

By-Laws
Of
Consumers Energy

Revised November 21, 2016



Your Touchstone Energy® Cooperative 

The Touchstone Energy logo consists of three stylized human figures in red, blue, and orange, holding hands in a circle above a green arc.

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ARTICLE I

MEMBERS

Section 1. MEMBERSHIP ELIGIBILITY. Any individual acting for himself or as an accredited representative of an association, corporation, partnership, or organization, and who customarily uses specified services rendered by the Cooperative, as may be determined by the Board, may become a member in the Cooperative by:

- (a) completing a written application for membership therein;
- (b) agreeing to take, receive, and pay for Cooperative products, resources and services; and
- (c) agreeing to comply with and to be bound by the Articles of Incorporation, the By-Laws of the Cooperative and such rules and regulations as may from time to time be adopted by the Board of Directors of the Cooperative.

Where service systems, or portions thereof, other than those constructed by the Cooperative are acquired, or are merged into or otherwise become a part of the Cooperative's products, resources or services system, all persons, firms, corporations, institutions, or other organizations then receiving service from said acquired systems shall become and shall be considered as members of the Cooperative provided that the other requirements for membership specified above have been met.

As required or allowed by Law, classes of membership, and the rights afforded to any such classes, may be created by the Board and stated in the By-Laws, based upon the type of services consumed by the member.

Section 2. MEMBERSHIP OBLIGATIONS. Each member shall cause all premises receiving products, resources and services pursuant to the said membership to become and to remain connected to said products, resources, and services in accordance with any applicable Federal, State or local government ordinances or regulations of the Cooperative. Each member shall be responsible for and shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premise and lines and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of products, resources and services and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times.

As part of the consideration for such products, resources and services, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use said member's best efforts to prevent others from so doing. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance could have prevented such, the member shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment.

In no event shall the responsibility of the Cooperative extend beyond the point at which its service lines are attached to the meter loop provided for measuring products, resources and services used on such premises, except that the Cooperative shall, in accordance with its applicable products, resources and services rules and regulations, indemnify the member for any overcharges for products, resources and services that may result from a malfunctioning of its metering equipment.

Section 3. NON-MEMBERS. Nothing contained in the Articles, or in the By-Laws shall be deemed or construed to prevent or prohibit the Cooperative from generating, manufacturing, purchasing, acquiring or accumulating products, resources, services for non-members, or from transmitting, distributing, furnishing, selling or disposing of such products, resources, and services to, or rendering products, resources and services to non-members, nor to prohibit the Cooperative from executing and performing franchise or other contracts with political subdivisions or bodies providing for the furnishing of products, resources and services or rendering of products, resources, and services to such subdivision or bodies, or the citizens thereof, in the manner prescribed by Law.

The Cooperative may extend products, resources and services to all unserved persons within the Cooperative's service area who:

- (a) desire such products, resources and services and
- (b) meet all reasonable requirements established by the Cooperative as a condition of such products, resources and services.

Section 4. NON-LIABILITY FOR CORPORATE DEBTS. The private property of the members 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. EXPULSION OF MEMBERS. The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these By-Laws 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 6. WITHDRAWAL OF MEMBERSHIP. Any member may withdraw from membership upon payment in full of all of his or its debts and liabilities to the Cooperative and upon compliance with and performance of such terms and conditions as the Board of Directors may prescribe.

Section 7. TERMINATION OF MEMBERSHIP. Membership in the Cooperative and the certificate representing the same shall not be transferable, and upon the death, expulsion or withdrawal of a member, or upon a member ceasing to be eligible to membership in the Cooperative, the membership of such member shall thereupon terminate, and his or its certificate of membership shall be surrendered to the Cooperative, subject to the payment of all debts and liabilities of a member to the Cooperative. Interest shall not in any case be paid upon the value of membership. Any such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

Section 8. REMOVAL OF DIRECTORS AND OFFICERS. Any member may bring charges against an officer or director by filing them in writing with the secretary, together with a petition signed by ten percent (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or Special Meeting of the members and, by a vote of a majority of all voting members, the officer or director may be removed. The officer or director against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses; and the person or persons bringing the charges against him shall have the same opportunity. The vacancy in the Board of Directors occasioned by such removal may be filled by the members. The vacancy occasioned by the removal of any officer shall be filled by the Board of Directors as provided in Section 4 of Article V of these By-Laws.

