

ARTICLES OF INCORPORATION

We, whose names are hereunto subscribed, hereby associate ourselves into an incorporation 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 Cooperative shall be Osceola Electric Cooperative, Inc.

ARTICLE II

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

ARTICLE III

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

ARTICLE IV

The purposes for which the Cooperative is formed are:

- a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as 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, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Cooperative;
- c) To 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 communications, telecommunications, engineering, computer, master billing, 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 a 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;

- d) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefore;
- e) To borrow money, to make the 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 f or other lien upon, any or all of the property, rights, privileges or permits of the Cooperative where so ever situated, acquire 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

The duration of the Cooperative shall be perpetual.

ARTICLE VI

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

<u>NAME</u>	<u>OCCUPATION</u>	<u>POST OFFICE ADDRESS</u>
Henry Consoer	Farmer	Ocheyedan, Iowa
David L Dykstra	Farmer	Bigelow, Minnesota
Anton J. Gacke	Farmer	Sibley, Iowa
George Jackley	Farmer	Ashton, Iowa
Frank Leinen	Farmer	Sibley, Iowa
Jacob J. Onken	Farmer	Sibley, Iowa
Ralph Wright	Farmer	Hartley, Iowa

ARTICLE VII

Section 1. 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 purchases from the Cooperative electric energy as specified in the bylaws of the Cooperative; and
- c) Agreeing to comply with and be bound by these articles of incorporation and the 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; provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members. The bylaws of the Cooperative may provide the procedure for such action. The bylaws of the Cooperative may fix such other terms and conditions upon which persons shall be admitted to and retain membership in the Cooperative no inconsistent with these articles of incorporation or the Act under which it is organized.

A husband and wife may jointly become a member and their applications 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. 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. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 4. The board of directors of the Cooperative may, by the affirmation vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of these articles of incorporation or the 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. Any member may withdraw from membership upon payment in full of all debt and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

Section 6.

- a) Membership in the Cooperative and the certificate representing the same shall not be transferable except as provided in the bylaws of 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 debt or liabilities to the Cooperative.

ARTICLES VIII

The first regular meeting of the members of the Cooperative shall be held on the 25th day of October A.D. 1938, at the hour of 8:00 P.M., in the city or town in which the principal office of the Cooperative is located, and thereafter regular annual meetings of the members shall be held at such time and place as shall be fixed in the bylaws.

ARTICLE IX

Section 1. The business and affairs of the Cooperative shall be managed by the 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. At the first regular meeting to be held on the date specified in Article VIII of these articles of incorporation, directors shall be elected by and from the members of

the Cooperative to serve until the next succeeding regular annual meeting of the members as fixed by the bylaws of the Cooperative, or until their successors shall have been elected and shall have qualified. Thereafter, at each annual meeting of the members, directors shall be elected by ballot by and from the members to serve until the next annual meeting of the members, or until their successors shall have been elected and shall have qualified, subject to the provisions of these articles of incorporation and the bylaws 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 a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative. The bylaws may provide additional qualifications not in conflict with law or these articles of incorporations. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

The term of director shall be limited to four consecutive three year terms, but may be a candidate to return to said board after an absence of one year. This provision shall apply to all directors elected subsequent to the passage of this amendment.

Section 3. The bylaws may provide for a procedure for nominations. A ballot marked "Ballot for Directors" containing the names of all the nominees from the board of directors, geographically arranged and stating the residence of each, shall be mailed with the notice of the meeting. The Secretary shall also mail with the notice of the meeting a statement of the number of directors to be elected. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for directors 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 inclosing 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. 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 inclosing the ballot hereinabove provided for. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

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

Section 5. Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal shall be voted upon at the next regular or special meeting of the members, and any vacancy created by such removal may be filled by the members at such meeting. The director of officer against who such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

ARTICLE X

Section 1. No dividends shall be paid upon memberships in the Cooperative. Subject to the provisions of any mortgage or deed of trust given or assumed by the Cooperative, the board of directors shall, after the expiration of each fiscal year and after paying or making provision for the payment of all obligations and expenses of the Cooperative properly chargeable against its revenues and receipts for such fiscal year as follows:

