

## BYLAWS

### WHEATSFIELD COOPERATIVE

#### ARTICLE I MEMBERSHIP

SECTION 1. ELIGIBILITY. Membership in the Association shall be limited to those eligible to own Common Stock and who otherwise meet the qualifications for membership set forth in the Articles of Incorporation.

SECTION 2. APPLICATION FOR MEMBERSHIP AND ACCEPTANCE. Application for membership shall be received by the Association in a form approved by the Board of Directors. Applications shall be reviewed by either the Board of Directors at any regular or special meeting of the Board of Directors or the general manager of the Association. The general manager of the Association or the Board of Directors shall determine the eligibility of the applicant for membership and may make such determination on the basis of representations set forth in the application. The general manager or the Board shall review and accept applications on the basis of uniformly applied decisions. The general manager or the Board may reject membership to those applicants whose membership had previously been terminated because they had ceased to patronize the Association for two (2) consecutive years, because they have previously voluntarily withdrawn, or because they had previously been expelled from membership in the Association. The general manager or the Board of Directors may reject any application for membership if the acceptance of such application would cause the Association to violate any federal law or laws of the State of Iowa, including any federal or state laws governing the sales of the membership or securities of the Association.

SECTION 3. APPLICATION FORM. Each application for membership shall be made in writing and shall provide that, subject to the provisions of 26 USC § 1385(b), the applicant agrees that the amount of any distributions with respect to his or her patronage, which are made in written notices of allocation (as defined in 26 USC § 1388) and which are received by him or her from the Association will be taken into accounts by him or her at their stated dollar amounts as taxable income (in the manner provided in 26 USC § 1385(a)) in the taxable year in which such written notices of allocation are received by him or her. Representations by the applicant may be required in the application to assure that acceptance of the application will not violate any federal laws or laws of the State of Iowa, including any state or federal securities laws. The application may provide for payment of the purchase price of any share of Common Stock by payment (i) in cash in the full purchase price of \$100 or (ii) cash in the amount of \$10 with the balance of the purchase price payable in the amount of \$10 per month in the nine months immediately following the month that the subscriber's application was accepted by the Association.

SECTION 4. CANCELLATION AND RESUBSCRIPTION. If the Common Stock, or

subscription therefor of any member is canceled, and such member subsequently subscribes for a share of Common Stock in accordance with this Article I, then such member shall pay toward the total purchase price of such share of Common Stock not less than the lesser of the amount he or she received upon cancellation of his or her Common Stock or subscription therefor or the total purchase price of such share of Common Stock.

SECTION 5. CANCELLATION OF MEMBERSHIP. The Board of Directors may cancel the membership of any Common Stockholder or Common Stock subscriber and have the member expelled if any of the following actions are found to have occurred: (a) if the member has attempted to transfer his or her Common Stock in violation of the Articles of Incorporation; (b) if the member has defaults in performance on an oral or written contract with the Association; (c) if the member fails to timely pay all payments to be made by the subscriber for the purchase of a share of Common Stock; (d) if the member has dealt with the Association in a manner indicating a lack of good faith on the part of the member; or (e) if the member fails to pay his or her account when due, after being given due and timely notice of the amount unpaid.

SECTION 6. USE OF PRODUCTS. All members shall only be permitted to purchase products of the Association for their own uses and not for resale or distribution to other persons or entities other than in connection with the preparation of food for sale or consumption by other persons.

SECTION 7. PURCHASE OF PRODUCTS BY HOUSEHOLD MEMBERS. Members who are natural persons may authorize members of the member's household to purchase products from the Association on behalf of the member; provided, however, such authorization (i) shall be in writing, (ii) shall identify the specific household members authorized to purchase products on behalf of the member, (iii) shall be in a form approved by the Board of Directors of the Association and (iv) shall provide that such purchases are made on behalf of the member and that the member agrees to be obligated to pay for all purchases by such household members if such authorized household members fail to timely pay for all such purchases.

## ARTICLE II MEETINGS OF MEMBERS

SECTION 1. ANNUAL MEETING. An annual meeting of the members shall be held at such date, time and location as is determined by the Board of Directors, provided that such meeting must be held within 180 days of the close of the fiscal year of the Association and at a location within the County of Story or surrounding counties.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called at any time by the President and shall be called by the President at any time by the written demand of either a majority of the Board of Directors or twenty percent (20%) of the Common Stockholders; in the case of the President's neglect or refusal to call a meeting, twenty percent (20%) of the members may join in a call of the meeting upon the same notice herein provided in this Article.

