

following each annual meeting of members, and at such other intervals fixed in the Bylaws. Until the first regular meeting of members to be held as provided in Article VIII of these Articles of Incorporation, the following persons shall serve as Directors:

NAME	ADDRESS
H.V. Baker	R.2, Mt. Pleasant, Iowa
Jay R. Canby	R.2, Mt. Union, Iowa
Parke F. Cornick	R.1, Mt. Pleasant, Iowa
Karl W. Kneen	R.2, Mt. Union, Iowa
F.J. McCormick	R.2, Mt. Pleasant, Iowa
Everett Scarff	R.1, Wayland, Iowa
Frank J. Walz	Lowell, Iowa
H.G. White	R.1, Rome, Iowa
Herman Wolf	R.1, Winfield, Iowa

8. The Board of Directors shall elect at its annual meeting from its membership, a president, a vice-president, secretary, treasurer, and such other officers as the Bylaws shall provide, said officers to serve for terms of one year or until their successors have been elected and qualified.

9. The following persons shall serve as officers until their successors have been elected and have qualified:

NAME	ADDRESS
President, Parke F. Cornick	R.1, Mt. Pleasant, IA
Vice-President, Jay R. Canby	R.2, Mt. Union, IA
Secretary, H.V. Baker	R.2, Mt. Pleasant, IA
Treasurer, Karl W. Kneen	R.2, Mt. Union, IA

ARTICLE X - Distribution of Earnings, Assets

1. No dividends shall be paid upon memberships in this Cooperative. Subject to the obligations of the Cooperative with respect of moneys borrowed and to the provisions of any mortgages or other security given to secure such obligations, the Board of Directors shall annually dispose of the earnings of this Cooperative in excess of its operating expenses as follows:

- (a) Provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses;
- (b) At least ten percent 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 nonmember business, and earnings arising from the earnings of other cooperative organizations of which the association is a member, or One Thousand Dollars (\$1000.00), whichever is greater. No additions shall be made to surplus when it exceeds either fifty percent (50%) of the total, or One Thousand Dollars (\$1000.00), whichever is greater;

(c) Set aside not less than one per centum (1%) nor more than five per centum (5%) of such earnings in excess of reserves in an educational fund to be used as the Board of Directors deem suitable for teaching or promoting cooperation;

(d) All remaining net earnings shall be allocated to the account of each member ratably in proportion to the amount of business the member did with the association during that year. The Board of Directors shall have the authority to declare the percentage or amount of the allocation that currently shall be paid in cash. All the remaining allocation not paid in cash shall be transferred to a revolving fund and credited to the member. The credits in the revolving fund shall be referred to as deferred patronage dividends.

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.

3. The Directors may use the revolving fund to pay the obligations or add to the capital of the association. In that event the deferred patronage dividends credited to the members constitute a charge upon the revolving fund, on future additions to the revolving fund, and on the corporate assets, subordinate to existing or future creditors and preferred stockholders.

Except as otherwise provided herein deferred patronage dividends for any year have priority over those for subsequent years. However, prior to other payments of deferred patronage dividends held by members, the directors may pay deferred patronage dividends of deceased natural persons who were members and may pay all other deferred patronage dividends without reference to priority.

4. This Cooperative may issue certificates for deferred patronage dividends, which certificates may be transferable or nontransferable as the Board of Directors may determine.

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

ARTICLE XI ▪ Power to Dispose of Property and Borrow Money

1. This 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 this Cooperative's system, provided, however, that sales of such property shall not in any one year exceed ten per centum (10%) in value of all of the property of this Cooperative;
- (b) services of all kinds, including electric energy;
- (c) personal property acquired for resale; and
- (d) merchandise;

unless such sale, lease or other disposition is authorized by a majority vote of the members at a meeting thereof and the notice of such proposed sale, 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 authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering 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, as well as the revenues and income therefrom, all upon such terms and conditions as the board shall determine, to secure any indebtedness of the Cooperative.

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 goodwill, 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