

ARTICLES OF INCORPORATION  
OF  
GUTHRIE COUNTY RURAL ELECTRIC COOPERATIVE

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

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

ARTICLE II

The principal office of the Association shall be located at Guthrie Center, in the County of Guthrie, State of Iowa.

ARTICLE III

The Association was originally organized under the provisions of Chapter 390-G1 of the Code of 1935 of the State of Iowa, and is now governed by the provisions of Chapter 499 of the Code of Iowa (2011), as amended.

ARTICLE IV

The purpose for which the Association is formed are:

1. 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; and to construct, erect, purchase, lease as lessee, and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any of the foregoing purposes; and to construct, erect, purchase, lease as lessee and in any manner, acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and communication, telecommunications, engineering, computer, master billings, centralized printing, land and industrial development, group purchasing, inventory control, telephone, water supply, waste management, television and/or transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any of the foregoing purposes. The Cooperative may do and perform any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes as set forth in this article and in this section, or as may be permitted

by the provisions of the laws under which the association is formed; and to exercise any of its power anywhere;

2. To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, sell, convey, lease as lessee, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Association to accomplish any and all of its purposes;

3. To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, license, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Association;

4. To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

5. To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment of property acquired, or for any of the other objects or purposes of the Association; 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, and or all of the property, rights, franchises, privileges or permits of the Association, wheresoever situated, acquired or to be acquired.

6. To make advances and to extend credit to or for the account of the members of the Association and to take any form of obligation or security therefor, to acquire, hold, transfer or pledge any note or other obligation, and to make any contract, endorsement or guaranty deemed desirable incident to the transfer or pledge of any such obligation, note or security.

7. To become a member of any federated cooperative association whose membership is restricted to incorporated cooperative associations and as the Board of Directors of the Association in its discretion may determine;

8. 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 a may be permitted by the provisions of the laws under which the Association is formed; and to exercise any of its powers anywhere.

#### ARTICLE V

The duration of the Association shall be perpetual.

#### ARTICLE VI

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

<u>Name</u>	<u>Occupation</u>	<u>Post Office Address</u>
E. Rosenblatt	Farmer	Bayard, Iowa
Verne Weigel	Farmer	Guthrie Center, Iowa
G. E. Laughery	Farmer	Adair, Iowa
Wm. Cordis	Farmer	Panora, Iowa
H. T. Bugbee	Farmer	Dawson, Iowa
Lee Jordan	Farmer	Monteith, Iowa
W. G. Harlan	Farmer	Stuart, Iowa
H. H. Phillips	Farmer	Guthrie Center, Iowa
John A. McLuen	Farmer	Stuart, Iowa

## ARTICLE VII

Section 1. Any individual firm, association, corporation, partnership or other organization or any individual acting as an accredited representative of any firm, association, corporation, partnership, or other organization may become a member in this Association by (a) applying for a membership certificate in the Association, (b) agreeing to purchase from the Association the amount of electric energy hereinafter in Section 3 of this Article specified, and (c) agreeing to comply with and be bound by these Articles of Incorporation, the Bylaws of the Association, and such rules and regulations as may from time to time be adopted by the Board of Directors of the Association. 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 the above subdivisions (a), (b), and (c).

Section 2. A membership certificate in this Association shall be issued to each member. No applicant for membership shall hold office until his/her certificate of membership shall have been issued. The Association shall have no capital stock.

Section 3. Each member of the Association shall purchase from the Association 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 Association and shall pay therefor and for all additional electric energy used by him at 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 this Association as and when the same shall become due and payable. Each member shall comply with such rules and regulations as may from time to time be adopted by the Board of Directors.

Section 4. No member of the Association shall own more than one membership, and each member shall be entitled to one vote and no more at all meetings of the members of the Association. The vote of each member of the Association shall be cast in person and not by proxy or as otherwise set forth in the Bylaws. In election of Directors, only members of the respective voting districts may vote for the Director to be elected from their respective district.

Section 5. The Board of Directors of the Association may be the affirmative vote of not less than two-thirds of the members of the Board of Directors, expel any member of the Association, including the undersigned incorporators, who shall have willfully violated or refused to comply with any of the provisions of these Articles of Incorporation or the By-Laws of the Association or any rules or regulations promulgated by the Board of Directors, or who shall have ceased to be eligible to membership in the Association, or who shall have failed to pay any debt or obligations to the Association when the same shall have become due and payable.