ARTICLE II

MEETING OF MEMBERS

Section 1. ANNUAL MEETING. Beginning with the calendar year 1952, the regular Annual Meeting of the members of the Cooperative shall be held on such date, and at such place in the area served by the Cooperative, for the purpose of electing directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting. Failure to hold the Annual Meeting shall not work a forfeiture or dissolution of the Cooperative.

Section 2. SPECIAL MEETINGS. Special Meetings of the members may be called by a majority vote of the directors or upon a written request signed by at least ten percent (10%) of all the members and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as provided in Section 3 of this Article II. The location of Special Meetings of the members shall be determined by the Board of Directors, and may be at any location permitted by Law. The location of the meeting shall be specified in the Notice thereof.

Section 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the

place, day and hour of the meeting and, in case of a Special Meeting the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, in a sealed envelope, addressed to the member at his address as it appears on the records of the Cooperative with postage thereon prepaid.

Section 4. FAILURE TO RECEIVE NOTICE. The failure of any member to receive notice of an Annual or Special Meeting of the members shall not invalidate any action which may be taken by the members at any such Annual or Special Meeting.

Section 5. QUORUM. As long as the total number of members does not exceed five hundred (500), at least ten percent (10%) of the total number of members present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case the total number of members shall exceed five hundred (500), then at least fifty (50) members present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

Section 6. VOTING. Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members present in person or represented by mail vote except as otherwise provided by Law, the Articles of Incorporation of the Cooperative or these By-Laws. The election of directors shall be by ballot and each member shall have the right to cast one vote for each director to be elected at such election. The number of candidates equal to the number of directors to be elected receiving the highest number of votes shall be elected for the term specified in Section 2 of Article III of these By-Laws.

Section 7. VOTING BY MAIL. Any member who is absent from any Annual or Special Meeting of the members may vote by mail upon any motion or resolution to be acted upon at any such meeting with respect to an amendment to the Articles of Incorporation of the Cooperative or these By-Laws or any action submitted pursuant to a resolution adopted by the Board of Directors or by petition of not less than ten percent (10%) of the members. The secretary shall enclose with the notice of such meeting an exact copy of such motion or resolution to be acted upon, and such absent member shall express his vote thereon by signifying their favor or opposition on the copy of each such motion or resolution in the space provided therefore and enclose each such copy so marked in a sealed envelope bearing his name addressed to the secretary. When such written vote so enclosed is received by mail from any absent member, it shall be accepted and counted as a vote of such absent member at such meeting. Any member who is absent from any meeting provided for in Section 2 of Article III of these By-Laws for the election of directors may also vote by mail in the election of directors by ballot as provided in Section 3 of Article III of these By-Laws. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

Section 8. ORDER OF BUSINESS. The order of business at the Annual Meeting of the

members, and so far as possible at all other meetings of the members, shall be essentially as follows:

- (a) Determination of Quorum.
- (b) Reading of the Notice of the meeting, together with proof of the due publication or mailing thereof or the waiver or waivers of notice of the meeting.
- (c) Presentation and reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of, and acting upon, reports of officers, directors and committees.
- (e) Election of directors.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by Law, the Articles of Incorporation of the Cooperative or these By-Laws conferred upon or reserved to the members.

Section 2. At the Annual Meeting of the members beginning with the year 1948, three directors shall be elected by and from the members to serve for a period of one year, and until their successors shall have been elected and shall have qualified; three directors shall be elected by ballot by and from the members to serve for a period of two years, and until their successors shall have been elected and shall have qualified; and three directors shall be elected by ballot by and from the members to serve for a period of three years, and until their successors shall have been elected and shall have qualified. At each Annual Meeting beginning with the year 1949, directors shall be elected by and from the members to succeed those directors whose terms have expired to serve for a period of three years, and until their successors shall have been elected and shall have qualified.