SECTION 3. NOTICE OF MEETING. Written or printed notice stating the place, day and hour of any meeting, annual or special, and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be given to each member not less than ten (10) days before the date of the meeting either in person or by mail directed to such member's address as shown on the books of the Association or by publication; notwithstanding the foregoing provision, notice of any meeting may be given electronically or digitally, by fax, email or such other means of digital or electronic communication as may be authorized by the Board of Directors. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his or her address as shown on the books of the Association with postage thereon prepaid. Notice by publication shall be given in a regular publication of general circulation among the members of the Association or by a newspaper of general circulation published at the principal place of business of the Association, in which event, such notice shall be deemed to be given on the date such publication or newspaper is distributed or deposited in the United States mail, with postage thereon prepaid. If notice is given electronically or digitally, such notice shall be deemed to be delivered when sent electronically or digitally addressed to the shareholder at his or her electronic or digital address as shown on the books of the Association.

SECTION 4. QUORUM. Except as otherwise provided for by law, the presence of the lesser of ten percent (10%) of the holders of Common Stock outstanding or ten (10) Common Stockholders at any meeting of the stockholders shall constitute a quorum. If a quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person, shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. A member who is not present in person but votes by written vote shall be counted present for purposes of determining whether a quorum is present to act on the question on which such member casts such written vote but shall not be counted present for purposes of determining the presence of a quorum to transact any other business.

SECTION 5. VOTING. Each Common Stockholder of the Association and each Common Stock subscriber shall be entitled to one (1) vote. Votes shall be cast in person and not by proxy; provided, however, upon approval of any such procedure by the Board of Directors any voting member who is not present at the meeting may cast a written, electronic or digital vote, in advance of the meeting, upon any proposition, including, but not limited to, the election of directors, if he or she has been previously notified of such proposition in writing, electronically or digitally and provided such vote, cast in writing, electronically or digitally, is received by the Association prior to the meeting at which the vote is taken on such proposition. Certain representatives may vote Common Stock as follows:

- (a) A share held by an administrator, executor, guardian or conservator may be voted

by him without such share appearing in his or her name (provided that Common Stock previously owned by a deceased member shall be deemed canceled on the date of death).

- (b) A share held by or under the control of a receiver may be voted by such receiver without appearing in his or her name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.
- (c) A share standing in the name of a trustee may be voted by him, but no trustee shall be entitled to vote the share held by him or her without such share appearing in his or her name.
- (d) A share standing in the name of a corporation or another association may be voted by such officer or agent as the Bylaws of such association may prescribe or, if not inconsistent with such Bylaws, as the Board of Directors of such association may determine.
- (e) A share standing in the name of any partnership may be voted by any general partner of such partnership unless the association has received written notification from the partnership designating a single partner entitled to vote such shares.

SECTION 6. ORGANIZATION. The President or, in his or her absence, the Vice President shall call the meeting to order and shall act as chairman of each meeting. In the absence of both the President and Vice President, a majority of the Common Stockholders present at the meeting may appoint any member to act as chairman.

SECTION 7. ORDER OF BUSINESS. The chairman of any meeting of the members shall conduct the meeting in a manner fair to the shareholders and shall determine the order of business and procedure at the meeting, including such regulation of the manner of the voting and the conduct of business as seem to him or her to be in order.

No motion shall be in order to table any proposition on which absent members are casting a signed written vote unless the motion to table passes by a vote equal to more than 50% of the sum of the number of members present and voting at the meeting plus the number of absent members voting on the proposition by signed written ballot.

For a proposition to be considered at an annual meeting or special meeting of the members, the proposition must either have been approved by the Board of Directors or submitted in writing by two (2) or more Common Stockholders to the Secretary of the Association at least forty (40) days before the meeting. All propositions to be submitted to a special or annual meeting of the Common Stockholders shall be set forth in the notice of the meeting.

SECTION 8. ELECTION OF DIRECTORS. The Board of Directors shall appoint not

less than forty-five (45) days before the date of the annual meeting of the members at which members of the Board of Directors are to be elected a committee on nominations consisting of not less than two (2) members of the Association. Members of the Board of Directors may serve on such committee. The committee shall prepare and report a list of nominations for the Board of Directors which shall include at least one (1) and not more than two (2) candidates for each Board position to be filled by election at the meeting. The chairman of the nominating committee or, in his or her absence, a person designated by the President shall be responsible for reporting at the annual meeting the number of Board members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Nominations for directors for any director position that is to be filled by election at an annual meeting may also be made by two (2) or more Common Stockholders by said stockholders submitting, in writing, to the Secretary of the Association, such stockholders' nomination not less than thirty (30) days prior to the annual meeting. In order for the person nominated to be named as a candidate for director in the notice of meeting, the person nominated shall be required to file, with the Secretary of the Association, a written declaration of his or her willingness to serve as a director at least thirty (30) days prior to the annual meeting. Each Common Stockholder and each Common Stock subscriber may cast one vote for any one candidate for each director position to be filled at the annual meeting. All candidates for Board positions to be filled at an annual meeting will be ranked in the order of highest to lowest votes received and those candidates receiving the most votes being elected to fill the directorship positions to be filled at an annual meeting. No nominations for directors may be made from the floor at a meeting of the members.

