

ARTICLES OF MERGER
OF
IOWA LAKES ELECTRIC COOPERATIVE

The cooperatives executing these Articles hereby merge said cooperatives into an incorporated Cooperative association under the provisions of Chapter 499 of the Code of Iowa (1987), assuming all of the powers, rights, and privileges granted to, and all of the duties and obligations imposed upon, incorporated Cooperative associations by said Chapter, and, for such purpose, do adopt the following Articles of Incorporation.

Article I

The name of the Association shall be IOWA LAKES ELECTRIC COOPERATIVE. The principal office of the Association shall be located in Estherville, in the County of Emmet, State of Iowa.

Article II

The purposes for which the Association is formed are:

1. To furnish electric service to its members at the lowest possible cost consistent with the proper maintenance of its electric distribution lines and other facilities;
2. To construct, erect, purchase, lease as lessee and in any manner, acquire, own, hold, maintain, operate, sell, dispose of, lease as lesser, exchange and mortgage plants, buildings, works, electric distribution substation, 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 have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes as set forth in this article and in this section, or as may be permitted by the provisions of the laws under which the association is formed; and to exercise any of its power anywhere.
3. To purchase, lease, or acquire in any manner and to own, hold, use, sell, mortgage, or dispose of any real estate or personal property, or any interest therein, deemed necessary, convenient, or appropriate to the purposes and uses of this Association;

4. To acquire, own, hold, use, and exercise, and, to the extent permitted by law, to sell, pledge, hypothecate, and in any manner dispose of franchises, rights, privileges, licenses, rights-of-way, and easements appropriate, convenient, or necessary to the purposes of the Association;
5. 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 Association; 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 other lien upon, any or all of the property, rights, privileges, or permits of the Association, wheresoever situated, acquired, or to be acquired;
6. To contract for purchase of electric power and energy from Generation and Transmission Electric Cooperatives in such manner as shall be deemed to the best interest of the Cooperative; and,
7. To 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, or as may be permitted by the provisions of the laws under which the Association is formed; and to exercise any of its power anywhere.

Article III

The Plan of Merger provides for the merger of Cherokee County Rural Electric Cooperative and Iowa Lakes Electric Cooperative, and contains the following provisions:

Pursuant to the provisions of Section 499.62 of the Code of Iowa (1987), CHEROKEE COUNTY RURAL ELECTRIC COOPERATIVE and IOWA LAKES ELECTRIC COOPERATIVE (hereinafter referred to collectively as "the Cooperatives"), being Iowa cooperative corporations organized under Chapter 499 of The Code, hereby adopt the following Plan of Merger:

1. The names of the merging cooperatives are as set forth in the preceding paragraph, and the name of the surviving cooperative association is IOWA LAKES ELECTRIC COOPERATIVE.
2. The terms and conditions of the proposed merger are as follows:
 - a. Special meetings of the members of the cooperatives proposing to merge shall be held as may be determined by the individual boards of directors of the cooperatives, for the purpose of submitting this Plan of Merger to a vote of the members pursuant to Section 499.64 of The Code.
 - b. If this Plan of Merger is approved by the members of the cooperatives, the effective date of the merger shall be April 1, 1989.

c. (1) The affairs of the surviving cooperative shall be managed by a board of directors which will initially consist of the thirty-three (33) existing directors of the cooperatives.

(2) The service area of the surviving cooperative shall be divided into four (4) numbered geographic districts. There will initially be an unequal number of directors from the four districts. A map and a description of the geographic districts shall be maintained by the cooperative and shall be provided to the members. The board of directors shall have authority to modify the district boundaries if necessary so that each district will encompass an approximately equal geographic territory and number of members.

(3) No election for directors shall be conducted until the annual meeting of members to be held in 1990, 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 created by directors who resign, retire, or become ineligible prior to the annual meeting of members to be held in 1990 shall not be filled unless the vacancy would result in one or more districts being without representation on the board, or would cause the board to be reduced in size to fewer than fourteen (14) directors. In either of said events, the vacancy shall be filled by the majority vote of the board of directors from among members residing in the district from which the vacancy was created.)

