

PLAN OF CONSOLIDATION
OF
IDA COUNTY RURAL ELECTRIC COOPERATIVE,
NORTH WEST RURAL ELECTRIC COOPERATIVE AND
PLYMOUTH ELECTRIC COOPERATIVE ASSOCIATION
TO FORM
NORTH WEST RURAL ELECTRIC COOPERATIVE

APPROVED BY THE MEMBERS
APRIL 8, 1997

Pursuant to the provisions of Section 499.63 of the Code of Iowa (1997), **IDA COUNTY RURAL ELECTRIC COOPERATIVE** (hereinafter “**Ida**”), **NORTH WEST RURAL ELECTRIC COOPERATIVE** (hereinafter “**North West**”), and **PLYMOUTH ELECTRIC COOPERATIVE ASSOCIATION** (hereinafter “**Plymouth**”), being Iowa cooperative corporations organized under Chapter 499 of the Code of Iowa (1997), hereby adopt the following **Plan of Consolidation**:

1. The names of the consolidating cooperatives are as set for the in the preceding paragraph, and the name of the new cooperative association is NORTH WEST RURAL ELECTRIC COOPERATIVE (“NWREC”).
2. Special meetings of the members of the cooperatives proposing to consolidate shall be held on April 8, 1997, or on such other dates as may be determined by the individual boards of director of the cooperatives, for the purpose of submitting this Plan of Consolidation to a vote of the members pursuant to Section 499.64 of the Code.
3. In the event the Plan of Consolidation is approved, the terms and conditions of the proposed consolidation are as follows:
 - a. The effective date of the consolidation shall be January 1, 1998.

- b. The affairs of the consolidated cooperative shall be managed by a Board of Directors which will initially consist of the twenty-three (23) present directors of the three cooperatives.
- c. The service area of the consolidated cooperative shall be divided into four (4) numbered geographic districts. District 1 shall consist of the service area of the former Sioux Electric Cooperative Association, District 2 shall consist of the service area of the former O'Brien County Rural Electric Cooperative, District 3 shall consist of the existing service area of Plymouth and District 4 shall consist of the existing service area of Ida. A map and a description of the geographic districts shall be maintained by the cooperative and shall be provided to the members.
- d. No election for directors shall be conducted until the Annual Meeting of Members to be held in 1999, and the initial directors shall serve until that meeting, unless they sooner resign, retire or become ineligible to continue to serve as directors. Vacancies on the Board of Directors created by directors who resign, retire, or become ineligible prior to the Annual Meeting of Members to be held in 1999 shall not be filled, unless the vacancy would result in District 1 be represented by fewer than three (3) directors, district 2 being represented by fewer than two (2) directors, District 3 being represented by fewer than four (4) directors, or District 4 being represented by fewer than two (2) directors. In either of said events, the vacancy shall be filled by the majority vote of the Board of Directors, with the new director being selected from among members residing in the district from which the vacancy was created.
- e. At the Annual Meeting of Members to be held in 1999, an election will be conducted from among the current directors, for the purpose of electing eleven (11) directors, three (3) from District 1, two (2) from District 2, four (4) from District 3, and two (2) from District 4. One (1) director from District 1, one (1) director from District 2, one (1) director from District 3, one (1) director from District 4 will be elected to three (3) year terms; one (1) Director from District 1, two (2) directors from District 3 and one (1) director from District 4 will be elected to two (2) year terms; and one (1) director from District 1, one (1) director from District 2 and one (1) director from District 3 will be elected to one (1) year terms.

From and after the Annual Meeting of Members to be held in 1999, the Cooperative shall be managed by a Board consisting of eleven (11) directors, three (3) from District 1, two (2) from District 2, four (4) from District 3 and two (2) from District 4. Beginning with the Annual Meeting of Members to be held in 2000, a number of directors equal to the number of directors whose terms expire shall be elected to a term of three (3) years, or until their successors are elected and qualified.

- f. The general offices and principal places of business of the cooperatives are now located in Ida Grove, Ida County; LeMars, Plymouth County; and Orange City, Sioux County, Iowa. North West also presently operates a service center in Primghar, O'Brien County, Iowa. The headquarters and principal place of business for the newly consolidated

cooperative, will be located in Orange City. District offices/service centers will be located in Ida Grove and LeMars. A service center will be located in Primghar.