Section 6. If a member dies or becomes ineligible, or is expelled, the member's membership shall forthwith be canceled. In case of the expulsion of a member, the Association shall pay the member the value of the membership as shown by the books of the Association on the date of cancellation, but not more than the original issuing price of such membership. Such payment shall be made within sixty (60) days after such expulsion. In case of the death of a member, payment of such value shall be made to the personal representative of such deceased member within two (2) years after the member's death. In case of ineligibility, payment of such value shall be made to the member who has become ineligible within two (2) years after the date of the member's ineligibility. Interest shall not, in any case, be paid upon the value of membership determined as hereinabove provided.

Section 7. Any member of the Association may withdraw from membership upon payment in full of all debts and obligations to the Association and upon compliance with and performance of all contracts with the Association. Upon any such withdrawal, the member so withdrawing shall not be entitled to receive and the Association shall not pay to the withdrawing member the original issuing price or book value of membership.

Section 8. The death, expulsion or withdrawal of a member of the Association shall not impair the member's debts, obligations or liabilities to the Association.

Section 9. The private property of the members of the Association shall be exempt from execution for the debts of the Association.

## ARTICLE VIII

Section 1. The first regular annual meeting of the members of the Association shall be held on the first Monday of January, 1939. Thereafter, the annual meetings of members of this Association shall be held at such time and place as shall be fixed by resolution of the Board of Directors.

Section 2. The Directors may call special meetings of members and shall do so upon written demand of at least twenty per centum (20%) of the members.

The Directors may call special meetings of members of any of the various voting districts and shall do so upon the written demand of at least twenty per centum (20%) of the members of a particular voting district.

## ARTICLE IX

Section 1. The business and affairs of the Association shall be managed by a Board of nine (9) directors who must be members of the Association.

Section 2. There shall be nine (9) numbered geographic districts for the Cooperative. Each district shall contain as nearly as possible an equal number of members. Each district shall be represented by one director. The directors shall reside within the district they are elected to represent. The district boundaries shall be described in the Bylaws of the Association and shown on a map of the Association service area with such description and map maintained at the offices of the Association and kept available to members. Said districts may be revised as necessary by the Board of Directors to maintain as nearly as possible an equal number of members in each district.

Section 3. Candidates for election to the Board of Directors shall be nominated by a nominating committee with one committee member to be appointed by each member of the Board of Directors. Said appointments to the nominating committee shall be made not less than sixty (60) nor more than one hundred fifty (150) days before the date of a meeting of the members at which directors are to be elected. The nominating committee members shall be selected by each director from the district of that director. No officer or member of the Board of Directors shall be appointed as a member of such committee. The committee shall prepare and post at the principal office of the Association at least sixty (60) days prior to the meeting, a list of nominations for directors. Any twenty (20) or more members residing in the respective districts may make other nominations in writing over their signatures not less than forty-five (45) days prior to the meeting, and the Secretary shall post the names of nominations made by petition in the same place where the list of nominations made by committee is posted. The provision of this section shall not be mandatory in the case of recall of one or more directors as provided in these Articles of Incorporation.

Section 4. Subject to the provisions of Section 4 of this Article IX, any vacancy in the Board of Directors shall be filled by a majority vote of the remaining directors, and the director thus elected shall serve until the next regular election of the director for the voting districts provided by these Articles of Incorporation, as amended, and the By-Laws of this Association.

Section 5. At any meeting of members called for that purpose, any officer may be removed by vote of a majority of all voting members of the Association. At any meeting of members of a particular district called for that purpose, the director of said district may be removed at a vote of a majority of all voting members of that voting district. Any vacancy in the Board of Directors pursuant to Section 5 may be filled at the same meeting at which such vacancy is created, and the director so elected shall hold office until his successor shall have been elected and qualified. In case of the failure to fill such vacancy at such meeting, the Board of Directors may fill the vacancy at any subsequent meeting of the Board in the manner and for the term specified in Section 4 of this Article IX.

Section 6. The Board of Directors shall meet immediately following each annual meeting of the members, and at such other times as may be fixed by the By-Laws, and shall possess all the powers and perform all the duties usually assumed by such body.