(4) At the annual meeting of members to be held in 1990, an election will be conducted for the purpose of electing fourteen (14) directors, and the affairs of the Cooperative shall thereafter be managed by a board consisting of fourteen (14) directors, four (4) from Districts I and II and three (3) from Districts III and IV. At said meeting one (1) director from each district shall be elected for a term of one (1) year, one (1) director from each district shall be elected for a term of two (2) years, and one (1) director from each district shall be elected for a term of three (3) years, and one (1) director each from Districts I and II shall be elected for a term of four (4) years, or until their successors are elected and qualified. Thereafter; at such annual meeting of members, 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.

(5) Vacancies on the board of directors which occur after the annual meeting of members to be held in 1990 shall be filled by majority vote of the remaining directors from among members who reside in the district from which the vacancy was created. The director so elected shall serve the remainder of the term of the director creating the vacancy.

d. The general office and principal place of business of the cooperative shall be in Estherville, Iowa, at what is now the office of Iowa Lakes Electric Cooperative. The existing operational facility at Cherokee will be maintained unless and until it is determined by the board of directors that such facility is no longer needed. Office operations shall be consolidated at the Estherville general office.

e. The operations 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.

f. Upon the effective date of merger:

(1) the Cherokee County Rural Electric Cooperative shall cease to exist;

(2) all property of the Cherokee County Rural Electric Cooperative shall be transferred to and vested in the surviving cooperative, and the surviving cooperative shall assume all of the liabilities of the Cherokee County Rural Electric, all pursuant to Section 499.68 of the Code of Iowa (1957);

(3) all deferred patronage dividends previously allocated by the Cherokee County Rural Electric Cooperative shall be transferred to the books of the surviving cooperative as deferred patronage dividends of the surviving cooperative;

(4) all members of the Cherokee County Rural Electric Cooperative shall be transferred to and become members of the surviving cooperative, and the books of the surviving cooperative shall reflect the amount paid by each member for membership. New membership certificates in the surviving cooperative shall be issued to members who surrender their existing membership certificates in the Cherokee County Rural Electric Cooperative.

3. The changes in the Articles of Consolidation (Incorporation) of Iowa Lakes Electric Cooperative, the surviving association, required by this Plan of Merger are as follows: (Article III and Article VIII as amended are set forth in full.)

Article IV

The corporate life of this Association shall begin April 1, 1989, and shall be perpetual, unless changed by an amendment to these Articles or terminated by dissolution.

Article V

This Corporation shall be operated a non-profit basis as a Cooperative, and the value of the business done with non-members shall not exceed that done with members.

Article VI

Section 1. Any individual, in addition to the undersigned incorporators, acting for himself or as an accredited representative of an association, corporation, partnership, or organization, and who customarily uses the services rendered by the Association, may become a member in the Association by: (a) agreeing to take, receive, and pay for electric utility service furnished by the Association as hereinafter in Section 3 of this Article specified; and (b) agreeing to comply with and to be bound by these Articles of Merger; the By-Laws of the Association, and such rules and regulations as may from time to time be adopted by the Board of Directors of the Association, provided, however; that no individual, except the incorporators of the Association, or any individual accepted for membership by the undersigned incorporators or the members at any meetings hereof, shall become a member in the Association unless and until accepted for membership by the affirmative vote of not less than two-thirds of the members of the Board of Directors. Applications for membership may be rejected only for just cause. Subject to the foregoing provisions of this Section, farm tenants, and landlords who receive a share of agricultural products as rent, are also eligible for membership. Any other Association formed under Chapter 499 of The Code of 1987 of the State of Iowa, and engaged in any activity directly or indirectly related to any activity in which the Association is engaged, is also eligible to membership, subject to the provisions of this Section.

Section 2. The Association shall have no capital stock, but membership in the Association shall be evidenced by a certificate of membership. Members of the predecessor cooperatives shall become members of this Association upon the effective date of merger; and their memberships shall be automatically transferred. Membership in the Association shall not be transferable.

Section 3. Each member of the Association shall receive service from the Association under the terms and conditions prescribed by resolution of the Board of Directors of the Association and shall pay therefor 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 this Association as and when the same shall become due and payable. Each member shall comply with such rules and regulations as may, from time to time, be adopted by the Board of Directors.

Section 4. No member of the Association 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 Association. The vote of each member of the Association shall be cast in person and not by proxy, provided that an absent member may cast his written vote upon any proposition of which he has been previously notified in writing, and of which a copy accompanies his vote.

