

T.I.P.  
Rural Electric Cooperative

Articles of Incorporation



Revised ~~2020~~2021

Brooklyn, Iowa

**ARTICLES OF INCORPORATION**  
**of**  
**T.I.P. RURAL ELECTRIC COOPERATIVE**  
As amended August 27, 2011  
As amended August 28, 2021

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We, whose names are hereunto subscribed, hereby associate ourselves into an incorporated cooperative association under the provisions of Chapter 499 of the [2014-2021](#) Code of Iowa, assuming all of the powers, rights and privileges granted to, and all of the duties and obligations imposed upon, incorporated cooperative associations by said chapter, and for such purposes do adopt the following Articles of Incorporation:

**ARTICLE I**

The name of the association shall be T.I.P. Rural Electric Cooperative.

**ARTICLE II**

The principal office of the association shall be located at Brooklyn, in the County of Poweshiek, State of Iowa.

**ARTICLE III**

As amended August 27, 2011

The association is organized under the provisions of Chapter 499 of the [2014-2021](#) Code of Iowa.

**ARTICLE IV**

As amended August 25, 1990

The purpose for which the association is formed are:

1. To generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members; 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 transmission and distribution lines or systems necessary, convenient or useful for carrying out, and accomplishing any of the foregoing purposes; and in addition, the Cooperative may also engage in any lawful activity which will be in the interest of the

Cooperative or its members including any activity which will encourage or promote economic development within the area served by the Cooperative;

2. To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, sell, convey, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the association to accomplish any and all of its purposes;
3. To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the association;
4. 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, 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 and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefore;
5. To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for monies borrowed or in payment for properties acquired, or for any of the other objects of 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, franchises, privileges or permits of the association, wheresoever situated, acquired or to be acquired;
6. To become a member of any federated cooperative association whose membership is restricted to incorporated cooperative associations and as the board of directors of the association in its discretion may determine;
7. To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as maybe 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 powers anywhere.

#### **ARTICLE V**

The duration of the Association shall be perpetual.

#### ARTICLE VI

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

NAME	OCCUPATION	POST OFFICE ADDRESS
W.H. Fisher	Farmer	Hartwick, Iowa
James Scandridge	Farmer	Hartwick, Iowa
R.R. Carpenter	Farmer	Deep River, Iowa
H.E. Whitsell	Farmer	Tama, Iowa
Fay E. Wilcox	Farmer	Tama, Iowa
Henry A. Schmidt	Farmer	Tama, Iowa
J.T. McGarry	Farmer	Victor, Iowa
H. Art Schwiebert	Farmer	Victor, Iowa
R. I. Myers	Farmer	Victor, Iowa

#### ARTICLE VII

As amended September 28, 1973

As amended August 27, 2011

As amended August 29, 2020

As amended August 28, 2021

**Section 1.** Any individual, in addition to the undersigned incorporators, acting for ~~himself~~ themselves 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) ~~purchasing~~ applying for a membership in the Association ~~for the issuing price hereinafter in Section 2 of this Article specified,~~ (b) agreeing to purchase from the Association the amount of electric energy hereinafter in Section 3 of this Article specified, and (c) agreeing to comply with and to be bound; by these Articles of Incorporation, 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 may any individual accepted for membership by the undersigned incorporators or the members at any meeting thereof, shall become a member in the Association unless and until ~~he or she~~ they ~~has~~ have been accepted for membership by the affirmative vote of not less than two-thirds of the members of the Board of Directors. ~~Subject to the foregoing provisions of this Section, farm tenants, and landlords who receive a share of agricultural products as rent, are also eligible~~

~~to membership.~~ Any other association formed under Chapter 499 of the ~~2014~~ Code 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. ~~A husband and wife~~Spouses may jointly become a member and the application for a joint membership may be accepted in accordance with the foregoing provisions of this Section provided the ~~husband and wife~~spouses comply jointly with the provisions of the above subdivisions (a) (b) and (c).