- g. The operation of the Cooperative will be directed by a Manager designated by the Board of Directors. The manager shall be responsible for the management and direction of the work force.
- h. Upon the effective date of the consolidation:
 - (1) The three cooperatives shall cease to exist as separate associations, and the existence of the Consolidated Cooperative shall commence. North West will release the use of this name to the new organization. The property of the consolidating cooperatives shall be transferred to the new organization, North West Rural Electric Cooperative, which shall assume the liabilities of the consolidating cooperatives.
 - (2) All property of the three cooperatives shall be transferred to and vested in the Consolidated Cooperative, and the Consolidated Cooperative shall assume all of the liabilities of the three cooperatives, all pursuant to Section 499.68 of the Code of Iowa (1997).
 - (3) All deferred patronage dividends previously allocated to members of the three consolidating cooperatives shall be transferred to the books of the consolidated Cooperative, and said individual allocations shall be maintained in the members individual names with the new organization.
 - (4) All members of the three cooperatives shall be transferred to and become members of the Consolidated Cooperative, and the books of the Consolidated Cooperative shall reflect the amount paid by each member for membership.
 - (5) The electric rates presently in effect for the three cooperatives will continue in effect and remain unchanged for the first two years of operation. The objective of the Boards is that common rates would be developed in the future when it becomes possible to do so without the membership of one of the consolidating cooperatives subsidizing the other membership.

4. In the event the members of all three cooperatives approve the Plan of Consolidation, the following shall constitute the Articles of Incorporation of North West Rural electric Cooperative:

ARTICLE I

NAME, PRINCIPAL OFFICE AND REGISTERED AGENT

The name of the Cooperative shall be North West Rural Electric Cooperative.

The principal office of the Cooperative shall be located in Orange City, Sioux County, Iowa.

North West Rural Electric Cooperative is organized under the provisions of Chapter 499 of the Code of Iowa (1997).

ARTICLE II

PURPOSED AND POWER

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, 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 or 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, right, privilege, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Cooperative.
- (c) to purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property, or any interest therein, deemed necessary, useful or appropriate to enable the Cooperative to accomplish any or all of its purposes.
- (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 and all 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 and issue bonds, notes, and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any other objects or purposes of the Cooperative; to secure the payment of such bonds, notes, or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or any other lien upon, any or all of the property, rights, privileges, or permits of the Cooperative, wheresoever situated, acquired, or to be acquired.
- (f) to become a member of any federated cooperative association whose membership is restricted to incorporated cooperative associations; and,
- (g) to 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, as may be necessary, convenient or useful to carry out and accomplish any or all of the foregoing purposes. The Cooperative may do and perform any and all acts and things, and have and exercise any and all powers, as may be necessary, convenient or useful to carry out and 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 law under which the Cooperative is formed; and to exercise any of its power anywhere.

ARTICLE III

DURATION

The corporate life of this Cooperative shall begin January 1, 1998, and shall be perpetual, unless changed by an amendment to these Articles of Incorporation or terminated by dissolution.

ARTICLE IV

NONPROFIT OPERATION

This corporation shall be operated on a nonprofit basis as a cooperative, and the value of the business done with nonmembers shall not exceed that done with members.

ARTICLE V

MEMBERSHIP

Section 1. Any individual acting for himself or as an accredited representative of an association, corporation, partnership, or organization, and who customarily uses the services rendered by the cooperative, may become a member in the Cooperative by: (a) applying for a membership in the Cooperative; (b) agreeing to take, receive, and pay for electric utility service furnished by the Cooperative as hereinafter in Section 3 of this Article specified; and, (c) agreeing to comply with and to be bound by these Articles of Incorporation, the Bylaws of the Cooperative, and such rules and regulations as may from time to time be adopted by the Board of Directors of the Cooperative; provided, however, that no individual, except an individual accepted for membership by the members at any meetings hereof or becoming a member by virtue of the consolidation which created north West Rural electric Cooperative, shall become a member of the Cooperative unless and until accepted for membership by the affirmative vote of not less than a majority of the members of the Board of Directors. Applications for membership may be rejected for just cause.

Section 2. The Cooperative shall have no capital stock, but membership in the Cooperative shall be evidenced by a certificate of membership. No certificate of membership in the Cooperative shall be issued until an application for membership has been submitted; except members of the three cooperatives as of the effective date of the consolidation shall, without any action on their part, become members of the Cooperative and upon their request, the cooperative will issue a membership certificate unto them. Membership in the Cooperative shall not be transferable.

