may, at any meeting at 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 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. **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 and directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified.

Section 5. **Compensation.** Directors shall receive no salary for their services as Directors, except by that resolution by the Board of Directors, a fixed sum and expenses of attendance, in any, may be allowed for attendance at each meeting of the Board of Directors, committee, or other activity on behalf of the Cooperative as may be authorized by the Board of Directors or membership. No Director shall receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the members, or the payment of such Director or close relative shall have been certified by the Board of Directors as an emergency measure.

Section 6. **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.

Section 7. **Accounting System and Reports.** The board of directors shall cause to be established and maintained a complete accounting system which among other things, subject to applicable laws and rules and regulation of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of United States of America. 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. Such audit reports shall be available to the members.

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, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the board of directors shall also be held monthly at such time and place as the board of directors may provide by

resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

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 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 so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. **Quorum.** A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors' present may adjourn the meeting from time to time without further notice.

Section 5. **Manner of Acting.** The act of the majority of the directors presents at a meeting at which a quorum is present shall be the act of the board of directors.

ARTICLE V—OFFICERS

Section 1. **Number.** The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be determined by the board of directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

Section 2. **Election and Term of Office.** The officers shall be elected, by ballot, annually by and from the board of directors at the first meeting of the board of directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

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 judgement the best interests of the Cooperative will be served thereby.

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:

- (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 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; 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 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 may be assigned to him 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 and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such 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 forward a copy of the bylaws and of all amendments thereto each member; and
- (h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board of directors.

Section 8. **Treasurer**. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative.
- (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such 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 to him by the board of directors.

Section 9. **Manager**. The board of directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the board of directors may from time to time require of him and shall have such authority as the board of directors may from time-to-time vest in him.

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.

Section 11. **Compensation**. The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the board of directors.

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.

ARTICLE VI—CONTRACTS, CHECKS AND DEPOSITS

Section 1. **Contracts**. Except as otherwise provided in 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 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. **Certificates of Membership.** Membership in the Cooperative shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent with, the articles of incorporation of the Cooperative or these bylaws. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 2. **Issue of Membership Certificates.** No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

Section 3. **Lost Certificate.** In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the board of directors may prescribe.

ARTICLE VIII—NON-PROFIT OPERATION

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

Section 2. **Patronage Allocations.** The Cooperative's revenues and receipts in excess of expenditures shall be allocated and paid in accordance with the provisions of Article X of the Articles of Incorporation.

Deferred Patronage Refunds credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written notice from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board of directors, acting under policies of general application, shall otherwise provide.

The books and records of the Cooperative shall be established and maintained in such a manner that the amount of deferred patronage refunds credited to the account of each member shall be separately stated. Every member of the Cooperative shall be entitled to an accounting as to all patronage dividends credited to his account on request to the office of the Cooperative.

Section 3. **Mailing Address.** Each holder, assignee or transferee of deferred patronage dividends shall notify the Association in writing of the address to which any mail or notices should be sent.

Section 4. **Patronage Refunds.** Payment of deferred patronage refunds allocated as provided in Article X of the Articles of Incorporation of the Association shall be made in the following manner:

a. When such deferred patronage refund shall be matured or called for payment, the Association shall send payment by United States Mail to the last known address of the holder or transferee entitled to such payment according to the records of the Association.

b. In the event the holder or transferee of such deferred patron age refund shall for any reason fail to cash or deposit payment within one hundred twenty (120) days after issuance of patronage refund, the deferred patronage refund of such holder or transferee shall be retained until the following year, at which time the above procedure shall be repeated in an attempt to contact the holder or transferee. The Cooperative shall be allowed to assess a reasonable service charge against the deferred patronage refund for costs incurred in the attempts to contact the holder or transferee.

c. Notwithstanding any other provisions of these bylaws, the Board of Directors at its discretion shall have the power at any time upon the death of any patron, if a legal representative of his estate shall request in writing that the capital credited to any person be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the cooperative will not be impaired thereby.

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 of such meeting signed by either husband or wife shall be deemed a waiver of notice of such meeting by both joint members.

ARTICLE X—DISPOSITION OF PROPERTY

Section 1. The Cooperative may not sell, mortgage, lease or otherwise dispose of any of its property other than:

- (a) property which, in 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 of all the property of the Cooperative.
- (b) services of all kinds, including electric energy;
- (c) personal property acquired for resale;
- (d) dispositions made in the usual and regular course of business;

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 from 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 delivery or a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering 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.

Section 2. A sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Cooperative, with or without the good will, if not made in the usual and regular course of business, may be made upon terms and conditions and for such consideration which may consist in whole or in part of money or property, real or personal, including shares of any other Cooperative association organized under the statutes of the State of Iowa, as long as such sale, lease, exchange or other disposition is authorized in the following manner:

- (a) The Board of Directors of the Cooperative shall adopt a resolution recommending the sale, lease, exchange, or other disposition and directing the submission thereof to a vote at a meeting of the membership, which may be either an annual or special meeting.
- (b) Written or printed notice of the proposal shall be given to each member of record entitled to vote at the meeting within the time and in the manner provided by the Articles of Incorporation and Bylaws for the giving of notice of meetings of members and whether the meeting be an annual or special meeting, shall state that the purpose, or one of the purposes of the meeting is to consider the proposed sale, lease, exchange or other disposition of substantially all of the property and assets of this Cooperative.
- (c) At the meeting the membership may authorize the sale, lease, exchange or other disposition and may fix, or may authorize the Board of Directors to fix, any and all of the terms and conditions thereof and the consideration to be received by this Cooperative. Such authorization shall be approved if two-thirds (2/3) of the members 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 XI—FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of May of each year and end on the thirtieth day of April of the following year.

ARTICLE XII—MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative shall not become a member of any other organization without an affirmative vote of the directors at a meeting called as provided in these bylaws.

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 bylaws for the Cooperative, and the same 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 Members, provided that at least ten (10) days before said Annual Meeting or Special Meeting a copy of the proposed amendment or summary thereof shall be sent to all members having voting rights.

ARTICLE XV—PERSONAL LIABILITY

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

The Cooperative may indemnify any present or former director, officer, employee, member or volunteer in the manner and in the instances authorized in Section 496A.4A Iowa Code (1987) as amended.