Section 5. The Board of Directors of the Association may, by the affirmative vote of not less than two-thirds of the members of the Board of Directors, expel any member of the Association, including the under signed incorporators, who shall have willfully violated or refused to comply with any of the provisions of these Articles of Merger or the By-Laws of the Association, or any rules or regulations promulgated by the Board of Directors, or who shall have ceased to be eligible to membership in the Association, or who shall have failed to pay any debt or obligation to the Association when the same shall have become due and payable.

Section 6. If a member dies or becomes ineligible, or is expelled, his membership shall forthwith be cancelled.

Section 7. Any member of the Association may withdraw from membership upon payment in full of all debts and obligations to the Association, and upon compliance with and performance of all contracts with the Association.

Section 8. The death, expulsion, or withdrawal of a member of the Association shall not impair his debts, obligations, or liabilities to the Association.

Article VII

Section 1. Annual meetings of the members of the Association shall be held at such times and places as shall be determined by the Board of Directors. All meetings shall be held at such locations within the Association geographical service area as may be determined from time to time by the Board of Directors and specified in the notice of the meeting.

Section 2. The directors may call special meetings of members and shall do so upon written demand of at least twenty per centum (20%) of the members.

Article VIII

Section 1. The business and affairs of the Cooperative shall be managed by a Board initially consisting of thirty-three (33) directors named below who are also members of the Cooperative.

<u>Name</u>	<u>Occupation</u>	<u>Address</u>
Paul Fassler	Farmer	Cleghorn, IA 51014
Donald Todd	Farmer	Quimby, IA 51049
Robert Torrey	Farmer	Cherokee, IA 51012
Sherm Nelson	Farmer	Aurelia, IA 51005
Neal Anderson	Farmer	Cherokee, IA 51012
Eric Carlson	Farmer	Marcus, IA 51035
Larry Timmerman	Farmer	Cherokee, IA 51012
Marvin L. Simons	Farmer	Marcus, IA 51035
Floyd Zimmeer	Farmer	Cherokee, IA 51012
L. Kirby Range	Farmer	Milford, IA 51351
Dale Larsen	Farmer	Spencer, IA 51301
Dean Hummel	Farmer	Spirit Lake, IA 51360
Philip Simonson	Farmer	Emmetsburg, IA 50536
Bruce Anderson	Farmer	Estherville, IA 51334
Larry Barglof	Farmer	Linn Grove, IA 51033
Darrel Bishop	Farmer	Swea City, IA 50590
Dale Bodholdt	Farmer	Newell, IA 50568
Sam Elsen	Farmer	Palmer IA 50571
Marlowe Feldman	Farmer	Albert City, IA 50510
Harold Halverson	Farmer	Alta, IA 51002
Richard Hanson	Farmer	Estherville, IA 51334
Kenneth Herum	Farmer	Dolliver, IA 50531
Larry Lago	Farmer	Spirit Lake, IA 51360
Dennis Larson	Farmer	Laurens, IA 50554
T. Bruce Louthan	Farmer	Webb, IA 51366
Alan Madden	Farmer	Ringsted, IA 50578
Rodney Meyer	Farmer	Mallard, IA 50562
Richard Nelson	Farmer	Emmetsburg, IA 50536
Marlin Runksmeier	Farmer	Ledyard, IA 50556
Willard Schmidt	Farmer	Alta, IA 51002
Al Swart	Farmer	Dickens, IA 51333
Edward Toomer	Farmer	Newell, IA 50568
Darwin Will	Farmer	Spirit Lake, IA 51360

Section 2. There shall be four (4) numbered geographical districts of the Cooperative, and commencing with the annual meeting to be held in 1990, election of directors shall be by such districts, with four (4) directors representing Districts I and II and three (3) directors representing Districts III and IV. The geographic areas of each district shall be established and revised as necessary by the board of directors in such manner that the ratio of directors to members in each district shall be approximately the same. The district boundaries shall be described and shown on a map of the Cooperative service area, and said description and map shall be maintained as official records of the Cooperative.

Section 3. No election for directors shall be conducted until the annual meeting of members to be held in 1990, 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 created by directors who resign, retire, or become ineligible prior to the annual meeting of members to be held in 1990 shall not be filled unless the vacancy would result in one or more districts being without representation on the board, or would cause the board to be reduced in size to fewer than fourteen (14) directors. In either of said events, the vacancy shall be filled by the majority vote of the board of directors from among members residing in the district from which the vacancy was created.)