### ARTICLE III PREFERRED STOCK

SECTION 1. ISSUANCE. Preferred Stock of the Association may be issued in such amount and for such lawful consideration and at such times as the directors may determine.

SECTION 2. ORDER OF REDEMPTION. The Board of Directors may, at any time, redeem in whole or in part, the shares of Preferred Stock at the redemption price per share provided in the Articles of Incorporation. The order of priority of retirement of Preferred Stock in the event of a partial redemption shall, subject to any limitations or restrictions imposed by law or by the Articles of Incorporation, be a matter of uncontrolled discretion of the Board of Directors and may be set in any resolution or plan contemplating such redemption.

SECTION 3. TRANSFERABILITY. No member shall sell, assign, transfer, dispose of or encumber any share of Preferred Stock except to the Association except (a) by operation of law or (b) with the consent of the Board of Directors.

SECTION 4. OWNERSHIP. Preferred Stock held by nonmembers shall not exceed the amount held by members.

## ARTICLE IV BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS OF THE BOARD OF DIRECTORS. The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors shall have the authority to exercise all powers of the Association except those which are by law, the Articles of Incorporation or these Bylaws conferred upon and reserved to the members and may adopt such policies, rules and regulations within the foregoing limitation as it deems advisable. The Board of Directors shall authorize any officer or officers, agent or agents, to enter into any contract or to execute and deliver any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances.

SECTION 2. NUMBER, QUALIFICATIONS AND TENURE. The business of this Association shall be managed, conducted and controlled by a Board of Directors. The number of directors of the Association shall be not less than seven (7) nor more than eleven (11). The number of directors with such range may be fixed or changed by the members at an annual meeting or by the Board of Directors. The Board of Directors may not reduce the size of the Board of Directors to a number which would result in any directorship being held for less than the term of such directorship. Except as otherwise provided in the Articles of Incorporation, each director shall be elected to serve a three (3) year term. Each director shall hold office until the annual meeting at which his term expires in accordance with the Articles of Incorporation and until his successor shall have been elected and qualifies or until his death, resignation or removal. Each director shall at all times be and remain an eligible holder and owner of Common Stock. If a member ceases to be an eligible Stockholder he shall thereupon cease to be a director.

SECTION 3. QUORUM AND MANNER OF ACTING. A majority of the number of directors then holding office shall constitute a quorum for the transaction of business; but, if at any meeting of the Board there be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. At all meetings of directors, a quorum being present, the act of a majority of the directors present at the meeting shall be the act of the Board of Directors unless a greater number be required by law or the Articles of Incorporation or these Bylaws.

SECTION 4. RESIGNATION. Any director of the Association may resign at any time by giving written notice to the President or to the Secretary of the Association. The resignation of any director shall take effect upon receipt of notice thereof or at such later date as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. REMOVAL. A director shall be subject to removal at a special meeting of the members called for that purpose by the vote of a majority of all voting members of the Association.

SECTION 6. VACANCY. A vacancy occurring in the Board of Directors by a member

vote either as a result of the removal by the members of a director or by an increase by the members in the number of directors shall be filled at the same meeting by the members. A vacancy occurring on the Board of Directors in any other manner, including a vacancy resulting from an increase by the Board of Directors in the number of directors, may be filled by any of the following: (i) the members or (ii) by a majority vote of the Board of Directors; provided, however, if the directors remaining in office constitute fewer than a quorum of the Board of Directors, the directors may fill the vacancy by the affirmative vote of all of the directors remaining in office. A vacancy that will occur at a specific date, by reason of a resignation effective at a later date, may be filled before the vacancy occurs and the new director shall not take office until the vacancy occurs. A director who is elected by the members or the Board of Directors to fill a vacancy shall be elected for the remaining term of such directorship position.

SECTION 7. COMPENSATION OF DIRECTORS. The directors shall not be entitled to be reimbursed for any expenses paid by them on account of attendance at any regular or special meeting of the Board of Directors, and the Board may provide that the Association shall pay each director such compensation for its services as a director as may be fixed from time to time by resolution of the Board adopted at any regular Board meeting.