Directors may serve for no more than eighteen (18) cumulative years as a director of the Cooperative and shall leave the Board upon reaching eighteen (18) years as a director.

No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who:

- (a) Is not a bona fide resident of a property which is located within the service area of the cooperative;
- (b) Does not have the capacity to enter legally binding contracts;
- (c) While a director, and during the twenty (20) years immediately prior to becoming a director,
 1. Is, or has been, convicted of a felony; or

2. Pleads, or has pled, guilty to a felony;
- (d) Has a material financial ownership interest in any individual or entity, other than an entity in which the Cooperative owns an interest, that:
 1. Regularly, directly and substantially competes with the Cooperative or any entity that the Cooperative controls or in which the Cooperative owns a majority interest; (Cooperative Subsidiary) or
 2. Regularly sells goods and services to the Cooperative or a Cooperative Subsidiary; or
 3. Has an economic interest adverse to or which may adversely affect the operation of the Cooperative or which may create a conflict of interest with the Cooperative; or
 4. Possesses any conflict of interest with the Cooperative or a Cooperative Subsidiary;
- (e) Is or has been an employee of the Cooperative or its subsidiaries within five (5) years of the date of the Annual Meeting at which the director takes office;
- (f) Is a close relative of an employee or incumbent director of the Cooperative as defined as spouse, child, step-child, brother, sister, brother-in-law, sister-in-law, mother, step-mother, father, step-father, mother-in-law, father-in-law, aunt or uncle;
- (g) Is receiving any salary or wages from the Cooperative, whether directly or indirectly, including any pension or retirement plan benefits, whether paid directly by the Cooperative or by a third party under contract with the Cooperative;
- (h) Has been, or begins to be, employed by, affiliated with, or sharing a material financial interest with any other director;
- (i) Is a member, officer, director or employee of any union currently acting as a bargaining agent for any group of Cooperative employees;
- (j) Does not comply with any reasonable qualifications and policies determined by the Board; or
- (k) Lives in the same household with or is financially interdependent with any person who would answer “yes” to Article III, Section 2 (a) through (j).

Notwithstanding any other foregoing provision of this Section dealing with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if, during his incumbency as a director, he becomes a close relative of another incumbent director or of a Cooperative employee because of marriage or adoption to which he was not a party.

Section 3. For the purpose of nominating and electing directors of the Cooperative through the Annual Meeting of the members to be held in 2006, the territory served by the Cooperative shall be divided into districts as follows, with the number of directors to be elected from each district specified as follows:

DISTRICT NO. 1 - Marshall and Tama Counties.....	3 Directors
DISTRICT NO. 2 - Story County.....	3 Directors
DISTRICT NO. 3 - Jasper County.....	1 Director
DISTRICT NO. 4 - Polk County.....	1 Director
DISTRICT NO. 5 - Area At-Large.....	1 Director

From and after the Annual Meeting of the members to be held in 2006, the territory served by the Cooperative shall be divided into districts as follows, with the number of directors to be elected from each district as follows:

- DISTRICT NO. 1 - Marshall and Tama Counties..... 3 Directors
- DISTRICT NO. 2 - Story County..... 3 Directors
- DISTRICT NO. 3 - Jasper and Polk Counties..... 3 Directors

It shall be the duty of the Board of Directors to appoint not less than sixty (60) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members of the Cooperative who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. The committee on nominations shall serve as the Election & Credentials Committee at the Cooperative's Annual Meeting. No officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least forty-five (45) days before the meeting a list of nominations for directors.

Such nominations shall be made by districts as herein prescribed to succeed the directors whose terms will expire at the meeting of members for which such nominations are made, and the members so nominated shall be bona fide residents of the district from which they are nominated and meet all other qualification requirements as set forth herein. Any fifty (50) or more members may make other nominations in writing over their signatures not less than thirty-five (35) 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 made by the committee is posted; such nominations so made by such members to be subject to the same qualifications, district, and residence requirements as nominations by the Nominating Committee heretofore prescribed.