Section 7. The Board of Directors shall elect from its membership such officers as it deems necessary, said officers to serve for terms of one year. The Directors shall also choose and may remove such other officers and employees as they deem proper or as the Articles or By-Laws may prescribe. Until the first annual meeting of the following persons shall serve as directors:

<u>Name</u>	<u>Post Office Address</u>
E. Rosenblatt	Bayard, Iowa
Verne Wiegel	Guthrie Center, Iowa
G. E. Laughery	Adair, Iowa
Wm. Cordis	Panora, Iowa
H. T. Bugbee	Dawson, Iowa
Lee Jordan	Monteith, Iowa
W. G. Harlan	Stuart, Iowa
H. H. Phillips	Guthrie Center, Iowa
John A. McLuen	Stuart, Iowa

Until the first annual meeting the following named persons shall serve as officers:

President	Wm. Cordis	Parnora, Iowa
Vice President	G. E. Laughery	Adair, Iowa
Secretary-Treasurer	Verne Weigel	Guthrie Center, Iowa

## ARTICLE X

Section 1. No dividends shall be paid upon the issuing price of membership in the Association. Subject to the obligations of the Association with respect to moneys borrowed and to the provisions of any mortgage or other security given to secure such obligations, the directors shall annually dispose of the earnings of the Association in excess of its operating expenses as follows:

(a) To provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses;

(b) At least ten percent (10%) of the remaining earnings must be added to surplus until surplus equals either thirty percent (30%) of the total of all capital paid in for stock or memberships, plus all unpaid patronage dividends, plus certificates of indebtedness payable upon liquidation, earnings arising from the earnings of other Cooperative organizations of which the association is a member, or \$1000, whichever is greater. No additional shall be made to surplus when it exceeds either fifty percent (50%) of the total or \$1,000, whichever is greater;

(c) Not less than one percent (1%) nor more than five per cent (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;

(d) All remaining net earnings shall be allocated to a revolving fund and shall be credited to the account of each member ratably in proportion to the business he has done with the Association during such year. Such credits are herein referred to as "deferred patronage dividends".

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

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

Section 3. The directors may use the revolving fund to pay the obligations of or add to the capital of the Association. In such event, the deferred patronage dividends credited to members shall constitute a charge upon the revolving fund and future additions thereto and on the corporate assets subordinate to creditors then or thereafter existing. Deferred patronage dividends for any year shall have priority over those for any subsequent year, except that the directors may at their discretion pay deferred dividends of deceased natural persons who were members or patrons and all other deferred patronage dividends without reference to the order of priority herein prescribed except as set forth in Article XI of these Articles of Incorporation. The payment of dividends owing to deceased natural persons who were members or patrons shall be made upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representative of such member's Estate shall agree upon; provided, however, that the financial condition of the Association will not be impaired thereby.

Section 4. The Association may issue certificates for deferred patronage dividends, which certificates may be transferable or nontransferable as the Board of Directors may, from time to time, determine.

Section 5. Credits or certificates referred to in Sections 3 and 4 of this Article X, shall not mature until the dissolution or liquidation of the Association, but shall be callable by the Association at any time in the order of priority specified in Section 3 of this Article X.

## ARTICLE XI

Upon dissolution or liquidation, the assets of the Association shall be applied, first, to pay liquidation expenses, next, to pay obligations of the Association other than patronage dividends or certificates issued therefor, and the remainder of such assets shall be distributed in the manner and order of priority provided by law.

## ARTICLE XII

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

Section 1. 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 a such sale, lease, exchange or other disposition is authorized in the following manner:

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

(b) Written or printed notice of the proposal shall be given to each member of record entitled to vote at the meeting within the time and in the manner provided by these Articles of Incorporation for the giving of notice of meetings of members and whether the meeting be an annual or special meeting, shall state that the purpose, or one of the purposes of the meeting is to consider the proposed sale, lease, exchange or other disposition of substantially all of the property and assets of this Cooperative.

(c) At the meeting the membership may authorize the sale, lease, exchange or other disposition and may fix, 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 XIII

#### Personal Liability of Directors, Officers, Employees, or Members.

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

The Cooperative may indemnify any present or former director, officer, employee, member or volunteer in the manner and in the instances authorized in Section 499.59A Iowa Code (2011) as amended.



## ARTICLE XIV

### Dispute Resolution

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

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

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

Notwithstanding the foregoing, the Association reserves the right to pursue collection of a debt owed by any member, former member, or customer who has received electric service through other means, including but not limited to use of a collection agency, small claims court, and other applicable courts. Further, any claim where the amount in controversy is less than the small claims jurisdictional amount may be resolved without utilizing the alternate dispute resolution procedures set forth in this Article.

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

## ARTICLE XV

The Directors by a vote of 75% of the Directors may adopt, alter, amend or repeal By-Laws for the Association which shall remain in force until altered, amended or repealed by a vote of 75% of the members present or represented having voting privileges at any Annual Meeting or special meeting of the membership.

## ARTICLE XVI

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