SECTION 8. PLACE OF MEETING. Except as provided in Section 9 of this Article, the Board of Directors may hold its meetings at such place or places in or outside the State of Iowa as the Board may from time to time determine.

SECTION 9. ANNUAL MEETING. Within forty-five (45) days after the final adjournment of each annual meeting of the members for the election of directors, the Board of Directors shall meet at the principal office of the Association for the purpose of organization, the election of officers and the transaction of other business. Notice of such meeting need not be given. Such meeting may be held at any other time or place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors at which meeting the same matters shall be acted upon as above provided; provided, that any such meeting held at such other time or place shall nonetheless be held within forty-five (45) days following the adjournment of the members' annual business meeting.

SECTION 10. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held monthly at such place and at such times as the Board of Directors shall by resolution fix and determine from time to time. No notice shall be required for any such regular meeting of the Board.

SECTION 11. SPECIAL MEETINGS NOTICE.

- (a) Special meetings of the Board of Directors shall be held whenever called by the President at his discretion or by direction of a majority of the directors at the time being in office.
- (b) Notice of each such special meeting shall be mailed to each director

addressed to him at his address as it appears on the books of the Association at least five (5) days before the date on which the meeting is to be held or shall be sent to him at such place by e-mail or be delivered personally or by telephone not later than one (1) day before the day on which such meeting is to be held. Each notice shall state the time and place of the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting of which every director shall be present, even without any notice, any business may be transacted.

SECTION 12. SUBSTITUTES FOR NOTICE. A written waiver of notice signed by a director, whether before or after the time of the meeting stated therein, shall be equivalent to the giving of such notice in due time as required by these Bylaws. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 13. DIRECTOR'S ASSENT ASSUMED. A director of the Association who is present at a meeting of its Board of Directors at which action on any matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 14. ACTION WITHOUT MEETING; PARTICIPATION BY TELEPHONE. Any action required or permitted by law to be taken at any meeting of the Board of Directors may be taken without a meeting if the action is taken by all of the members of the board and if one or more consents in writing describing the action so taken shall be signed by each director then in office and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date. Any or all directors may participate in a regular or special meeting through the use of any means of communication by which all directors participating are able to simultaneously hear each other during the meeting. A director participating in a meeting pursuant to the foregoing provision shall be deemed to be present in person at the meeting.

SECTION 15. EXECUTIVE COMMITTEE. The Board of Directors by resolution adopted by the affirmative vote of a majority of the number of directors then in office may establish an Executive Committee consisting of three (3) or more directors elected by the Board of Directors; provided, however, one (1) of the members shall be the President, who shall serve as the Chairman of the Executive Committee. The Executive Committee shall serve at the will of the Board of Directors and shall have the power and duties delegated to it by the Board of Directors. The Executive Committee, to the extent provided in a resolution adopted by the Board

of Directors, shall have and exercise the powers of the Board of Directors in the management of the business and affairs of the Association in the interim between meetings of the Board, except the power to fill vacancies in its own membership or in the Board of Directors. The Executive Committee shall not have the power to amend Bylaws.

SECTION 16. ADVISORY COMMITTEES. The Board of Directors by resolution adopted by the affirmative vote of a majority of the number of directors then in office may establish one (1) or more advisory committees with each such advisory committee consisting of such number of committee members as the Board of Directors determines. All advisory committee members may, but are not required to be members of the Association. All advisory committees shall be advisory only and advisory committee shall not have the power to take any action on behalf of the Association or to bind the Association in any respect.

## ARTICLE V OFFICERS

SECTION 1. EXECUTIVE OFFICERS. The executive officers of the Association shall be a President, one (1) or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary and a Treasurer. The office of Secretary and Treasurer may be combined and the incumbent known as Secretary-Treasurer.

SECTION 2. ELECTION AND TERM OF OFFICE. The executive officers of the Association shall be chosen annually by the Board of Directors from their own number at the annual meeting thereof. Each such officer shall hold office until the next succeeding annual meeting of the Board of Directors and until his or her successor shall have been duly chosen and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. REMOVAL. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. The officers and agents appointed in accordance with the provisions of Sections 10 and 12 of this Article V may be removed by the Board of Directors or by any superior officer or agent upon whom the power to appoint shall have been conferred by the Board of Directors. An officer may also be removed by the Common Stockholders in the manner provided in Section 499.38 of the Code of Iowa.

SECTION 4. RESIGNATIONS. Any officer may resign at any time by giving written notice of such resignation to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. VACANCIES. A vacancy in any office may be filled for the unexpired portion of the term in the manner prescribed in these Bylaws for the election or appointment to

such office for such term.

