

# **BY-LAWS**

**Franklin Rural Electric Cooperative**

**December 22, 2020**

# CONTENTS

## **Table of Contents**

ARTICLE I – MEMBERS.....	1
ARTICLE II – MEETING OF MEMEBERS.....	1
ARTICLE III – DIRECTORS .....	1
ARTICLE IV – MEETINGS OF DIRECTORS.....	2
ARTICLE V – NOMINATING COMMITTEE.....	3
ARTICLE VI – OFFICERS.....	3
ARTICLE VII – DEPOSITS, CHECKS AND EXECUTION OF INSTRUMENTS.....	4
ARTICLE VIII – MEMBERSHIP CERTIFICATES.....	4
ARTICLE IX – FISCAL YEAR.....	5
ARTICLE X – EARNINGS DISTRIBUTION .....	5
ARTICLE XI – SEAL .....	5
ARTICLE XII – SERVICE LINES.....	5
ARTICLE XIII – AMENDMENTS .....	5
ARTICLE XIV .....	5
CERTIFICATION OF RE BY-LAWS.....	6

**BY-LAWS  
OF FRANKLIN RURAL ELECTRIC  
COOPERATIVE**

**ARTICLE I – MEMBERS**

1. The limitations, conditions, restrictions and rights pertaining to membership and the privileges, duties and obligations of members are set forth in the Articles of Incorporation of this Association.

**ARTICLE II – MEETING OF MEMEBERS**

1. The first annual meeting of the members of this Association shall be held on the date specified in the Articles of Incorporation and thereafter, annual meetings of members of this Association shall be held at such date and time as determined by the Board of Directors. Special meetings of the members of this Association may be called and held as provided in the Articles of Incorporation. Notice of meetings of members of this Association shall be given in the manner provided in the Articles of Incorporation. All meetings of the members of this Association shall be held at the town in which the principal office of this Association is located; unless a remote or virtual meeting is to be held as provided herein.

2. The members of this Association present in person or represented by mail or electronic ballots shall constitute a quorum for the transaction of business at all meetings of the members of this Association except as otherwise by law of the Articles of Incorporation provided.

3. Each Member shall be entitled to one vote only in the affairs of this Association. At all meetings of the members at which a quorum is present, all elections shall be had and all questions decided by a vote of a majority of the members present, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. In connection with the election of Directors, the candidate receiving the highest number of votes cast in each District shall be elected as the Director for said District.

4. The Secretary of this Association shall, at least fifteen (15) days prior to each meeting of the members of this Association, make a complete list arranged in alphabetical order of the members entitled to vote at such meeting and their addresses. Such list shall be produced and kept open at the time and the place of each meeting and shall be subject to the inspection of any member during the time of the meeting.

5. The order of business at the annual meeting of the members of this Association and, so far as possible, at all other meetings of the members of this Association, shall be as follows:

- (1) Call of the roll.
- (2) Reading of the notice of the meeting, together with the proof of the due giving thereof.
- (3) Presentation and reading of unapproved minutes of previous meetings of the members of this Association and the taking of necessary action thereon.
- (4) Presentation and consideration of, and acting upon, reports of officers, directors and committees.
- (5) Election of directors.
- (6) Unfinished business.
- (7) New business.
- (8) Adjournment.

6. In the event an in-person meeting is not possible or practical due to exigent circumstances, the Board of Directors may authorize the conduct of the Annual meeting of the members by mail vote or electronic voting or other virtual means. In such circumstances, the Board of Directors shall establish procedures to ensure secure voting and shall endeavor to allow for member participation and input to the extent reasonable under the circumstances.

**ARTICLE III – DIRECTORS**

1. The directors of this Association shall be elected for the terms and in the manner set forth in the Articles of Incorporation, and shall be subject to removal as therein provided.

