

**ARTICLES OF INCORPORATION OF
PELLA COOPERATIVE ELECTRIC
ASSOCIATION**

We, whose names are hereunto subscribed hereby associate ourselves into an incorporated cooperative association under the provisions of Chapter 94 of the Acts of the 46th General Assembly 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 to adopt the following Articles of Incorporation:

ARTICLE I

The name of the Association shall be Pella Cooperative Electric Association.

ARTICLE II

The principal office of this Association shall be located at Pella, in the County of Marion, State of Iowa.

ARTICLE III

This Association is organized under the provisions of Chapter 94 of the Acts of the 46th General Assembly of the State of Iowa.

ARTICLE IV

The purpose or purposes for which this Association is formed are:

As Amended March 8, 1988

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 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 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, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable this 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, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of this Association;

4. To assist its members by wiring or causing to be wired their premises and by installing and causing to be installed therein electric 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 enter and carry out all agreements necessary and advisable in connection therewith, and to purchase, acquire, lease, sell, distribute, install and repair electric and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and to receive, acquire, endorse, guarantee, pledge, hypothecate, transfer, and otherwise dispose of notes and other evidences of indebtedness and all security therefore;

5. To borrow money and otherwise contract indebtedness, and give any form of obligation, or security therefore and without limiting the generality of the foregoing, to issue notes, bonds and other evidences of indebtedness and to mortgage or pledge any of its property, assets, franchises and income;

6. To make advances to or for account of members and take any form of obligation or security therefore, to acquire, hold, transfer or pledge any obligation, and to make any contract, endorsement or guaranty deemed desirable incident to the transfer or pledge of any such obligation or security;

7. 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; and to exercise any of its powers anywhere.

ARTICLE V

The duration of this Association shall be perpetual.

ARTICLE VI

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

<u>Name</u>	<u>Occupation</u>	<u>Post Office Address</u>
John Van Den Baard	Farmer	Otley, Iowa
A.J. Terlouw	Farmer	Pella, Iowa
Dick W. Gosselink	Farmer	Pella, Iowa
Harold J. Veenstra	Farmer	Pella, Iowa
Louis Van Roekel	Farmer	Otley, Iowa
John W. Boot	Farmer	Pella, Iowa
John H. Van Zee	Farmer	Pella, Iowa
Alonzo Verploeg	Farmer	Pella, Iowa
Ed Keuning	Farmer	Pella, Iowa
Geo. Van Vark	Farmer	Pella, Iowa

ARTICLE VII

As Amended March 24, 1998

1. Any individual may become a member in this Association by: (a) receiving a membership certificate from 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 to be bound by these Articles of Incorporation (as amended), the By-Laws of the Association, and such rules and regulations as may from time to time be adopted by the Board of Directors of the Association.

As Amended March 24, 1998

2. No applicant for membership shall hold office until his/her certificate of membership shall have been issued.

3. Each member shall purchase from this Association monthly not less than the minimum amount of electric energy which shall from time to time be fixed by resolution of the Board of Directors and shall pay therefore and for all additional electric energy used by him, the price which shall from time to time be fixed therefore by resolution of the Board of Directors. Each member shall also pay all obligations which may from time to time become due and payable 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.

4. This Association shall have no capital stock but membership herein shall be evidenced by a certificate of membership.

5. No membership shall be transferable, and all certificates thereof shall be surrendered to the Association upon voluntary withdrawal by members.

6. No member of this Association may own more than one membership and each member shall be entitled to one vote and no more at all corporate meetings. Votes shall be cast in person and not by proxy.

As Amended March 24, 1998

7. The Board of 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;

As Amended March 8, 1988

- (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 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 fifty percent (50%) of the total or \$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 additional fund, to be used as the directors deem suitable for teaching or promoting cooperation.

As Amended March 19, 1996

- (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 the member has done with the Association during such year. Such credits are herein referred to as "deferred patronage dividends," and the Board of Directors shall determine the percentage or amount of the allocation that currently shall be paid in cash.

As Amended March 8, 1988

- (e). The directors shall determine the percentage or the amount of said allocation that currently shall be paid in cash, provided that so long as there are unpaid deferred patronage dividends for prior years, the amount currently payable in cash shall not exceed twenty percent (20%) of said allocation. All said remaining allocation not so paid in cash shall be transferred to a revolving funds and credited to said members and subscribers.