- a) To provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses;
- b) At least 10% of the remaining earnings must be added to surplus until surplus equals either 30% of the total of all capital paid in for stock or membership, plus all unpaid patronage dividends, plus certificates of indebtedness payable upon liquidation, earnings from non-member business, and earnings arising from the earnings of other Cooperative organizations of which the association is a member, or \$1,000 whichever is greater. No addition shall be made to surplus when it exceeds either 50% of the total or \$1,000 whichever is greater;
- c) No less than one per centum (1%) nor more than five per centum (5%) of such earnings in excess of reserves may be placed in an educational fund, to be used as the directors deem suitable for teaching or promoting cooperation; and
- d) The directors shall determine the percentage of the amount of said allocation that currently shall be paid in cash, provided that so long as there are unpaid deferred patronage dividends for prior years, the amount currently payable in cash shall not exceed twenty (20%) of said allocations. All said remaining allocations not so paid in cash shall be transferred to a 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 or add to the capital of the Cooperative. In such event the deferred patronage dividends credited to members shall constitute a charge upon the revolving fund and future additions thereto, and on the corporate assets subordinated to creditors then or thereafter existing. Deferred patronage dividends for any year shall have priority over those for any subsequent year, except that the directors may, at their discretion, pay deferred

patronage dividends of deceased natural persons who were members without reference to the order of priority herein prescribed, and except as provided by these Articles of Incorporation.

Section 4. The Cooperative may issue certificates for deferred patronage dividends, but such a certificate shall be non-transferable except to a party eligible to, and accepted for, membership who becomes the owner or operator of the real property formerly owned or operated by a member and served by the Cooperative.

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

ARTICLE XI

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

- a) Property which, in the judgement of the board of directors is or will be neither necessary nor useful in operating and maintaining the Cooperative's system, provided, however, that sale of such property shall not in any one year exceed in value ten per centum of the value of all the property of the Cooperative;
- b) Service of all kinds, including electric energy;
- c) Personal property acquired for resale; and
- d) Merchandise;

Unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting in person or by mail, and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of directors, without authorization by the members, shall have full power and authority to borrow money from the United States of American, Reconstruction Finance Corporation or any agency or instrumentality thereof, and any national financing institution, including National Rural Utilities Cooperative Financing Corporation, 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 authorized the execution and delivery of 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, or exchange or other disposition is authorized in the following manner:

- a) The Board of Directors of the Cooperative shall adopt a resolution recommending the sale, lease, exchange, or other disposition and directing the submission thereof to a vote at a meeting of the membership, which may be either an annual or special meeting.
- b) Written or printed notice of the proposal shall be given to each member of record entitled to vote at the meeting within the time and in the manner provided by these Articles of Incorporation for the giving of notice of meetings of members and whether the meeting be an annual or special meeting shall state that the purpose, or one of the purposes of the meeting is to consider the proposed sale, lease, exchange or other disposition of substantially all of the property and assets of this Cooperative.
- c) At the meeting, the membership may authorize the sale, lease, exchange or other disposition and may fix, or may authorize the Board of Directors to fix, any and all of the terms and conditions thereof and the consideration to be received by this Cooperative. Such authorization shall be approved if two-thirds of the members vote affirmatively on a ballot on which a majority of all voting members of the Cooperative participate.
- d) After the authorization by the vote of members, the Board of Directors of the Cooperative may nevertheless in its discretion abandon the sale, lease, exchange or other disposition of assets, subject to the rights of third parties under any contract relating thereto without further action or approval by the member.

ARTICLE XII

Upon dissolution or liquidation, the assets of the Cooperative shall be applied to the payment of liquidation expenses and then to the payment of all obligations of the Cooperative other than patronage dividends or certificates issued therefore. The remainder of such assets shall be distributed in the following order of priority:

- a) Payment of any deferred patronage dividend or certificate issued therefore, and if the assets are insufficient to pay all such patronage dividends or certificates issued therefore they shall be prorated to the payment of all such deferred patronage dividends or certificates issued therefore:
- b) Payment to members of the membership fee paid by them; and
- c) The remaining assets shall be distributed among the members in proportion to their deferred patronage dividends.

ARTICLE XIII

The board of directors shall adopt the first set of bylaws. The bylaws as adopted may be altered, amended or repealed by the Board of Directors at any regular or special

meeting, provided the notice of any such meeting contains a copy of the proposed, alteration, amendment or repeal.

ARTICLE XIV

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 violating of the law, or for a transaction from which the person derives an improper personal benefit.

The Cooperative may indemnify any present or former director, officer, employee, member or volunteer in the manner and in the instances authorized in Section 496A.4A Iowa code (1976) as amended.

ARTICLE XV

The Cooperative may amend, alter, change or repeal any provisions contained in its Articles of Incorporation in the manner now or hereinafter prescribed by law.