**SECTION 6. POWERS AND DUTIES OF THE PRESIDENT.** The President shall preside at all meetings of the members at which the President may be present. The President shall preside at all meetings of the Board of Directors. The President shall keep the Board of Directors fully informed and shall freely consult with them concerning the business of the Association in his or her charge. Subject to direction of the Board, the President shall have power to direct or control litigation in which the Association may be employed or interested and employ its counsel therein. The President shall have authority to sign, execute and acknowledge all contracts, deeds, mortgages, bonds, leases or other obligations on behalf of the Association as the President may deem necessary or proper to be executed in the course of the Association's regular business or which shall be authorized by the Board of Directors and with the Secretary, Treasurer, Assistant Secretary, or Assistant Treasurer may sign all certificates for the shares of the capital stock of the Association. The President may sign in the name of the Association reports and all other documents or instruments which are necessary or proper to be executed in the course of the Association's business. The President shall perform all duties incident to the office of President, as herein defined, and all such other duties as from time to time may be assigned to the President by the Board of Directors.

**SECTION 7. POWERS AND DUTIES OF THE VICE PRESIDENTS.** In the absence of the President or in the event of his or her death, inability or refusal to act, the Vice President (or in the event there be more than one (1) Vice President, the senior Vice President in length of service) 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. Any Vice President may sign, with the Secretary or Assistant Secretary or Treasurer or Assistant Treasurer, certificates for shares of the Association and shall perform such other duties and have such authority as from time to time may be assigned to the Vice President by the President or by the Board of Directors.

**SECTION 8. POWERS AND DUTIES OF THE SECRETARY.** The Secretary (i) shall keep minutes of all meetings of the members and of the Board of Directors in books provided for that purpose and read such minutes at the proper subsequent meeting; (ii) shall attend to giving and serving all notices of the Association as provided by these Bylaws or as required by law; (iii) be custodian of the corporate seal (if any), the stock certificate books and such other books, records and papers as the Board of Directors may direct and shall affix the corporate seal (if any) to all documents on which such seal is deemed necessary or proper, the execution of which on behalf of the Association is duly authorized; (iv) shall keep a stock record and subscriber's record showing the names of all persons who are members of the Association and their post office addresses as furnished by each member; (v) may sign with the President or a Vice President certificates for shares of the Association, the issuance of which shall have been duly authorized; and (vi) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or the Board of Directors.

**SECTION 9. POWERS AND DUTIES OF THE TREASURER.** The Treasurer shall perform such duties with respect to the finances of the Association as may from time to time be

assigned to the Treasurer by the Board of Directors. The Treasurer's books and accounts shall be open at all times during business hours to the inspection of any director of the Association. The Treasurer shall give bond in such form and with such sureties as shall be required by the Board of Directors, which bond shall be purchased by and be an expense of the Association.

**SECTION 10. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS.**

There shall be such number of Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time authorize and appoint or as shall be appointed by an officer of the Association upon whom such authority has been conferred by resolution of the Board of Directors. The Assistant Secretaries may sign, with the President or a Vice President, certificates for shares of the Association, the issuance of which shall have been authorized by a resolution of the Board of Directors and may attest the signature of the President or Vice Presidents. The Assistant Treasurers shall, respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine, and such bonds shall be purchased by and be an expense of the Association. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

**SECTION 11. GENERAL MANAGER.** The Board of Directors shall employ a general manager and may require the general manager to give bond purchased by and at the expense of the Association. The general manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in the general manager. Under the general supervision of the Board, the general manager shall have general charge of the ordinary and usual business operations of the Association. The general manager shall render annual and other statements in form and manner prescribed by the Board. The general manager shall employ, supervise and discharge any and all employees of the Association. The general manager may sign all certificates for the shares of capital stock of the Association.

**SECTION 12. OTHER ASSISTANTS AND ACTING OFFICERS.** The Board of Directors or any officer (including the general manager) if duly authorized so to do by the Board of Directors, shall have the power to appoint any person to act as assistant to any officer or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer so appointed shall have the power to perform all the duties of the office to which such officer is so appointed to be assistant or as to which such officer is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors or the appointing officer.

**ARTICLE VI  
DISPOSITION OF EARNINGS AND TREATMENT OF LOSSES**

**SECTION 1. GENERAL.** The Board of Directors shall dispose of the earnings of this Association in excess of operating expenses, in accordance with these Bylaws and Article VII of the Articles of Incorporation.