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

Section 4. 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 responsible for any debts or liabilities of the Cooperative.

Section 5. No member of the Cooperative may 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 Cooperative. Members may vote by mail-in ballot on all issues to be voted upon by the members, to the extent the same is consistent with the Bylaws of the Cooperative and if the Board of Directors has authorized such voting prior to the meeting at which the voting is to occur.

Section 6. The Board of Directors of the Cooperative may, by the affirmative vote of not less than a two-thirds of the members of the Board of Directors, expel any member of the Cooperative, who shall have willfully 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 promulgated by the board of Directors, or who shall have ceased to be eligible to membership in the Cooperative, or who shall have failed to pay any debt or obligation to the Cooperative when the same shall have become due and payable.

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 be surrendered forthwith to the Cooperative. In the case of termination of the membership due to voluntary cessation of utilizing the Cooperative's services, a member shall not be entitled to repayment of his membership fee, if any has been paid. In cases of expulsion of a member, the Cooperative shall pay him an amount equal to the membership fee paid by him, if any, within sixty (60) days after such expulsion. In cases 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 his 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 ineligibility. Interest shall not, in any case, be paid upon the value of the 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. Any member of the Cooperative may withdraw from membership upon payment in full of all debts and obligations to the cooperative, and upon compliance with and performance of all contracts with the Cooperative. Upon such withdrawal, the member so withdrawing shall be entitled to receive, and the Cooperative shall pay to him, the value of his

membership as shown by the books on the date of such withdrawal, but not more than the original issuing price of said membership.

ARTICLE VI

MEETINGS

Section 1. The first regular annual Meeting of Members of the Cooperative shall be held in 1998 on a date to be determined by the Board of Directors. Thereafter, Annual Meetings of Members of the Cooperative shall be held at such times as shall be determined by 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 percent (20%) of the members.

Section 3. Regular Annual Meetings and Special meetings of the Members shall be held at such places as may be fixed in the Bylaws, and specified in the Notice of such meetings.

ARTICLE VII

MANAGEMENT

Section 1. The business and affairs of the Cooperative shall be managed by a Board of Directors initially consisting of the following individuals, who are the present directors of the three cooperatives, and who shall also serve as the incorporators of North West Rural Electric Cooperative:

NAME OCCUPATION	ADDRESS	
Charles Bell	6386 180 th St., Schaller, IA	Farmer
Thomas Bohnenkamp	14872 Shamrock Ave., Remsen, IA	Farmer
Kenneth Bower	5164 320 th St., Danbury, IA	Farmer
Gilbert Byker	2170 470 th St., Ireton, IA	Farmer
Brian Cronin	1744 Eagle Ave., Holstein, IA	Farmer
Wilbur K. Daale	1971 430 th St., Hawarden, IA	Farmer
Robert Engelke	4681 Silver Ave., Paullina, IA	Farmer
Harley Hiemstra	44087 300 th St., Kingsley, IA	Farmer
Bradley McDowell	6321 370 th St., Primghar, IA	Farmer
Cornie Folkerts	2721 Beech St., Inwood, IA	Farmer
Richard Kalas	25169 K30, Merrill, IA	Farmer
Paul Kats	2746 300 th St., Rock Valley, IA	Farmer
Gerald Klemme	12503 Hickory Ave., LeMars, IA	Farmer
Alan Lucken	20568 190 th St., Akron, IA	Farmer

Joel Orthmann	6580 420 th St., Sutherland, IA	Farmer
David Probst	33873 130 th St., LeMars, IA	Farmer
Lee Radke	5353 120 th St., Holstein, IA	Farmer
Charles Rohlf	3083 Orchard Ave., Ida Grove, IA	Farmer
Gary Schindel	28493 Jasmine Rd., Merrill, IA	Farmer
Dean A. Schmidt	3157 Log Ave., Sheldon, IA	Farmer
Dale Ullrich	2432 Orchard Ave., Arthur, IA	Farmer
Bill Wagner	815 No. Rerick Ave., Primghar, IA	Farmer
Gaylen Wunschel	2541 Jasper Ave., Ida Grove, IA	Farmer

Subject to the right of members to remove a director, the initial directors shall serve, and any vacancies on the Board of Directors may be filled as set out in the Plan of Consolidation for North West Rural Electric Cooperative, until the Annual Meeting of Members to be held in 1999. After the Annual Meeting of Members to be held in 1999, the business and affairs of the Cooperative shall be managed by a Board of Directors consisting of eleven (11) directors.