2. No member shall be eligible to become a Director or to hold any position of trust in the Association who:
- a. Is not a bona fide resident of the District the Director is elected to represent;
  - b. Does not have the capacity to enter legally binding contracts;
  - c. While a Director, and during the ten (10) years immediately prior to becoming a Director,
    - 1) Is, or has been, convicted of a felony; or
    - 2) Pleads, or has pled, guilty to a felony;
  - d. Has a material financial ownership interest in any individual or entity, other than an Entity in which the

Association owns an interest, that:

- 1) Regularly, directly and substantially competes with the Association or any Entity that the Association controls or in which the Association owns a majority interest; (Association Subsidiary) or
  - 2) Regularly sells goods and services to the Association or an Association Subsidiary; or
  - 3) Has an economic interest adverse to or which may adversely affect the operation of the Association or which may create a conflict of interest with the Association; or
  - 4) Possesses any conflict of interest with the Association or an Association Subsidiary;
- e. Is or has been an employee of the Association or its subsidiaries within five (5) years of the date of the annual meeting at which the director takes office;
  - f. Is a close relative of an employee or incumbent director of the Association as defined as spouse, child, step-child, brother, sister, brother-in-law, sister-in-law, mother, step-mother, father, step-father, mother-in-law, father-in-law, aunt or uncle.
  - g. Is receiving any salary or wages from the Association, whether directly or indirectly, including any pension or retirement plan benefits, whether paid directly by the Association or by a third party under contract with the Association;
  - h. Has been, or begins to be, employed by, affiliated with, or sharing a material financial interest with any other Director;
  - i. Is a member, officer, director or employee of any union local currently acting as a bargaining agent for any group of Association employees;
  - j. Does not comply with any reasonable qualifications and policies determined by the Board; or
  - k. Lives in the same household with or is financially interdependent with any person who would answer "yes" to Article III, Section 2 (a) through (j).

Notwithstanding any other foregoing provision of this Section dealing with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if, during their incumbency as a director, they become a close relative of another incumbent director or of an Association employee because of marriage or adoption to which they were not a party.

3. Directors shall receive no salary for their services as directors except that by resolution of the Board of Directors, a fixed sum and expenses shall be paid for attendance at each meeting of the Board of Directors, committees or other activity on behalf of the Association as may be authorized by the Board of Directors or membership. Except in emergencies, no director shall receive compensation for serving the Association in any other capacity, nor shall any close relative of a director receive compensation for serving the Association, unless such compensation shall be specifically authorized by a vote of the Board of Directors.

4. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with the Articles of Incorporation or these By-Laws or the laws of the State of Iowa for the management, administration and regulation of the business and affairs of this Association, as the Board of Directors may deem advisable.

#### **ARTICLE IV – MEETINGS OF DIRECTORS**

1. A regular meeting of the Board of Directors shall be held without notice other than this By-Law, immediately after, and at the same place as each annual meeting of the members of this Association, unless the Board of Directors designates a different place and time by resolution. A regular meeting of the Board of Directors shall also be held monthly and at such time and place as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

2. Special meetings of the Board of Directors may be called by the President or any three (3) directors. The President or any three or more directors who shall, pursuant hereto, call a special meeting of the Board of Directors shall fix the time and place (which shall be within the county in which is located the principal place of business of this Association unless the Directors consent to an alternative location) for the holding of any such special meeting of the Board of Directors called by them.

3. Notice of the time, place and purpose of any special meeting shall be given at least two (2) days previous thereto by written notice, delivered personally or mailed to the several directors at their last known addresses or delivered by electronic means whereby receipt can be verified. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in the event that a director shall attend a meeting for the express purpose of objecting to the transaction of any business because

the meeting shall not have been lawfully called or convened.

4. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; provided, that if less than a majority of the Directors shall be present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

5. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise by law or the Articles of Incorporation provided.

6. Any meeting of the Board of Directors may be held by means of a telephone conference or other electronic means, providing all persons participating in the meeting can hear one another and communicate with one another. Each person participating in the conference call shall be deemed to be present in person.

