

## Board Proposes Change to Articles of Incorporation

The ECI REC Board of Directors has the responsibility of periodically reviewing the Articles of Incorporation of the Cooperative to determine if any modifications are in order. At the March 21, 2018, Board meeting, the Board identified an area where it felt the Articles should be modified. Cooperative members will be asked to cast a ballot, either by mail or at the Annual Meeting scheduled for June 21, 2018, for two proposed amendments to the Articles of Incorporation. Ballots will be mailed to all members with the official Notice of the Annual Meeting of Members.

You are encouraged to vote in favor of the two proposed amendments. **The full text of the proposed amendments is printed on the next page.** It will be mailed to members with the ballot. You may stop by our office for a larger-print copy. We also welcome any questions you may have. Call us toll free at 877-850-4343.

## Board Returns \$616,993 to Members Through Patronage Dividends



At its May Board meeting, the ECI REC Board of Directors approved the retirement of \$616,993, 100% of its 2003, 9.76% of 2015, and 5.49% of 2016 margins to members of the Cooperative. This month, 9,155 member-accounts that received electricity from East-Central Iowa REC in 2003, 2015, or 2016 should receive money back. These dollars represent your share of the deferred patronage dividends (profits) the Cooperative earned in 2003, 2015, and 2016. In the past 10 years, ECI REC has returned \$5,427,553 to its members.

Ninety-three percent (6,584) of the 7,065 member-accounts receiving money back are active accounts currently receiving electricity from ECI REC. These active member-accounts will see a credit on their June bills. The remaining member-accounts that are no longer active (not currently receiving electricity from ECI REC) will receive their credits in the form of a check that will be placed into the mail. If you do not receive a credit on your June bill, you did not receive electric service from ECI REC in 2003, 2015, or 2016. Email the Urbana office at [csr@ecirec.coop](mailto:csr@ecirec.coop) or call 877-850-4343 if you have any questions.

Since ECI REC is a nonprofit organization, members pay for their electricity at cost, and any margins left over at the end of the year after all expenses are covered are allocated in the form of patronage dividends. These margins include not only operating margins (generated directly by the sale of electricity to you), but also “non-operating” margins (interest from our investment of spare cash and patronage dividend allocations received by ECI REC as a member of other cooperatives from which we purchase goods and services).

As owners of the Cooperative, members provide equity by allowing ECI REC to hold on to these margins for a certain length of time. They are used to finance operations and system improvements, to cover the cost of maintaining the electric distribution system, and more.

# East-Central Iowa Rural Electric Cooperative Proposed Amendments to Articles of Incorporation - Annual Meeting - June 21, 2018

## 1. Amend the Articles of Incorporation by modifying the text of sections 1, 2, 3, 4, 5, and 6 of Article VII concerning the Board of Directors as follows: (strike through—deleted; underlined—added)

### ARTICLE VII. Board of Directors

**Section 1.** The business and affairs of the Cooperative shall be managed by a Board of Directors initially consisting of the following ~~sixteen (16)~~ individuals listed in the ~~who are the present directors of the two cooperatives, and who shall also serve as the incorporators of East-Central Iowa Rural Electric Cooperative~~

Name	Address	Occupation
Eldo Meyer	14661 59th St., Garrison, IA 52229-9675	Farmer
Alvin Lindahl	6081 28th Ave., Vinton, IA 52349-9219	Farmer
William Frazier	1997 67th St., Van Horn, IA 52346-9866	Farmer
Allen Albers	RR, Box 55, Norway, IA 52318-9605	Farmer
H. Bruce Hannen	7945 20th Ave., Blairtown, IA 52209	Ret. Farmer
William Harrison	RR2, Box 97, Walker, IA 52352-9305	Farmer
Edward Wilhelm	Sr. 7074 31st Ave., Atkins, IA 52206-9794	Farmer
Frank Gallup	2234 220th St., Independence, IA 50644	Farmer
James Thedens	2097 310th St., Rowley, IA 52329-9709	Farmer
James Arnold	2661 190th St., Aurora, IA 50607-9731	Farmer
Jerald Reeker	3032 130th St., Lamont, IA 50650	Farmer
Melvin Neill	RR2, Box 88, Fairbank, IA 50629-9142	Farmer
James Orr	2151 280th St., Rowley, IA 52329-9758	Farmer
Lloyd Bathen	12228 Purdy Road, LaPorte City, IA 50654	Farmer