8. The members may, at any meeting, control the amount to be allocated to surplus or educational fund within the limits specified in paragraph numbered 7 of this Article VII.

As Amended March 19, 1996

9. The directors may use the revolving fund to pay the obligations of or add to the capital of the Cooperative. In such event, the deferred patronage dividends credited to the member shall constitute a charge upon the revolving fund and future additions thereto and on the corporate assets subordinate to creditors then or thereafter existing. Except as provided elsewhere in the Articles of Incorporation, the Board of Directors may, in their discretion, pay deferred patronage dividends of deceased natural members who were members, and may pay all other deferred patronage dividends of members without reference to priority.

10. This Association 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.

11. Credits or certificates referred to in paragraphs numbered 9 to 10 of this Article VII 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 paragraph numbered 9 of this Article VII.

12. The Directors of the Association may expel any member if he has attempted to transfer his membership or has willfully violated any of the provisions of these Articles of Incorporation or the By-Laws of the Association, or who has ceased to be eligible to membership in this Association, or who has failed to pay any debt or obligation due this Association when and as due.

As Amended March 24, 1998

13. If a member dies or becomes ineligible, or is expelled, his/her membership shall forthwith be cancelled. In cases of expulsion, the Association shall pay him/her the value of the membership as shown by the books of the Association on the date of cancellation. Such payment shall be made within sixty (60) days after such expulsion. In case of death, payment of such value shall be made to the personal representative of such deceased member within two (2) years after his/her 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 his/her ineligibility. Interest shall not, in any case, be paid upon the value of membership determined as hereinabove provided.

As Amended March 24, 1998

14. Members of this Association may voluntarily withdraw from membership upon payment in full of all debts and obligations to this Association and upon compliance with and performance of all contracts with this Association. Upon any such withdrawal the Association shall not pay book value of said membership to the individual who so voluntarily withdraws.

15. The death, expulsion or withdrawal of a member of this Association shall not impair his debts, obligations or liabilities to this Association.

16. Upon dissolution or liquidation, the assets of this Association shall be applied, first, to pay liquidation expenses, next, to pay obligations of this Association other than patronage dividends or certificates issued therefore; and the remainder of such assets shall be distributed in the following priority:

- (a). To pay any deferred patronage dividends of certificates issued therefore. If the fund is insufficient to pay them all, it shall be pro-rated regardless of the priority specified in paragraph numbered 9 of this Article VII.

As Amended March 24, 1998

- (b). Any remaining assets shall be distributed among the members at the date of the dissolution or liquidation in proportion to their deferred patronage dividends.

17. The private property of the members of this Association shall be exempt from execution for the debts of this Association.

18. The Directors may, from time to time prescribe charges to be made to each member for services rendered him or upon products sold to him and the time and manner of collection.

ARTICLE VIII

1. The first annual meeting of the members of this Association shall be held on the 29th day of October, 1936. All annual meetings shall be held at the town in which the principal office of this Association is located.

2. The Directors may call special meetings of members and shall do so upon written demand of twenty percentum (20%) of the members.

3. Unless he waives it in writing, each member shall be entitled to receive 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 him in person or by mail directed to his

address as shown on the books of the Association, or, by publication in a regular publication of general circulation published at Pella, in the County of Marion, State of Iowa.

ARTICLE IX

As Amended March 19, 1996

1. The business and affairs of this Association shall be managed by a Board of Directors who must be members of this Association. The Board of Directors of the Association shall be a variable-range sized Board of Directors consisting of not less than five (5) and not more than nine (9) Directors, as the Board of Directors shall from time to time establish.

As Amended April 6, 2010

2. For the purpose of nominating and electing directors of the Cooperative, the territory served by the Cooperative shall be divided into districts as follows, with, (a) the number of directors to be elected from each district as specified below and, (b) the remaining directors elected to "At-Large" seats by the membership; from and after the annual meeting to be held April 6, 2010:

Geographic District Directors:

At Large Directors:

District No. 1.....1 Director
District No. 2.....1 Director
District No. 3.....1 Director
District No. 4.....1 Director

Directors elected to serve At-Large -
not more than 5 Directors

All director positions (district and at-large) will be voted on by the entire Cooperative membership.

