

**AMENDED AND RESTATED ARTICLES OF INCORPORATION, 2015**

**OF**

**CONSUMERS ENERGY COOPERATIVE**

**REVISED AUGUST 29, 2015**



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**OF**

**CONSUMERS ENERGY COOPERATIVE**

We, whose names are hereunto subscribed, hereby initially associated ourselves into an incorporated cooperative association under the provisions of Chapter 390-G1 of the Code of 1935 of the State of Iowa, which is currently governed by the provisions of Iowa Code Chapter 499, 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:

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**ARTICLE I.**

The name of the Cooperative shall be CONSUMERS ENERGY COOPERATIVE.

**ARTICLE II.**

The principal office of the Cooperative shall be located at Marshalltown, in the County of Marshall, State of Iowa.

### ARTICLE III.

The Cooperative was organized under the provisions of Chapter 390-G1 of the Code of 1935 of the State of Iowa, and is currently governed by the provisions of Iowa Code Chapter 499.

### ARTICLE IV.

The purposes for which the Cooperative is formed are:

A. To engage in operations as a public utility rendering electric products, resources, franchises and services to members and non-member patrons; to generate, manufacture, purchase, acquire and accumulate electric products, resources, franchises and services to its members and non-member patrons, to wheel electric power and energy 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 products, resources, franchises and services transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes; and without limiting the generality of the foregoing, but in amplification thereof, to acquire in whole or in part, by purchase, lease, or otherwise, other electric products, resources, franchises and services generation, transmission and distribution systems, which purpose may be effected through the acquisition of stocks or other corporate securities evidencing the ownership of real and personal property constituting such other electric products, resources, franchises and services or portions thereof of through merger or consolidation;

B. To supply electric products, resources, franchises and services to its members and non-member patrons without any discrimination or preferences as between members and non-member patrons and to enter into and perform franchises and other contracts with political subdivision, bodies politic, governmental agencies or instrumentalities, industrial and commercial concerns, residential customers and others which franchises or contracts provide for the supplying of electric products, resources, franchises and services or otherwise rendering these services to any such concerns, customers, subdivisions, bodies, agencies, instrumentalities, or the citizen thereof;

C. To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, encumber, 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 Cooperative;

D. To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property, or any interest therein, deemed necessary, useful or appropriate to enable the Cooperative to accomplish any or all of its purposes;

E. To furnish under contract with any person, partnership, firm, political subdivision, body politic or governmental agency or instrumentality, corporation or association technical services, including without limitation because of enumeration, engineering, bookkeeping, auditing, construction, line and communication equipment, repair and maintenance of distribution and transmission systems, meter reading, billing, collecting, financing, and any and all other specialized management or operation services for electric products, resources, franchises and services firms or companies;

F. To borrow money, to make and issue bonds, notes, and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any other objects or purposes of the Cooperative; to secure the payment of such bonds, notes, or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges, or permits of the Cooperative, wheresoever situated, acquired, or to be acquired;

G. To promote and develop the use of electric products, resources, franchises and services and to engage in area development and similar activities in order to promote and develop the use of electric products, resources, franchises and services;

H. To aid in any manner permitted by law any firm or individual, corporation or association, domestic or foreign, in which the corporation may own any shares of stock, bonds, debentures, notes, evidence of indebtedness or other securities, contracts or obligations, or in which the corporation may have any other legal or equitable interest, and to do any other act permitted by law to preserve, protect, improve or enhance the value of the same of the property represented thereby; and to organize or promote or facilitate the organization or subsidiary corporations;

I. To do and perform, for itself, its members and its non-member patrons, 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 law;

J. To become a member of any association.

The enumeration of the foregoing purposes shall not be held to limit or restrict in any manner the general powers of the Cooperative, and the Cooperative may do and perform any and all acts and things, and have and exercise any and all powers, as may be necessary, convenient or useful to carry out and accomplish any or all of the foregoing purposes as set forth in this article and in this section, or as may be permitted by the provisions of the law under which the Cooperative is formed; and to exercise any of its power anywhere.

ARTICLE V.

The duration of the Cooperative shall be perpetual.

ARTICLE VI.

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

<u>NAME</u>	<u>OCCUPATION</u>	<u>POST OFFICE ADDRESS</u>
Wilbur E. Secor	Farmer	Melbourne, Iowa
C. J. Aves	"	State Center, Iowa
Charles Sexton	"	Gilman, Iowa
Mrs. Arthur Brennecke	"	Marshalltown, Iowa (RFD #2)
Chas. Johnson	"	Marshalltown, Iowa (RFD #1)
Raymond Peterson	"	Marshalltown, Iowa (RFD #2)
Vernon H. Sietmann	"	Laurel, Iowa

ARTICLE VII.