Subject to the right of members to remove a director, the initial directors shall serve, and any vacancies on the Board of Directors may be filled as set out in the Plan of Consolidation for East-Central Iowa Rural Electric Cooperative, until the Annual Meeting of members to be held in 1996. After the Annual Meeting of members to be held in 1996, the business and affairs of the Cooperative shall be initially managed by a Board of Directors consisting of sixteen (16) directors. The number of directors will eventually be reduced to fourteen (14) with said reduction to occur through retirement, resignation, and ineligibility, or in any manner determined by the Board of Directors to be in the best interest of the consolidated cooperative and in accordance with the Plan of Consolidation for East-Central Iowa Rural Electric Cooperative and these Articles of Incorporation.

Following the Annual Meeting held in the year 2001, the size of the Board of Directors shall be reduced from fourteen (14) Directors to ten (10) Directors, with five (5) directors elected from District I and five (5) directors elected from District II. The reduction may occur through resignations, retirement, or such other means as deemed appropriate to the Board of Directors. The reduction shall be coordinated so as to provide for the elimination of two director positions within each of the existing two geographic districts; however, the downsizing of each district need not occur simultaneously.

Following the Annual Meeting of members to be held in the year 2018, and prior to the Annual Meeting of members to be held in the year 2019, the size of the Board of Directors shall be reduced from ten (10) Directors to eight (8) Directors. The reduction will occur through resignations, retirement, or such other means as deemed appropriate to the Board of Directors. The reduction shall be coordinated so as to provide for the elimination of two (2) director positions prior to or concurrent with the Annual meeting of members to be held in 2019, and the service area of the Cooperative shall be divided into eight (8) districts by the Board of Directors, with each of the eight (8) remaining Directors being assigned to the district within which they reside.

**Section 2.** There shall be two (2) numbered geographic districts for the Cooperative, and, commencing with the Annual Meeting of members to be held in 1996, election of directors shall be by such districts, with nine (9) directors one (1) Director representing District I and seven (7) directors representing District II. Directors must, each of whom shall reside within the district they are elected to represent. The geographic area of each district shall initially be as set forth in the Plan of Consolidation for East-Central Iowa Rural Electric Cooperative by the Board of Directors, and revised as necessary by the Board of Directors in order to maintain an approximately equal number of members in each District. The district boundaries shall be described in the Bylaws of the Cooperative and shown on a map of the cooperative service area, with such descriptions and maps maintained at all offices of the Cooperative and kept available to members.

Candidates for election to the Board of Directors shall be nominated by a Nominating Committee, which Committee shall be appointed by the Board of Directors. Said Nominating Committee members so elected shall nominate candidates from the districts in which they reside for election to the Board of Directors at the Annual Meeting of members following the meeting at which said Nominating Committee members are elected.

Thirty-five (35) or more of the members may make other nominations in writing over their signatures not less than one hundred (100) days prior to the meeting which directors are to be elected, and the Secretary shall post the same at the same place where the list of nominations by the Committee is posted; such nominations so made by such members to be subject to the same district and residence requirements as nominations by the Nominating Committee heretofore prescribed.

Members voting at the Annual Meeting of members shall vote only for candidates from the district in which they reside. The election of the directors shall be by ballot, and each voting member shall be entitled to cast one ballot for each director to be elected from that member's district. Members may vote by mail-in ballot or such other electronic means as may be approved by the Board of Directors, to the extent that the same is consistent with the Bylaws of the Cooperative. The election of directors shall be subject to ratification by a majority of all members present at the Annual Meeting of members, and directors elected shall qualify and take office immediately following the Annual Meeting of Members.