SECTION 2. LOSSES. The Board of Directors shall treat losses incurred by the Association for any fiscal year in any manner permitted for Federal income tax purposes by the Internal Revenue Service or the regulations issued thereby, including, without limitation, any one or more of the following if then permitted:

- (a) making an assessment against the patrons of the Association proportionate to the amount of the business done with the Association during the fiscal year in which the loss occurred, provided that this clause shall not be construed in a manner which will cause the members to be liable for the debts of the Association except to the extent of unpaid amounts on Common Stock subscribed for by the member;
- (b) establishing an account receivable on the books of the Association from the patron proportionate to the amount of business done with the Association during the fiscal year in which the loss occurred, provided that this clause shall not be construed in a manner which will cause the members to be liable for the debts of the Association except to the extent of unpaid amounts on Common Stock subscribed for by the member;
- (c) canceling outstanding patronage dividends credited to the account of any patron or Preferred Stock which was issued for patronage dividends held by a patron proportionate to the amount of business done with the Association in the year in which the loss occurred;
- (d) canceling Preferred Stock which was issued in exchange for deferred patronage dividends in proportion to the amount of Preferred Stock held by such Preferred Stockholder to the total of all such Preferred Stock issued and outstanding;
- (e) canceling any reserve or surplus account which may be held on the books of the Association which is available for application against such losses; or
- (f) carrying the loss forward for one year as a net operating loss, but only if such loss carried forward does not prove inequitable to the patrons of the Association.

## ARTICLE VII PATRONAGE ALLOCATION TAXABILITY

Subject to the provisions of 26 USC § 1385(b), each person who hereafter applies for and is accepted to membership in this Association shall, by such act alone, consent that the amounts of any distributions with respect to such person's patronage occurring after February 28, 1963, which are made in written notices of allocation (as outlined in 26 USC §1388) and which are received by such person from the Association, will be taken into account by him or her at their stated dollar amounts in the manner provided in 26 USC §1385(a) in the taxable year in which such written notices of allocations are received by such person. Written notification of and a

copy of this section of the provision shall be given to each member and prospective members before he or she becomes a member of the Association.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

SECTION 1. VOTING OF STOCKS OWNED BY THE ASSOCIATION. In the absence of a resolution of the Board of Directors to the contrary, the President of the Association, or any Vice President acting within the scope of his or her authority as provided in these Bylaws, is authorized and empowered on behalf of the Association to attend, vote, grant discretionary proxies to be used at any meeting of members of any association in which this Association holds or owns shares of stock or membership interests, and, in that connection, on behalf of this Association, to execute a waiver of notice of any such meeting. The Board of Directors shall have authority to designate any officer or person as a proxy or attorney-in-fact to vote shares of stock in any other association in which this Association may own or hold shares of stock.

SECTION 2. TRANSACTIONS IN WHICH OFFICERS AND DIRECTORS ARE INTERESTED. An officer or director of this Association shall not be disqualified by such person's office from dealing or contracting with this Association either as a vendor, purchaser or otherwise, nor shall any transaction or contract of this Association be void or voidable by reason of the fact that any officer or director or any firm of which any officer or director is a member or any corporation of which any officer or director is a shareholder, officer or director, is in any way interested in such transaction or contract; provided, that after such interest shall have been disclosed, such transaction or contract is or shall be authorized, ratified or approved by a vote of a majority of a quorum of the Board of Directors without counting in such majority or quorum any director so interested or any director who is a member of a firm so interested or a shareholder, officer or director of a corporation so interested; nor shall any officer or director be liable to account to this Association for any profits realized by or from or through any such transaction or contract of this Association authorized, ratified or approved as aforesaid by reason of the fact that such person, or any firm of which such person is a member or any corporation of which such person is a shareholder, officer or director, was interested in such transaction or contract. Nothing herein contained shall create liability in the events above-described or prevent the authorization, ratification or approval of such contracts in any other manner provided by law. Transactions between any officer or director of the Association for the purchase or sale of goods, commodities or services of the Association, in the ordinary course of the Association's business, at the prevailing market price in effect on the date and at the time the goods, commodities or services are contracted are hereby approved without further action of the Board of Directors.

SECTION 3. EXECUTION OF CERTIFICATES. The certificates for shares of stock shall be numbered in the order in which they shall be issued and shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association and may be sealed with the seal of the Association (if any) or a facsimile thereof.

SECTION 4. SHARE RECORD. A record shall be kept by the Secretary, or by any

other officer, employee or agent designated by the Board of Directors, of the name and address of each member and subscriber and the number and class of shares held by each represented by such certificates and the respective dates thereof, and, in case of cancellation, the respective dates of cancellation. Said record shall be kept at the registered office or principal place of business of the Association.

SECTION 5. LOANS. No loans shall be contracted on behalf of the Association, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 6. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 7. DEPOSITS. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

SECTION 8. ACCOUNTING. The Board of Directors shall install an accounting system adequate to the requirements of the business and shall require proper records to be kept of all business transactions. The financial condition of the Association shall be reported to the members at their annual meeting. The Board of Directors may seek the advice of and employ a certified public accountant or firm of certified public accountants in connection with the requirements of this section.