A ballot marked "Ballot for Directors" containing the names of all the nominees so posted, arranged by districts and alphabetically within such districts, 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 from each district, and showing separately the nominations made by the Committee on Nominations and the nominations made by petition. Such statement of the secretary shall also inform the members of the manner in which they may vote by mail for the 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 opposite the names of the number of candidates from each district, and enclosing the ballot in a sealed envelope bearing his name addressed to the secretary of the Cooperative. 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. Such mail ballots shall be counted toward the quorum requirements as set forth in Section 5 of Article II of these By-Laws with respect to the action taken on the election of directors. The provisions of this section shall not be mandatory in the case of recall of one or more directors as provided in Section 5 of Article IX of the Articles of Incorporation.

In the case of a tie in the election of directors at the Annual Meeting, the chairperson of the Nominating Committee and Election & Credentials Committee shall draw a lot to break the tie.

If necessary, the Board shall revise the director districts, including the creation of additional director districts, to ensure that members are equitably represented by the director districts. Copies of the areas included in each director district shall be maintained at the Cooperative's main office and available for inspection by the members.

Within thirty (30) days following any director district revision, and at least forty (40) days before the next Annual Meeting of the members, the Cooperative shall notify, in writing, any members affected by the director district revision. Director district revisions are effective on the date the Cooperative releases written notice of the director district revision. No director district revision may:

- (a) Increase an existing director's director term; or
- (b) Unless the affected director consents in writing, shorten any existing director's director term.

Section 4. VACANCIES. Subject to the provisions of Section 8 of Article I of these By-Laws and Section 5 of Article IX of the Articles of Incorporation of the Cooperative, vacancies occurring in the Board of Directors between Annual Meetings of the members shall be filled by a majority vote of the remaining directors, and directors thus elected shall serve until the next Annual Meeting of the members or until their successors shall have been elected and shall have qualified. Any member selected to fill any vacancy in the office of director shall meet the qualification provisions set forth in these By-Laws and be a bona fide resident of the district represented by the director whose death, resignation or recall from office created such vacancy.

Section 5. COMPENSATION. Directors shall receive no salary for their services as directors except that by resolution of the Board of Directors, a fixed sum and expenses of attendance at each meeting of the Board of Directors, committee, or other activity on behalf of the Cooperative as may be authorized by the Board of Directors or membership. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity nor shall any close relative of a director receive compensation for serving the Cooperative unless such compensation shall be specifically authorized by a vote of the members.

Section 6. RULES AND REGULATIONS. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the Articles of Incorporation of the Cooperative or these By-Laws or the Laws of the State of Iowa, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 7. COOPERATIVE AUTHORITY. Except as otherwise provided by Law, the Articles, or these By-Laws:

- (a) All Cooperative powers must be exercised by the Board, or under the Board's authority; and
- (b) All Cooperative's affairs must be managed under the Board's direction.

Section 8. ACCOUNTING SYSTEM AND REPORTS. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to the applicable laws of the State of Iowa and the applicable rules and regulations of any regulatory body thereof, shall conform to such system of accounts as may from time to time be designated by the Rural Utilities Service and/or Federal Energy Regulatory Commission of the United States of America. All accounts of the Cooperative shall be examined by the Board of Directors at least four times a year at regular meetings of the board. The Board of Directors shall also within one hundred twenty (120) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following Annual Meeting.

ARTICLE IV

MEETING OF DIRECTORS

Section 1. REGULAR MEETINGS. A regular meeting of the Board shall be held monthly and at such time and place as the Board may deem appropriate.

Section 2. SPECIAL MEETINGS. Special Meetings of the Board may be called by the president or any two (2) directors. The person or persons authorized to call Special Meetings of the Board of Directors may fix the time and place for holding any Special Meeting of the Board called by them.