Each voting member is entitled to cast one (1) vote for each director position to be filled.

The geographic boundaries of each district (No. 1 – No. 4 above) shall be set forth in the By-Laws and a map of such districts shall be maintained at the Cooperative's office. One director shall be elected to serve from each numbered district.

Not more than five (5) directors will be elected to serve at-large (representing the Cooperative's entire service area).

3. Any vacancy in the Board of Directors shall be filled by a majority vote of the remaining Directors, the Directors thus selected to serve until the next annual meeting of members, at which time a Director shall be elected for the balance of the term of the Director whose office shall become vacant.

4. At any meeting of members called for that purpose, any officer or Director may be removed by vote of a majority of all voting members of this Association. Any vacancy pursuant to this Section 4 may be filled at the same meeting at which such vacancy is created and in case of failure to fill such vacancy at such meeting the Board of Directors may fill the vacancy at any subsequent meeting.

ARTICLE X
(New Article X added on March 8, 1988)

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

- (a). The Board of Directors of the Cooperative shall adopt a resolution recommending the sale, lease, exchange, or other disposition and directing the submission thereof to a vote at a meeting of the membership, which may be either an annual or special meeting.
- (b). Written or printed notice of the proposal shall be given to each member of record entitled to vote at the meeting within the time and in the manner provided by these Articles of Incorporation for the giving of notice of meetings of members and whether the meeting be 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
(New Article XI added on March 8, 1988)**

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.

**ARTICLE XII
(Renumbered and Amended on March 8, 1988)**

These Articles of Incorporation may be amended by a vote of sixty-six and two-thirds percent (66 2/3%) of the members present or represented at any annual meeting or special meeting called for that purpose, provided that at least ten (10) days before said annual meeting or special meeting a copy of the proposed amendment or summary thereof be sent to all members.

JOHN VAN DEN BAARD
A.J. TERLOUW
DICK W. GOSSELINK
HAROLD J. VEENSTRA
LOUIS VAN ROEKEL
JOHN W. BOOT
JOHN H. VAN ZEE
ALONZO VERPLOEG
ED KEUNING
GEO. VAN VARK

STATE OF IOWA
MARION COUNTY

SS:

Be it remembered that this 14th day of October, 1936, before me, Dick C. Van Zante, a notary public in and for Marion County, Iowa personally appeared John Van Den Baard, A.J. Terlouw, Harold J. Veenstra, Louis Van Roekel, John W. Boot, John H. Van Zee, Alonzo Verploeg, and Ed Keuning personally to me known to be the identical persona named in and who executed the above and foregoing Articles of Incorporation

and each of said persons severally acknowledged the execution thereof to be his voluntary act and deed for the purposes therein expressed.

In witness whereof I have hereunto affixed my hand and the notarial seal at Pella, Iowa, on the day and date last above written.

DICK VAN ZANTE
Notary Public in and for
Marion County, Iowa

My commission expires July 4, 1939.

STATE OF IOWA, MARION COUNTY

SS:

Be it remembered that on the 19th day of October, 1936, before me, Dick C. Van Zante, a notary public in and for Marion County, Iowa, personally appeared Dick W. Gosselink and Geo. Van Vark personally to me known to be the identical persons named in and who executed the above and foregoing Articles of Incorporation and each of the said persons severally acknowledged the execution thereof to be his voluntary act and deed for the purposes therein expressed.

In witness whereof I have hereunto affixed my hand and notarial seal at Pella, Iowa on the day and date last above written.

DICK VAN ZANTE
Notary Public in and for
Marion County, Iowa

My commission expires July 4, 1939.

OFFICE OF THE SECRETARY OF STATE

Des Moines, Iowa

This instrument recorded in Book G-10, Page 104, October 21, 1936. Expires – Perpetual Cert. No. 4015. Receipt No. 4623. Filed by Dick C. Van Zante, Pella, Iowa. Filing Fee \$10. Recording Fee \$3.

Mrs. Alex Miller
Secretary of State