At the annual meeting of members to be held in 1990, an election will be conducted for the purpose of electing fourteen (14) directors, and the affairs of the Cooperative shall thereafter be managed by a board consisting of fourteen (14) directors, four (4) from Districts I and II and three (3) from Districts III and IV. At said meeting one (1) director from each district shall be elected for a term of one (1) year; one (1) director from each district shall be elected for a term of two (2) years, and one (1) director from each district shall be elected for a term of three (3) years, and one (1) director each from Districts I and II shall be elected for a term of four (4) years, or until their successors are elected and qualified. Thereafter, at such annual meeting of members, 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.

Vacancies on the board of directors which occur after the annual meeting of members to be held in 1990 shall be filled by majority vote of the remaining directors from among members who reside in the district from which the vacancy was created. The director so elected shall serve the remainder of the term of the director creating 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 or director may be removed by vote of a majority of the members of the association voting. Any vacancy in the Board of Directors, pursuant to Section 4, may be filled at the same meeting at which such vacancy is created and the director so selected 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 Directors may fill the vacancy at any subsequent meeting of the Board in the manner and for the term specified in Section 3 of this Article VIII.

Article IX

Section 1. The directors shall annually dispose of the earnings of the Association in excess of its operating expenses as provided in Section 499.30, Code of Iowa (2001):

(a) to provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses;

(b) at least 10% of the remaining earnings must be added to surplus until surplus equals either 30% of the total of all capital paid in for stock or memberships, plus all unpaid patronage dividends, plus certificates of indebtedness payable upon liquidation, earnings from non-member business, and earnings arising from the earnings of other cooperative organizations of which the association is a member; or \$1,000, whichever is greater. No addition shall be made to surplus when it exceeds either 50% of the total or \$1,000, whichever is greater.

(c) not less than one percent (1%) nor more than five percent (5%) of such earnings in excess of reserves may be placed in an 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 Association during each year. Such credits are herein referred to as "deferred patronage dividends";

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

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

Section 3. The directors may use the revolving fund to pay the obligations or add to the capital of the Association. 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 years 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, without reference to the order of priority herein prescribed, and except as in Article X of these Articles of Merger provided.

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

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

Article X

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

Article XI

The directors, by a vote of seventy-five percent (75%) of the directors, may adopt, alter, amend, or repeal By-Laws for the Association, 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.

Article XII

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

Article XIII

Section 1. 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 Merger for the giving of notice of meetings of members and whether the meeting be an annual or special meeting, shall state that the purpose, or one of the purposes of the meeting is to consider the proposed sale, lease, exchange or other disposition of substantially all of the property and assets of this cooperative.

(c) At the meeting the membership may authorize the sale, lease, exchange or other disposition and may fix, or may authorize the Board of Directors to fix, any and all of the terms and conditions thereof and the

consideration to be received by this cooperative. Such authorization shall be approved if two-thirds of the members vote affirmatively on a ballot on which a majority of all voting members of the cooperative participate.

(d) After the authorization by the vote of members, the Board of Directors of the cooperative may nevertheless in its discretion abandon the sale, lease, exchange or other disposition of assets, subject to the rights of third parties under any contracts relating thereto without further action or approval by the members.

Article XIV

Except as otherwise provided by Iowa law, a director, officer; employee, or member of the cooperative is not liable on the debts or obligations, and a director, officer, member or other volunteer is not personally liable in that capacity for a claim based upon an act or omission of the person performed in the discharge of the person's duties, except for a breach of the duty of loyalty to the cooperative, for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law, or for a transaction from which the person derives an improper personal benefit.

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

Article XV

No member shall sell, assign, transfer, dispose of or encumber any share of any patronage dividends or certificates of deferred patronage dividends.

ARTICLE XVI

The Cooperative shall attempt to resolve any claim or dispute which may arise between the Cooperative and a member 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) these Articles of Merger; (4) the Cooperative's Bylaws, policies, practices, plans, and procedures; (5) industry standards; and (6) the individual facts and circumstances regarding the claim or dispute.

If a member 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, 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, 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 Chapter 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.

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 these Articles of Merger constitute an agreement between the Cooperative and the members.

Updated: April 13, 2013