

**AMENDED AND SUBSTITUTED
ARTICLES OF INCORPORATION
OF
HAWKEYE TRI-COUNTY ELECTRIC COOPERATIVE**

**Approved by the Secretary of State of the State of Iowa
Originally Incorporated December 21, 1938**

ARTICLE I

The name of this Cooperative shall be Hawkeye Tri-County Electric Cooperative.

ARTICLE II

The principal office of the Cooperative shall initially be located at Cresco, in the County of Howard, State of Iowa.

ARTICLE III

The Cooperative is organized under the provisions of Chapter 499 of the Code of Iowa.

ARTICLE IV

The purposes for which the Cooperative is formed are:

- a) to generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes:
- b) to acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchise, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Cooperative;
- c) to construct, erect, purchase, lease as lessee and in any manner, acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and 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 exercise any of its power anywhere, as may be 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 of the other objects or purposes of the Cooperative; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or lien upon, any or all of the property, rights, privileges or permits of the Cooperative, wheresoever situated, acquired or to be acquired; and
- f) to become a member of any federated cooperative association whose membership is restricted to incorporated cooperative associations; and to do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the provisions of the laws under which the Cooperative is formed; and to exercise any of its powers anywhere.
- g) to do and perform either for itself or its members any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the provisions of the laws under which the Cooperative is formed; and to exercise any of its powers anywhere.

ARTICLE V

Section 1. Any person, firm or corporation may become a member in the Cooperative by:

- (a) applying for membership in the Cooperative; and
- (b) agreeing to purchase from the Cooperative services provided by the Cooperative as specified in the bylaws of the Cooperative; and
- (c) agreeing to comply with and be bound by these articles of incorporation and the bylaws of the Cooperative and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors. The bylaws of the cooperative may provide the procedure for such action. The bylaws of the Cooperative may fix such other terms and conditions upon which persons shall be admitted to and retain membership in the Cooperative not inconsistent with these articles of incorporation or the Act under which it is organized.

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

Section 3. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 4. The board of directors of the Cooperative may, by the 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 these articles of incorporation or bylaws of the Cooperative or any rules or regulations adopted from time to time by the board of directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 5. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

Section 6.

- (a) Membership in the Cooperative and 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 thereupon terminate, and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Any termination of membership for any reason shall not release the member from the debts or liabilities of such member to the Cooperative.
- (b) Two persons sharing the property served may become a joint member and their application for joint membership may be accepted in accordance with the foregoing, provided that both parties comply with the provisions of subdivisions (b) and (c) of

Section 1 of this Article. A member may also request in writing the board transfer the membership to another party so as to create a joint membership if the criteria for joint membership is met. 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, upon the death of either party, 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 the survivor 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.

ARTICLE VI

A regular annual meeting of the members shall be held at such time and place within the Cooperative's service territory as determined by the Board of Directors.

ARTICLE VII

Section 1. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors who shall be members of the Cooperative. Said board of directors shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation or by the bylaws conferred upon or reserved to the members.

Section 2. For the purpose of nominating directors of the Cooperative, the territory served by the Cooperative shall be divided into three (3) districts as follows, with the number of directors to be elected from each district specified as follows:

Winneshiek District	Which includes Winneshiek County and parts of Allamakee and Fayette Counties – Four (4) directors.
Howard District	Which includes Howard County and part of Mitchell County – Three (3) directors.
Chickasaw District	Chickasaw County – Two (2) directors.

At such time as the membership in the districts herein established shall become disproportionate, the districts, including both the territory included therein and the number of directors allotted thereto, shall be changed by amending this article.

Starting in the year 1988 and for each year thereafter directors shall be elected by districts and shall be voted on only by members of their district. Each director so elected shall serve for the term specified, or until the successor shall have been elected and shall have qualified. No member shall be eligible to become or remain a director unless he or she is a member of the

Cooperative, receives electric service in the district from which they have been nominated and elected, and is a bona fide resident living within the geographic boundaries of the Cooperative's service area. Any member who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative shall be ineligible to become or remain a director.

At the election of directors at the annual meeting of members in the year 1988, the candidates receiving the highest number of votes in each district shall be elected for a term of three (3) years; the candidates receiving the next highest number of votes shall be elected for a term of two (2) years; the candidates receiving the next highest number of votes in the Winneshiek District and the Howard District will be elected for a term of one (1) year; and the one (1) candidate receiving the next highest number of votes in the Winneshiek District will be elected for a term of one (1) year.

At each annual meeting of members in the year 1989 and for each year thereafter, directors shall serve a term of three (3) years and until their successor shall have been elected and shall have qualified.