#### **ARTICLE V – NOMINATING COMMITTEE**

It shall be the duty of the Board of Directors to appoint, not less than thirty (30) 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, committees on nominations consisting of at least three (3) persons. At least one (1) nominating committee member is to be selected from each district from which a director is to be elected. No officer or member of the Board shall be appointed a member of the committee. The committee shall prepare and post at the principal office of the Association at least thirty (30) 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 be bona fide residents of the district from which they are nominated. Any fifteen (15) or more members may take other nomination in writing over their signatures not less than twenty (20) days prior to the meeting and the secretary shall post the same at the place where the list of nominations made by the committee is posted. Nominees made by Petition must satisfy the same eligibility requirements as nominees selected by the committee on nominations. The secretary shall mail with the notice of meeting a statement of the number of directors to be elected and showing separately the list of nominations made by the committee on nominations and the nominations made by petition, if any.

#### **ARTICLE VI – OFFICERS**

1. The officers of this Association shall be a president, a vice-president, a secretary and a treasurer. The offices of secretary and treasurer may, by resolution of the Board of Directors, be combined, and when so combined the person filling such office shall be termed "secretary-treasurer".

2. The officers of this Association shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members of this Association. The president, vice-president, secretary and treasurer shall hold office until the next annual meeting of the Board of Directors and until their successors shall be chosen and shall qualify, unless removed as hereinafter provided.

3. The directors shall also choose and may remove such other officers and employees as they deem proper.

4. At any meeting called for that purpose, any officer of this Association may be removed by a vote of a majority of the members of this Association.

5. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

6. The President

(a) shall be the principal executive officer of this Association and shall preside at all meetings of the members of this Association and the Board of Directors.

(b) may sign, with the Secretary, or any other proper officer of this Association, authorized by the Board of Directors so to do, certificates for memberships in this Association, any deeds, mortgages, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of this Association, or shall be required by law to be otherwise signed or executed; and (c) in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

7. In the absence of the President, or in the event of their inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to them by the Board of Directors.

8. The Secretary shall:

(a) keep the minutes of the meeting of the members and the Board of Directors in one or more books provided for that purpose;

(b) see that all notices are duly given in accordance with these By-Laws as required by law;

(c) be custodian of the corporate record and of the seal of this Association and see that the seal of this

Association is affixed to all certificates for memberships prior to the issue thereof and to all documents, the executions of which on behalf of this Association under its seal is duly authorized in accordance with the provisions of these By-Laws;

(d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;

(e) sign with the President certificates for memberships of this Association, the issue of which shall have been authorized by resolution of the Board of Directors.

(f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to them by the Board of Directors.

9. The Treasurer shall:

(a) have charge and custody of and be responsible for all funds and securities of this Association.

(b) receive and give receipts for moneys due and payable to this Association from any source whatsoever, and deposit all such moneys in the name of this Association in such banks as shall be selected in accordance with the provisions of Paragraph numbered 2 of Article VIII of these By-Laws, and

(c) in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to them by the Board of Directors.

10. The Board of Directors may appoint a manager, who may be, but who shall not be required to be a member of this Association. The manager shall perform such duties as the Board of Directors may from time to time require of him or her and shall have such authority as the Board of Directors may from time to time vest in them. The manager may be authorized to superintend the care, management and use of all property of the Association and subject to control by the Board of Directors, hire and discharge employees, purchase and sell property of the Association in the regular course of business and in general manage the business and affairs of this Association.

11. The Board of Directors shall require the Treasurer and any manager and any other officer or employee of this Association charged with responsibility for the custody of any of its funds of property to give bonds for the faithful discharge of their duties, in such form and containing such terms and conditions, and with such surety or sureties as the Board of Directors.

12. The salary of the manager of this Association shall be fixed from time to time by the Board of Directors. The salaries, duties and terms of employment of all other employees of this Association shall be fixed and determined by the manager of this Association, provided such salaries, duties and terms shall be subject to review and approval by the Board of Directors.