Section 2. There shall be four (4) numbered geographic districts for the Cooperative, and commencing with the Annual Meeting of Members to be held in 1999, election of directors shall be by such districts, with three (3) directors representing District 1, two (2) directors representing District 2, four (4) directors representing District 3, and two (2) representing District 4, each of whom shall reside within the district they are elected to represent. The geographic area of each district shall initially be as set for the in the Plan of Consolidation for North West Rural Electric Cooperative, and revised as necessary by the Board of Directors. The district boundaries shall be described in the bylaws of the Cooperative and shown on a map of the cooperative service area, with such description and map maintained at all offices of the Cooperative and kept available to members.

Candidates for election to the Board of Directors must be members in good standing and shall be nominated by a Nominating Committee, which Committee shall be elected by the Board of Directors. Said Nominating Committee members so elected shall nominate candidates from the districts in which they reside for election to the Board of Directors at the Annual Meeting of Members.

Any twenty (20) or more members may make other nominations in writing over their signatures not less than fifteen (15) days prior to the meeting at which directors are to be elected, and the Secretary shall post the same at the same place where the list of nominations by the Committee is posted; such nominations so made by such members are subject to the same District and Residence requirements as nominations by the Nominating Committee.

Members voting at the Annual Meeting of Members shall vote only for candidates from the district in which they reside. The election of the directors shall be by ballot, and each voting member shall be entitled to cast one ballot for each director to be elected from that member's district. The election of directors shall be subject to ratification by a majority of all members present at the Annual meeting of members, and directors elected shall qualify and take office immediately following the Annual Meeting of Members.

Section 3. At the Annual Meeting of Members to be held in 1999, an election will be conducted from among the current directors for the purpose of electing eleven (11) directors, three (3) from District 1, two (2) from District 2, four (4) from District 3 and two (2) from District 4. One (1) director from District 1, one (1) director from District 2, one (1) director from District 3 and one (1) from District 4 will be elected to three (3) year terms; one (1) director from District 1, two (2) directors from District 3 and one (1) director from District 4 shall be elected to two (2) year terms; and one (1) director from District 1, one (1) director from District 2 and one (1) director from District 3 shall be elected to one (1) year terms. From and after the Annual Meeting of Members to be held in 1999, the Cooperative shall be managed by a Board consisting of eleven (11) directors, three (3) from District 1, two (2) from District 2, four (4) from District 3 and two (2) from District 4.

Beginning with the Annual Meeting of Members to be held in 2013, a number of directors equal to the number of directors whose terms expire shall be elected to a term of four (4) years, or until their successors are elected and qualified. The sole exception to the foregoing four (4) year term provision is, and will be, the director nominee receiving the second highest vote total among all District 3 candidates at the District and/or Annual Meeting of Members to be held in 2013. That director will be deemed elected to serve a three (3) year district term or until their successor is elected and qualified. After the director election in year 2013 all future District 3 director open position will be deemed four (4) year term directorships for election and board service purposes.

Subject to the provisions of Section 4 of this Article, vacancies on the Board of Director which occur after the Annual meeting of Members to be held in 1999, shall be filled from within the applicable district, by a majority vote of the remaining directors. The director so elected shall serve the remainder of the term of the director whose departure created the vacancy.

Section 4. At any Regular meeting of members, or any meeting called for that purpose, where proper notice to all members has been given, any officer may be removed by vote of a majority of the members of the Cooperative. At any Regular meeting of members, or any meeting called for that purpose, where proper notice to all members has been given, any director may be removed by vote of a majority of all members in the director's district. Any vacancy in the Board of Directors, pursuant to this Section 4, may be filled at the same meeting at which such vacancy is created and the director so elected shall hold office until the expiration of the term and until his successor shall have been elected and qualified. In case of the failure to fill such vacancy at such meeting, the Board of Director may fill the vacancy at any subsequent meeting of the Board of Directors in the manner and for the term specified in Section 3 of this Article VII.