**Section 3.** For purposes of nominating, electing, and filling vacancies to the Board of Directors, and to be eligible to remain a director, the following eligibility requirements shall apply: the individual (1) must be a bona fide resident of the ~~sub~~district for which he or she is nominated, (2) must hold membership in the Cooperative, (3) must be receiving electric service from the Cooperative at the location where he or she resides, (4) must not be in any way employed by or extensively financially interested in a competing enterprise or business selling electric energy or electrical supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures, or supplies to the members of the Cooperative, (5) must not be so closely related to any employee so as to violate the Cooperative's nepotism policy, and (6) in the case of a joint membership, any of the joint members, but not more than one may serve as a director at any given time, and all joint members must meet all of the other qualifications set forth above. Any questions regarding qualifications or eligibility of directors or director nominees shall be decided by the Board of Directors, and no sitting director shall participate in any vote of directors regarding his or her qualifications or eligibility to serve as a director. Notwithstanding the eligibility requirements set forth above, nothing in this Section shall, or shall be construed to, affect in any matter whatsoever the validity of any action taken at any meeting of the Board of Directors.

**Section 4.** Beginning with the Annual Meeting to be held in 1996, a number of directors equal to the number of directors whose terms expire shall be elected to a term of three (3) years, or until their successors are elected and qualified. The term for a particular directorship at a particular election can be set by the Board of Directors for a term of less than three (3) years if deemed necessary to balance the number of directors to be elected at each Annual Meeting of members.

Subject to the provisions of Section 5 of this Article, vacancies on the Board of Directors which occur after the Annual Meeting of members to be held in 1996-2018 may be filled by a majority vote of the remaining directors. The director so elected shall serve the remainder of the term of the director whose departure created the vacancy. Such vacancy shall only be required to be filled if the number of remaining Directors will be less than eight (8) or a district shall otherwise be unrepresented.

**Section 5.** 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 all voting members of the Cooperative. A director likewise may be removed by vote of a majority of all members in the director's district. Any vacancy in the Board of Directors for reason of removal or any other reason shall be filled by the Board of Directors at a subsequent meeting of the Board of Directors in the manner and for the term specified in Section 4 of this Article VII. The director so chosen shall hold office until the expiration of the term and until his successor shall have been elected and qualified.

**Section 6.** 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 meeting or special meeting of the members, and the director may be removed by a vote of ~~(a)~~ a majority of all voting members of the Cooperative, or (2) a majority of all members in the director's district. The director against whom such charges have been brought shall be informed in writing of the charges prior 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.

## 2. Amend the Articles of Incorporation by renumbering the existing Article XIII to Article XIV and by adopting a new Article XIII providing for the process to resolve disputes, including mediation and arbitration as follows: (strike through—deleted; underlined—added)

### ARTICLE XIII, Dispute Resolution

The Cooperative shall attempt to resolve any claim or dispute which may arise between the Cooperative and a member, former member, or customer who has received electric service 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 Incorporation; (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, former member, or customer who has received electric service 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, former member, or customer who has received electric service, 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 claims and disputes shall, at the request of either the Cooperative or the member, former member, or customer who has received electric service, 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 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, former member, or customer who has received electric service through other means, including but not limited to use of a collection agency, small claims court, and other applicable courts. Further, any claim where the amount in controversy is less than the small claims jurisdictional amount may be resolved without utilizing the alternate dispute resolution procedures set forth in this Article.

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 Incorporation constitute an agreement between the Cooperative and the members.

## MEMBERSHIP BENEFITS



Your Co-op Connections® Card offers you Healthy Savings and local and national deals. Use your card to start saving today! Questions? Email [coopconnections@ecirec.coop](mailto:coopconnections@ecirec.coop).



Use SmartHub to pay for FREE online! Discover, Visa, and MasterCard accepted. While you're there, view your monthly usage data in helpful chart formats.



Click the Energy Resource Center icon at [ecirec.coop](http://ecirec.coop) to get electronics advice, access reference tools, and break down your monthly energy costs via a home energy advisor.