## ARTICLE IX INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. INDEMNITY. The Association shall indemnify and advance expenses to any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including a grand jury proceeding) and whether formal or informal, by reason of the fact that such person (a) is or was a director or officer of the Association, or (b) while a director or officer of the Association, is or was serving at the request of the Association as a director, officer, employee, agent, partner or trustee (or in a similar capacity) of another cooperative, corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan, to the maximum extent it is empowered to indemnify and advance expenses to a director by Part E of Division VIII of the Iowa Business Corporation Act, Iowa Code Chapter 490, as the same exists or may hereafter be amended or changed (but, in the case of any such amendment or change, only to the extent that such amendment or change empowers the Association to provide broader indemnification than said law empowered the Association to provide prior to such amendment or change), against reasonable expenses (including attorneys' fees), judgments, fines, penalties, including an excise tax assessed with respect to an employee benefit plan, and amounts paid in

settlement actually and reasonably incurred by such person in connection with such claim, action, suit or proceeding or any appeal thereof; provided, however, that except as provided in section 2 of this Article IX with respect to proceedings seeking to enforce rights of indemnification, entitlement to such indemnification shall be conditional upon the Association being afforded the opportunity to participate directly on behalf of such person in such claim, action, suit or proceeding or any settlement discussions relating thereto, and with respect to any settlement or other nonadjudicated disposition of any threatened or pending claim, action, suit or proceeding, entitlement to indemnification shall be further conditional upon the prior approval by the Association of the proposed settlement or nonadjudicated disposition. Such approval shall be made by any of the following:

- (a) If there are two or more disinterested directors, by the board of directors by a majority vote of all disinterested directors, a majority of whom shall for such purpose constitute a quorum.
- (b) By a majority of the members of a committee of two or more disinterested directors appointed by a vote of the board of directors in accordance with subparagraph (a) above.
- (c) By special legal counsel:
  - (i) selected by the board of directors in accordance with subparagraphs (a) or (b) above; or
  - (ii) if there are fewer than two disinterested directors, by the board of directors, in which case those directors who do not qualify as disinterested directors may participate in the voting on the selection.
- (d) By the holders of Common Stock, but shares owned by or voted under the control of a director who at the time does not qualify as a disinterested director shall not be voted on the determination.

A disinterested director is a director who, at the time of a vote referred to above, is neither a party to the proceeding nor an individual having a familial, financial, professional, or employment relationship with the director or officer whose indemnification or advance for expenses is the subject of the decision being made, which relationship would, in the circumstances, reasonably be expected to exert an influence on the director's judgment when voting on the decision being made.

Approval or disapproval by the Association of any proposed settlement or other nonadjudicated disposition shall not subject the Association to any liability to or require indemnification or reimbursement of any party whom the Association would not otherwise have been required to indemnify or reimburse. The right to indemnification conferred in this Article shall include the right to payment or reimbursement by the Association of reasonable expenses

incurred in connection with any such claim, action, suit or proceeding in advance of its final disposition; provided, however, that the payment or reimbursement of such expenses in advance of the final disposition of such claim, action, suit or proceeding shall be made only upon (a) delivery to the Association of a written undertaking, by or on behalf of the person claiming indemnification under this Article to repay all amounts so advanced if (i) the director is not entitled to mandatory indemnification under Iowa Code Chapters 490, or (ii) it shall ultimately be determined under the Iowa Code Chapter 490 that such person is not entitled to be indemnified under this Article or otherwise, or (b) delivery to the Association of a written affirmation of such person's good faith belief that (i) such person has met the relevant standard of conduct necessary to require indemnification by the Association pursuant to this Article or otherwise, or (ii) the proceeding involved conduct for which liability has been eliminated under a provision of the Articles of Incorporation, or (c) a determination that the facts then known to those making the determination would not preclude indemnification under this Article.