Section 3. The bylaws may provide for a procedure for nominations. In that case a ballot containing the names of all the nominees for the board of directors, alternately arranged and stating the residence of each, shall be mailed with the notice of the meeting. The Secretary shall also mail with the notice of the meeting a statement of the number of directors to be elected. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for directors as provided in this section. Any member may vote by mail for directors by marking their ballot and selecting the candidates they wish to vote for, which shall not exceed the number of directors to be elected, and enclosing the ballot in a sealed envelope bearing the member's name addressed to the Secretary. When such ballot so enclosed is received by mail from any member prior to the close of the balloting at the annual meeting, it shall be accepted and counted as a vote for directors by ballot of such member at such meeting. Joint memberships shall jointly be entitled to one (1) vote upon each matter submitted to a vote at a meeting of the members, which vote may be cast by mail pursuant to the provisions hereof. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

Section 4. Subject to the provisions of these articles of incorporation, vacancies occurring in the board of directors between annual meetings of the members of the Cooperative may be filled by a majority vote of the remaining directors, and directors thus selected shall serve the remainder of the unexpired term. In the event the directors fail to fill the vacancy, the vacancy shall be filled by a vote of the members at the next annual meeting of the members.

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

ARTICLE VIII

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

- (a) to provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses;
- (b) at least ten per centum (10%) of the remaining earnings must be added to surplus until surplus equals either thirty per centum (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 one thousand dollars (\$1,000), whichever is greater. No addition shall be made to surplus when it exceeds either fifty per centum (50%) of the total or one thousand dollars (\$1,000) whichever is greater;
- (c) not less than one per centum (1%) nor more than five per centum (5%) of such earnings in excess of reserves may be placed in an educational fund, to be used as the directors deem suitable for teaching or promoting cooperation;
- (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 refunds;" and
- (e) the directors shall determine the percentage or amount of said allocation that currently shall be paid in cash. All said remaining allocation not so paid in cash shall be transferred to the revolving fund and credited to said members and subscribers.

Section 2. The members may, at any meeting, control the amount to be allocated to surplus or educational fund within the limits specified in section 1 of this Article 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 natural persons who were members or patrons and all other deferred patronage dividends, without reference to the order of priority herein prescribed except as provided in Article X of these articles of incorporation. The payment of dividends owing to deceased persons who were members or patrons, shall be made upon such terms and conditions as the board of directors acting under policy of general application, and legal representatives of such member's estate shall agree upon; provided however that the financial condition of the Cooperative will not be impaired thereby.

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

Section 5. Credits or certificates referred to in sections 3 and 4 of this Article 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

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, provide, however, that sales of such property shall not in any one year exceed in value ten per centum (10%) 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 unless such sale or other disposition of assets other than in the regular course of business; (or as hereinbefore provided for) is in accordance with the following:
- (d) 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 or regular course of business, may be made upon the terms and conditions and for such consideration which may consist in whole or in part of money or property, real or personal, including shares or 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:
 - 1. 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.

2. 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 the 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 dispositions of substantially all of the property and assets of this Cooperative.
 3. At the meeting the membership may authorize the sale, lease, exchange or other disposition and may fix, or may authorize the board of directors to fix, any and all of the terms and conditions thereof and the consideration to be received by this Cooperative. Such authorization shall be approved if two-thirds of the members vote affirmatively on a ballot on which a majority of all voting members of the Cooperative participate.
 4. 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;
- (e) provided, however, that notwithstanding anything herein contained, the board of directors without authorization by the members shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, or the National Rural Utilities Finance Corporation or the National Bank for Cooperatives or any other National or State Bank to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the board of directors shall determine.

ARTICLE X

Upon dissolution or liquidation, the assets of the Cooperative shall be applied to the payment of liquidation expenses and then to the payment of all obligations of the Cooperative other than patronage refunds or certificates issued therefore. The remainder of such assets shall be distributed in the following order or priority: (a) payment of any deferred patronage dividends or certificate issued therefore, and if the assets are insufficient to pay all such patronage dividends or certificates issued therefore they shall be prorated to the payment of all such deferred patronage dividends or certificates issued therefore; (b) payment to members of the memberships fee paid by them; and (c) the remaining assets shall be distributed among the members according to law.

ARTICLE XI

The directors by a vote of 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 75% of the members present or represented having voting privileges at any annual meeting or special meeting of the members provide that at least ten days before said annual meeting or special meeting a copy of the proposed amendment or summary thereof shall be sent to all members having voting rights.

ARTICLE XII

The Cooperative may amend, alter, change or repeal any provision contained in these articles of incorporation in the manner now nor hereinafter prescribed by law.