**Section 2.** The Association shall have no capital stock, but membership in the Association shall be evidenced by a certificate of membership or an accepted membership application. ~~The issuing price of membership in the Association shall be \$5.00, and no certificate of membership in the Association shall be issued until the issuing price for the membership shall have been paid in full.~~

**Section 3.** Each member of the Association shall purchase from the Association monthly not less than the minimum amount of electric energy which shall from time to time be determined by resolution of the Board of Directors of the Association and shall pay therefore and for all additional electric energy used by ~~him~~such member, the price which shall from time to time be fixed therefore by resolution of the Board of Directors. Each member shall also pay all obligations which may from time to time become due and payable 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.- Notwithstanding anything to the contrary stated in these Articles of Incorporation, the vote of each member of the Cooperative shall be cast in person or alternatively, the Board of Directors may authorize alternative voting methods by members on any proposition of which the members have been previously notified in writing, but in any event, no voting shall be permitted by proxy. Alternative voting methods shall mean a method of voting other than in person, including voting by mail-in voting, electronic, telephonic, internet, or other means that reasonably allows members the opportunity to vote in a secure and verifiable manner.

**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 undersigned incorporators, who shall have willfully violated or refused to comply with any of the provisions of these Articles of Incorporation 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-for~~ 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.**

(a) Membership in the Cooperative and a certificate or application representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a membership of such member shall thereupon terminate, and the certificate of membership of such member, if any, shall be surrendered forthwith to the Cooperative. In cases of expulsion the Cooperative shall pay him to the member an amount equal to the membership fee paid by him the member, if any, within sixty (60) days thereafter. In cases of death or ineligibility, it shall pay such value to him or his the member or the member's personal representative within two years thereafter, without interest. Interest shall not in any case be paid upon the value of the membership. Any termination of membership for any reason shall not release the member from the debts or liabilities of such member to the Cooperative.

(b) An individual membership may be transferred to a joint membership with a spouse by a member to himself or herself and his or her spouse, as the case may be, ~~jointly~~ upon written request of such member and compliance by such husband and wifespouses jointly with the provisions of subdivisions (b) and (c) of Section 1 of this Article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate or membership application representing the membership so transferred.

(c) When a membership is held jointly by a husband and wifespouses, upon the death of either, such membership shall be deemed to be held solely by the survivor, with the same effect as though such membership had been originally issued solely to him or her the survivor, as the case may be, and the joint membership certificate, if any, 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 or the application amended to reflect the change; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

**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. Upon any such withdrawal, the member so withdrawing shall not be entitled to receive and the Association shall not pay to him the member the original issuing price, if any, or book value of membership.

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

**Section 9.** The private property of the members of the Association shall be exempt from execution for the debts of the Association.

## ARTICLE VIII

As amended August 29, 2020

**Section 1.** The first regular Annual Meeting of the members of the Association shall be held on the 8<sup>th</sup> day of June, 1938. Thereafter, the regular Annual Meetings of the members shall be held on such date as shall be fixed by the By-Laws. All meetings shall be held at such location within the operating territory of the Cooperative, or by such means as shall be determined by the Cooperative's Board of Directors from time to time.

**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.

### **Section 3. Remote Participation at Annual and Special Meetings.**

(a) Members may participate in any meeting of the members by means of remote communications to the extent the Board of Directors authorizes such participation for such members. Participation by means of remote communication shall be subject to such guidelines and procedures as the Board of Directors adopts. Members participating in a members meeting, by means of remote communication shall be deemed present and may vote at such meeting provided that the Cooperative has implemented reasonable measures to do all of the following:

- (i) verify that each person participating remotely is a member of the Cooperative; and,
- (ii) provide such members a reasonable opportunity to participate in the meeting and to vote on a matter submitted to the members, including an opportunity to communicate, and to read or hear the proceedings of the meeting, substantially concurrent with such proceedings.

## ARTICLE IX

As amended August 28, 2021

**Section 1.** The business and affairs of the Association shall be managed by a Board of nine (9) Directors who must be members of the Association.

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**Section 2.** At the first regular meeting to be held on the date specified in Section 1 of Article VIII of these Articles of Incorporation, nine (9) directors shall be elected to serve until the next succeeding regular Annual Meeting of the members and until their respective successors shall have been elected and qualified. At said next succeeding regular Annual Meeting, the directors shall be divided into three (3) classes, each class consisting of three (3) directors. At such meeting the directors of the first class shall be elected for the term of one (1) year, those of the second class shall be elected for the term of two (2) years, and those of the third class shall be elected for the term of (3) years. At each regular Annual Meeting thereafter, a number of directors equal to the number of directors whose terms expire at the time of such meeting shall be elected to hold office for the term of three (3) years, and until their respective successors shall have been elected and qualified. The election of the directors shall be by ballot and each voting member shall be entitled to cast one (1) vote for each director to be elected.