Section 3. CONDUCT OF BOARD MEETINGS. Unless otherwise provided in these By-Laws, any Regular Board Meeting or Special Board Meeting ("Board Meeting") may be:

- (a) Held in, or out of, any county in which the Cooperative provides Cooperative Service; and
- (b) Conducted with absent directors participating, and deemed present in person, through any means of communication by which all directors participating in the Board Meeting may reasonably and verifiably identify themselves, and simultaneously or approximately instantaneously communicate with each other during the Board Meeting.

Section 4. NOTICE. Notice of the time, place and purpose of any Special Meeting shall be given at least two (2) days previous thereto, by written notice delivered personally or mailed, to each director at his last known address, or sent electronically to each director at his last known email address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 5. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 6. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V

OFFICERS

Section 1. NUMBER. The officers of the Cooperative shall be a president, vice president, a secretary, a treasurer, assistant secretary-treasurer, and any other officers as may be determined by the Board of Directors from time to time. The offices of secretary and of treasurer may be held by the same person.

Section 2. ELECTION AND TERM OF OFFICE. The officers shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each Annual Meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be scheduled. Subject to the provisions of Section 8 of Article 1 and Section 3 of this Article V of these By-Laws, each officer shall hold office until the first meeting of the Board of Directors following the next Annual Meeting of the members or until his successor shall have been duly elected and shall have qualified.

Section 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative would be served thereby.

Section 4. VACANCIES. Subject to the provisions of Section 8 of Article I of these By-Laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. PRESIDENT. The president:

- (a) shall be the principal executive officer and shall preside at all meetings of the members and of the Board of Directors;
- (b) shall sign, with the secretary, certificates of membership, and may sign any deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Cooperative, or shall be required by Law to be otherwise signed or executed; and
- (c) in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. VICE PRESIDENT. In the absence of the president, or in the event of his inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. SECRETARY. The secretary shall:

- (a) keep the minutes of meetings of the members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these By-Laws or as required by Law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all appropriate documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws;
- (d) keep a register of the post office address of each member which shall be furnished to the secretary by such member;
- (e) sign with the president certificates of membership;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of these By-Laws containing all amendments thereto, which copy shall always be open to the inspection of any member; and
- (h) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 8. TREASURER. The treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of Section 3 of Article VI of these By-Laws; and
- (c) in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 9. ASSISTANT SECRETARY-TREASURER. In the absence of the secretary or treasurer, or in the event of his or their inability or refusal to act, the assistant secretary and treasurer shall perform the duties of the secretary and/or treasurer, and when so acting, shall have all the powers of, and be subject to all the restrictions upon the secretary and/or treasurer, and shall perform such duties as from time to time be assigned to him by the Board of Directors.

Section 10. GENERAL MANAGER. The Board of Directors may appoint a General Manager who may be, but who shall not be required to be, a member. The General Manager shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

Section 11. BONDS OF OFFICERS. The Board of Directors shall require the treasurer or any other officer charged with responsibility for the custody of any of its funds or property, to give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give such bonds in such amounts, with such surety or sureties, and containing such terms and conditions as it shall determine.

Section 12. SALARIES. The compensation, if any, of any officer, agent, or close relative of a director shall be determined by the members as provided in Section 5 of Article III of these By-Laws; the powers, duties and compensation of all other officers, agents and employees shall be fixed by the Board of Directors.

Section 13. REPORTS. The officers shall submit at each Annual Meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing its condition at the close of such fiscal year.

ARTICLE VI

CONTRACTS, CHECKS, AND DEPOSITS

Section 1. CONTRACTS. Except as limited elsewhere by these By-Laws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers or employees of the Cooperative and in such manner as shall from time to time be determined by a resolution of the Board of Directors.

Section 3. DEPOSITS. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in any financial institutions as the Board of Directors may select.

ARTICLE VII

MEMBERSHIP CERTIFICATES

Section 1. CERTIFICATES OF MEMBERSHIP. Membership in the Cooperative may be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Incorporation of the Cooperative or these By-Laws.

Section 2. LOST CERTIFICATES. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnify to the Cooperative as the Board of Directors may prescribe.