Section 1. 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 or for services from the cooperative 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 these 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. The Cooperative shall have no capital stock, but membership in the Cooperative may be evidenced by a certificate of membership. Membership in the Cooperative shall not be transferable. In case of lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe. Upon the death, expulsion or withdrawal of a member, or upon a member ceasing to be eligible for 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. 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 3. Each member shall purchase from the Cooperative those products, resources and services used on the premises specified in the application for membership to the extent specified in such application or in any applicable contract between such member and the Cooperative or any affiliate of the Cooperative. It is expressly understood that amounts paid for products, resources and services in excess of the cost of services are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these Articles and/or the By-Laws of the Cooperative. Each member shall pay to the Cooperative such minimum amounts per month regardless of the amount of products, resources, and services consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by the member to the Cooperative as and when the same shall become due and payable.

Section 4. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually responsible for any debts or liabilities of the Cooperative.

Section 5. 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 of the Cooperative who shall have violated or refused to comply with any of the provisions of these Articles of Incorporation or the By-Laws of the Cooperative or any rules and 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. Any member of the Cooperative 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. 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 provisions, provided that both parties comply with the membership obligations as set forth in these Articles. A member may also request in writing the transfer of 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.

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. The joint membership certificate may be surrendered by the survivor and upon 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 VIII.

The first regular meeting of the members of the Cooperative shall be held on the 28th day of July, 1938, at the hour of 8:00 p.m., in the city or town in which the principal office of the Cooperative is located, and thereafter the regular Annual Meeting of the members shall be held at such time and place as shall be fixed in the By-Laws.

#### ARTICLE IX.

Section 1. The business and affairs of the Cooperative shall be managed by a Board of Directors consisting as few as nine (9) directors and up to eleven (11) directors, as determined by the By-Laws. The Board may increase the number of directors by amendment to the By-Laws, up to a total of eleven (11) directors.

Section 2. At the Annual Meeting of the members beginning in the year 1948, three directors shall be elected by ballot 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 fails to satisfy the eligibility requirements as set forth in the By-Laws.

A joint member may be eligible to be a candidate and to serve on the Board of Directors provided all other eligibility requirements are met by such joint member; however, the other individual on the joint membership shall be ineligible.

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

- DISTRICT NO. 1 .....3 Directors
- DISTRICT NO. 2 .....3 Directors
- DISTRICT NO. 3 .....3 Directors

The geographic boundaries of each district shall be set forth in the By-Laws and a map of such districts shall be maintained at the Cooperative office.

All directors elected and or serving as of the Annual Meeting to be held in 2006 shall be entitled to complete the remainder of their term, even if the director's continued service on the Board would cause the Board to be comprised of a number of directors from each district inconsistent with the foregoing. However, at the end of such Director's term, or upon their earlier death, resignation, or retirement, the director elected or appointed to replace him or her must reside within the director districts consistent with the foregoing.

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. 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 meet the qualification requirements as set forth in the By-Laws and be bona fide residents of the district from which they are nominated. 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 the 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 no more than the number of directors to be elected from such 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. 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 this Article IX.

The Board of Directors may be permitted to establish and utilize such other balloting methods as permitted by law, provided the procedures for such balloting are set forth in the By-Laws.

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 may revise the director districts, which may include the creation of new director districts, to ensure that members are equitably represented by the director districts.

Section 4. Subject to the provisions of Section 5 of this Article IX, vacancies on the Board of Directors, including those vacancies created as a result of revised or new director districts, shall be filled by a majority vote of the current directors. The director so elected shall serve until the next Annual Meeting of members or until their successors shall have been selected and shall have qualified. Any member selected to fill any vacancy in the office of director shall meet the qualification requirements as set forth in the By-Laws and be a bona fide resident of the district represented by the directors whose, death, resignation, creation or recall created such vacancy.

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

## ARTICLE X.

Section 1. No dividends shall be paid upon memberships in the Cooperative. Subject to the obligations of the Cooperative with respect to moneys 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 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"; and
- (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. 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 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 XII of these Articles. The payment of dividends owing to deceased natural persons who were 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 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, 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 Cooperative but shall be callable by the Cooperative any time in order of priority specified in Section 3 of this Article X.

## ARTICLE XI.

Section 1. 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 the pledge of or other lien upon all or any of the property, assets, rights, privileges and permits of the Cooperative wherever situated, acquired or to be acquired, upon such terms and conditions as the Board of Directors shall determine.

Section 2. 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 a 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 a 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.

## ARTICLE XII.

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 dividends or certificates issued therefore. The remainder of such assets shall be distributed in the following order of 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 membership fee paid by them; and (c) the remaining assets shall be distributed among the members in proportion to their deferred patronage dividends.

## ARTICLE XIII.

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, employee, 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 499.59A of the Iowa Code (2005) as amended.

ARTICLE XIV.

The directors, by a vote of seventy-five percent (75%) of the directors, may adopt, alter, amend, or repeal By-Laws for the Cooperative, and the same shall remain in force until altered, amended, or repealed by a vote of seventy-five percent (75%) of the members present at any Annual Meeting or special meeting of the members.

ARTICLE XV.

These Articles of Incorporation may be amended by a vote of seventy-five percent (75%) of the members present or represented at any Annual Meeting or special meeting called for that purpose, provided that at least ten (10) days before said Annual Meeting or special meeting a copy of the proposed amendment or summary thereof be sent to all members.

The use of the masculine gender in these Articles of Incorporation shall and does include the feminine.