**Section 3.** Subject to the provisions of Section 4 of the Article IX, any vacancy in the Board of Directors shall be filled by a majority vote of the remaining directors, and the director thus elected shall serve until the next regular Annual Meeting of the members, at which time a director shall be elected for the balance of the term of the director whose office shall have become vacant and until ~~his~~ [the Director's](#) successor shall have been elected and qualified.

**Section 4.** At any meeting of members called for that purpose, any officer or director may be removed by vote of a majority of all voting members of the Association. 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 elected shall hold office until the next succeeding regular Annual Meeting of the members of the Association and until ~~his~~ [said Director's](#) 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 IX.

## ARTICLE X

As amended September 9, 1988

[As amended August 28, 2021](#)

**Section 1.** No dividends shall be paid upon the issuing price of membership in the Association. Subject to the obligations of the Association with respect to monies borrowed and ~~to~~ the provisions of any mortgage or other security given to secure such obligations, the directors shall annually dispose of the earnings of the Association in excess of its operating expenses as follows:



- (a) To provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses;
- (b) At least ten percent (10%) of the remaining earnings must be added to surplus until surplus equals either thirty percent (30%) of the total of all capital paid in for stock or memberships, plus all unpaid patronage dividends, plus certificates of indebtedness payable upon liquidation, earnings from non-member business, and earnings arising from the earnings of other cooperative organizations of which the Association is a member, or one thousand dollars (\$1,000.00), whichever is greater. No addition shall be made to surplus when it exceeds either fifty percent (50%) of the total or one thousand dollars (\$1,000.00), whichever is greater, without approval of the membership by a majority of votes cast:-
- (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~~ they has have done with the Association during such each year. Such credits are herein referred to as "deferred patronage dividends;"
- (e) The directors shall determine the percentage or the amount of said allocation that currently shall be paid in cash, ~~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 or educational fund within the limits specified in Section 1 of this Article X.

**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 year shall have priority over those for any subsequent year, ~~;~~ except that the directors may, at their discretion, pay deferred patronage dividends of deceased members who were natural persons, and may pay all other deferred patronage dividends without reference to the order of priority herein prescribed, and except as in Article ~~XI-XV~~ of these Articles of Incorporation provided.

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

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

## ARTICLE XI

As amended September 9, 1988

**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 Incorporation for the giving of notice of meeting 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 purposed 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 XII**

As amended October 11, 1963  
As amended August 29, 2020  
As amended August 28, 2021

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The Board of Directors by a vote of seventy-five percent (75%) of the directors may adopt, alter, amend or repeal By-Laws in force until altered, amended or repealed by a vote of seventy-five percent (75%) of the members present, or voting by alternative methods if authorized by the Board of Directors at any annual or special meeting of the membership.

**ARTICLE XIII**

As amended October 11, 1963  
As amended August 29, 2020  
As amended August 28, 2021

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The Cooperative may amend, alter, change or repeal any provision contained in these Articles of Incorporation ~~by the affirmative vote of seventy five percent (75%) of the members present or voting by alternative methods if authorized by the Board of Directors at any annual or any special meeting called for that purpose in the manner prescribed by law,~~ provided that at least ten (10) days before annual meeting or special meeting a copy of the proposed amendment or summary thereof be sent to all members having voting rights.

**ARTICLE XIV**

As amended September 9, 1988  
As amended August 28, 2021

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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 matter and in the instances authorized in Section ~~496A. 4A499.59A~~ Iowa Code (~~49762021~~) as amended.

## ARTICLE XV

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 therefore, and the remainder of such assets shall be distributed in the manner and order of priority provided by law.

## ARTICLE XVI

The Association shall attempt to resolve any claim or dispute which may arise between the Association and a member or former member in a good faith manner. In resolving such disputes, the Association shall give consideration to: (1) applicable laws; (2) rules and regulations imposed by state and federal agencies; (3) these Articles of Incorporation; (4) the Association's By-Laws, policies, practices, plans, and procedures of the Association; (5) industry standards; and (6) the individual facts and circumstances regarding the claim or dispute.

If a member or former member is not satisfied with the Association'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 Association and the matter.

All other claims and disputes shall, at the request of either the Association or the member or former 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 Association or the member or former member, be submitted to binding arbitration to be conducted in accordance with the policies adopted by the Board of Directors of the Association. 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 Association.

Notwithstanding the foregoing, the Association 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 By-Laws of the Association. The By-Laws and these Articles of Incorporation constitute an agreement between the Association and the members.