ARTICLE VIII

REVENUES AND RECEIPTS

Section 1. DISPOSITION OF REVENUES AND RECEIPTS. No dividends shall be paid upon membership in the Cooperative. Subject to the obligations of the Cooperative with respect to moneys borrowed and to the provision of any mortgage or other security given to secure such obligations, 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 non-member business, and earnings arising from the earnings from other cooperative organizations of which the Association is a member, or one thousand dollars (\$1,000), whichever is greater. No addition shall be made to surplus when it exceeds either fifty percent (50%) of the total or one thousand dollars (\$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 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 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. MEMBERSHIP CONTROL OVER DISPOSITION OF REVENUES AND RECEIPTS. The members may, at any meeting, control the amount to be allocated to surplus or educational fund within the limits specified in Section I of this Article.

Section 3. REVOLVING FUND. 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 shall be accumulated in a deferred patronage dividend fund in each member and non-member patron's name and shall be paid as determined by the Board of Directors acting under

current policies. The directors may, at their discretion, pay deferred patronage dividends of deceased natural persons who are members or patrons, former members of the Cooperative, and all other deferred patronage dividends for any distinguishable class of membership, without reference to any order of priority herein prescribed; except as provided in Article XII of the Articles of Incorporation. The payment of dividends owing to deceased natural persons who are members or patrons shall be made upon such terms and conditions as the Board of Directors, acting under current policies, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Association will not be impaired thereby.

The Board of Directors is authorized to adopt early redemption of previously allocated patronage capital at a discounted rate using methods and discount rates deemed appropriate in the circumstances.

Section 4. DEFERRED PATRONAGE CERTIFICATES. 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. MATURITY OF DEFERRED PATRONAGE DIVIDEND CERTIFICATES. Credits or certificates referred to in Sections 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 Article X of the Articles of Incorporation of the Cooperative.

ARTICLE IX

WAIVER OF NOTICE

Any member, director or officer may waive, in writing, any notice of meetings required to be given by Law, the Articles of Incorporation of the Cooperative or these By-Laws.

ARTICLE X

DISPOSITION OF PROPERTY

Section 1. SALE, DISPOSITION OR MORTGAGE OF COOPERATIVE'S PROPERTY. The Cooperative may not sell, mortgage, lease or otherwise dispose of any of its property other than:

- (a) property which, in the judgment of the Board of Directors, is or will be neither necessary nor useful in operating and maintaining the Cooperative's system, provided, however, that sales of such property shall not in any one year exceed ten percent (10%) in value of the value of all 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, mortgage, lease or other disposition is authorized by a majority vote of the members at a meeting thereof and the notice of such proposed sale, mortgage, 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, and to authorize the making and issuance of bonds, notes or other evidences 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 pledge of or other lien upon all or any of the property, assets, rights, privileges and permits of the Cooperative whenever situated, acquired or to be acquired, upon such terms and conditions as the Board of Directors shall determine.

Section 2. SALE OR OTHER DISPOSITION OF ASSETS OTHER THAN IN REGULAR COURSE OF BUSINESS. 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.

PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS OR VOLUNTEERS

Except as otherwise provided by Iowa Law, a director, officer, employee, member or volunteer 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 a 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 (2005).

ARTICLE XII

FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first of December in the same year.

ARTICLE XIII

MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may become a member of any other organization which the Board of Directors may deem desirable or advantageous to the best interests of the Cooperative.

ARTICLE XIV

SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, "Corporate Seal, Iowa."

ARTICLE XV

AMENDMENTS

These By-Laws may be altered, amended or repealed by a vote of seventy-five percent of the Board of Directors at any regular or Special Meeting of the Board of Directors, provided that, notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal, and that once these By-Laws have been so altered, amended, repealed, such action shall remain in force until altered, amended or repealed by a vote of seventy-five percent of the members present or represented, having voting privileges, at any Annual Meeting or Special Meeting of the membership.

The use of the masculine gender in these By-Laws shall and does include the feminine.