13. The officers of this Association shall submit at each annual meeting of the members reports covering the business of this Association for the previous fiscal year and showing the condition of this Association at the close of such fiscal year.

## **ARTICLE VII – DEPOSITS, CHECKS AND EXECUTION OF INSTRUMENTS**

1. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of this Association shall be signed by such officer or officers of this Association or by the Manager, if authorized do to so by the Board of Directors, and in such manner as shall from time to time be determined by a resolution of the Board of Directors.

2. All funds of this Association shall be deposited from time to time to the credit of this Association in such bank or banks as the Board of Directors may select.

3. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of this Association, and such authority may be general or confined to specific instances

## **ARTICLE VIII – MEMBERSHIP CERTIFICATES**

1. Certificates representing memberships in this Association shall contain all of the provisions required to be contained therein by Iowa Code Section 499.15 (1995) and any amendments thereto, and shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the President and by the Secretary of this Association. Each certificate among other things, shall state:

(a) that no dividends shall be payable upon the issuing of membership in this Association, provided, however, that this limitation shall not prohibit the payment of patronage refunds except as herein and in the Articles provided.

(b) that all members shall have the same rights, privileges, and duties, including the right to vote;

(c) that no membership shall be transferable and all certificates thereof shall be surrendered to the

Association upon member becoming ineligible to membership or upon the death, expulsion or withdrawal of the member holding such certificate.

2. No certificate of membership shall be issued until an appropriate form of application has been completed and submitted to the Association.

#### **ARTICLE IX – FISCAL YEAR**

The fiscal year of this Association shall begin on the first day of January in each year and end on the thirty-first day of December in each year.

#### **ARTICLE X – EARNINGS DISTRIBUTION**

The conduct of the business of this Association shall be upon the Association plan and the earnings of this Association shall be distributed among members in accordance with the Articles of Incorporation of this Association.

#### **ARTICLE XI – SEAL**

The corporate seal of this Association shall be in the form of a circle and shall have inscribed therein the name of this Association and the words, "Corporate Seal, Iowa".

#### **ARTICLE XII – SERVICE LINES**

All customers' service lines constructed by this Association for the purpose of furnishing electric energy to the Members of this Association shall at all times be deemed the property of this Association and the Association shall have the right of access to the premises of any Member of the Association for the purpose of servicing any such service line and removing the same if the person ceases to be a Member of this Association.

#### **ARTICLE XIII – AMENDMENTS**

The Directors, by a vote of 75% of the Directors, may adopt, alter, amend or repeal by-laws for this Association, which shall remain in force until altered, amended or repealed by a vote of 75% of the members present and having voting privileges, at any Annual Meeting or special Meeting of the membership, as herein and in the Articles of Incorporation provided. Provided the proposed amendment is contained in the notice of the meeting.

#### **ARTICLE XIV**

Words and phrases used in these By-laws shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender according to the context.

**CERTIFICATION OF RE BY-LAWS**

I, David Keninger, Secretary of Franklin Rural Electric Cooperative, an Iowa cooperative corporation, do hereby certify that the attached copy of the By-Laws of the Association is a true, correct and complete copy of the By-Laws of said Association, which were first adopted by the Board of Directors at its meeting held September 30, 1936 and then next amended by the members February 20, 1941 and then next amended by the Board of Directors at its meeting held July 31, 1984 and then next amended by the Board of Directors at its meeting held July 25, 1989 and then next amended by the Board of Directors at its meeting held January 25, 1994 and then next amended by the Board of Directors at its meeting held December 23, 1996, and then next amended by the Board of Directors at its meeting held December 20, 2001 and then next amended by the Board of Directors at its meeting held February 21, 2005, and then next amended by the Board of Directors at its meeting held March 28, 2007, and then next amended by the Board of Directors at its meeting held December 22, 2020.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said corporation, the 22<sup>nd</sup> day of December, 2020.

---

Secretary

(Seal)