Section 5. Any member may bring charges against a director by filing them in writing with the Secretary of the cooperative, together with a petition signed by ten percent (10%) of the members, requesting the removal of the director in question. The removal shall be voted upon at the next regular meeting or special meeting of the members and, by a vote of a majority of all voting members of the Cooperative, the director may be removed and the

vacancy may be filled by the members. The director against whom such charges have been brought shall be informed in writing of the charges prior to the meeting and shall have an opportunity at the meeting to be heard, in person or by counsel, and to present witnesses; and the person or persons bringing the charges against him shall have the same opportunity.

ARTICLE VIII

DISTRIBUTION OF EARNINGS

Section 1. No dividends or interest shall be paid upon issuing price of membership in this Cooperative. The directors shall annually dispose of the earnings of the Cooperative in excess of its operating expenses as follows:

- a. To provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses.
- b. At least ten percent (10%) of the remaining earnings must be added to surplus until surplus equals either 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 nonmember business, and earnings arising from the earnings from other cooperative organizations of which the Cooperative is a member, or one thousand dollars (\$1,000.00), whichever is greater. No additions shall be made to surplus when it exceeds either fifty percent (50%) of the total or one thousand dollars (\$1,000.00), whichever is greater.
- c. Not less than one percent (1%) nor more than five percent (5%) of such earnings in excess of reserves may be placed in an educational fund, to be used as the directors deem suitable for teaching or promoting cooperation.
- 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 Cooperative during each 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 a revolving fund and credited to said members.

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

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 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 patronage dividends of deceased members who were natural persons and all other deferred patronage dividends, without reference to the order of

priority herein prescribed, and except as in Article IX of these Articles of Incorporation provided.

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

Section 5. Credits for certificates referred to in Section 3 and 4 of this Article VIII 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 VIII.

ARTICLE IX

SALE OF ASSETS

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

- a. property which, in the judgement of the Board of Directors is, or will be, neither necessary or useful in operating and maintaining the Cooperative's system; provided, however, that sales of such property shall not in any year exceed ten percent (10%) in value of the value of all of the property of the Cooperative;
- b. services of all kinds, including electric energy;
- c. personal property acquired for resale; and,
- d. merchandise;

unless such sale, lease or other disposition is authorized by a majority vote of the members at a meeting thereof and the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without the consent or vote of the members of the Cooperative or any part thereof, shall have full power and authority to borrow money from the United States of America, the National Rural utilities Cooperative Finance Corporation, or any other agency of the united staes of America, or any other lender, and to authorize the making an issuance of bonds, notes or other evidence of indebtedness, secured or unsecured, for money so borrowed and to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon or the pledge of or other lien upon all or any of the property, assets, rights, privileges and permits of the Cooperative wherever situated, acquired or to be acquired, upon such terms and conditions as the Board of Directors shall determine.

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 Director 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 meeting 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 meeting 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 the Cooperative.
- c. At the meeting, the membership may authorize the sale, lease or 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 the 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 contracts relating thereto without further action or approval by the members.

ARTICLE X

DISSOLUTION OF LIQUIDATION

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

- a. payment of any deferred patronage dividends or certificate issued therefor, and if the assets are insufficient to pay all such patronage dividends or certificates issued therefor, they shall be prorated to the payment of all such deferred patronage dividends or certificates issued therefor;
- 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 XI

BYLAWS

The directors, by 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 at any Annual Meeting or Special Meeting of the Members, provided at least ten (10) days notice of any proposed change to be voted upon by the members, is received.

ARTICLE XII

LIMITATION OF LIABILITY AND INDEMNIFICATION

Except as otherwise provided by Iowa law, a director, officer, employee, or member of the Cooperative is not liable on the debts or obligations of the cooperative, 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's duties, except for a breach of 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 of the Code of Iowa (1997), as amended.

ARTICLE XIII

DISPUTE RESOLUTION PROCESS

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

All other claims and disputes shall, at the request of either the Cooperative 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 Cooperative 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 Cooperative. 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 Cooperative.

Notwithstanding the foregoing, the Cooperative reserves the right to pursue collection of a debt owed by any member or former member 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, it may be resolved without utilizing the alternate dispute resolution set forth in this Section.

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

ARTICLE XIV

AMENDMENTS

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

5. This Plan of Consolidation has been approved by the Board of Directors of the consolidating cooperatives and was recommended to their respective members for approval on April 8, 1997.