SECTION 2. PAYMENT. Any indemnification or advancement of expenses required under this Article shall be made promptly upon, and in any event within thirty (30) days after, the written request of the person entitled thereto. If the Association denies a written request for indemnity or advancement of expenses, in whole or in part, or if payment in full pursuant to such request is not made within thirty (30) days of the date such request is received by the Association, the person seeking indemnification or advancement of expenses as granted by this Article may at any time within the applicable statute of limitations bring suit against the Association in any court of competent jurisdiction to establish such person's right to indemnity or advancement of expenses. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification in any such action or proceeding shall also be indemnified by the Association. It shall be a defense to any action brought against the Association to compel indemnification (other than an action brought to enforce a claim for the advancement of expenses pursuant to this Article where the written affirmation of good faith or the undertaking to repay as required above has been received by the Association) that the claimant has not met the standard of conduct set forth in Section 490.851 or 490.856 of the Iowa Business Corporation Act, as applicable, but the burden of proving such defense shall be on the Association. Neither (a) the failure of the Association (including its board of directors, committee, special legal counsel or the shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 490.851 or 490.856 of the Iowa Business Corporation Act, as applicable nor (b) the fact that there has been an actual determination by the Association (including its board of directors, committee, special legal counsel or the shareholders) that the claimant has not met such applicable standard of conduct, shall create a presumption that the claimant has not met the applicable standard of conduct. In the event that the applicable standard of conduct has been met as to some claims, actions, suits or proceedings, but not as to others, a person who has a right of indemnification pursuant to this Article shall be indemnified against all expenses (including attorney fees) actually and reasonably incurred by such person in connection with the claim, action, suit or proceeding as to which the applicable standard has been met. Nothing contained in this section

shall limit the obligation, duty or ability of the Association to indemnify such person as provided elsewhere in this Article.

SECTION 3. CONTRACT. The provisions of this Article shall be deemed a contract between the Association and each director and officer who serves in such capacity at any time while this Article and the relevant provisions of the Iowa Business Corporation Act and Chapter 499 of the Code of Iowa are in effect, and any repeal or modification of any such law or of this Article shall not adversely affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any claim, action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

SECTION 4. WITNESSES. The Association shall indemnify and advance expenses to any person who was or is a witness in or is threatened to be made a witness in any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including a grand jury proceeding) and whether formal or informal, by reason of the fact that such person (a) is or was a director or officer of the Association, or (b) while a director or officer of the Association, is or was serving at the request of the Association as a director, officer, employee, agent, partner or trustee (or in a similar capacity) of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan, to the same extent that such person would be entitled to indemnification and advancement of expenses under this Article if such person were, or were threatened to be made, a party to such claim, action, suit or proceeding, against reasonable expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such claim, action, suit or proceeding or any appeal thereof.

SECTION 5. APPLICABILITY. This Article shall be applicable to all claims, actions, suits or proceedings commenced after the effective date hereof, whether arising from acts or omissions occurring before or after the effective date hereof. Each person who is now serving or who shall hereafter serve as a director or officer of the Association shall be deemed to be doing so in reliance upon the rights of indemnification provided for in this Article, and such rights of indemnification shall continue as to a person who has ceased to be a director or officer, and shall inure to the benefit of the heirs, executors, administrators and legal or personal representatives of such a person. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Association shall nevertheless indemnify each director and officer of the Association to the maximum extent permitted by any applicable portion of this Article that shall not have been invalidated.

SECTION 6. INITIATION OF CLAIMS. Notwithstanding anything in this Article to the contrary, except with respect to proceedings initiated to enforce rights of indemnification to which such person is entitled under this Article or otherwise, the Association shall indemnify any such person in connection with a claim, action, suit or proceeding (or part thereof) initiated by such person only if the initiation of such claim, action, suit or proceeding (or part thereof) was authorized by the board of directors.

SECTION 7. INSURANCE. The Association may purchase and maintain insurance, at its expense, to protect itself and any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against such person and incurred by such person in such capacity, or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of this Article, the Iowa Business Corporation Act or otherwise. The Association may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and/or similar arrangements), as well as enter into contracts providing for indemnification to the maximum extent permitted by law and including as part thereof any or all of the foregoing, to ensure the payment of such sums as may become necessary to effect full indemnification. The Association's obligation to make indemnification and pay expenses pursuant to this Article shall be in excess of any insurance purchased and maintained by the Association and such insurance shall be primary. To the extent that indemnity or expenses of a person entitled to indemnification and payment of expenses pursuant to this Article are paid on behalf of or to such person by such insurance such payments shall be deemed to be in satisfaction of the Association's obligation to such person to make indemnification and pay expenses pursuant to this Article.

#### ARTICLE X AMENDMENT

Any of the Bylaws (regardless of by whom originally adopted, altered, amended, or repealed) may be altered, amended or repealed or added to at any regular meeting of the Board of Directors or at any special meeting called for that purpose by affirmative vote of seventy-five percent (75%) of the directors. The Bylaws may also be altered, amended or repealed at any meeting of the Common Stockholders, annual or special, by affirmative vote of seventy-five percent (75%) of those Common Stockholders who are present at the meeting either in person or by mail ballot, provided, that a copy of the proposed amendment shall have been mailed or delivered to each Common Stockholder at least ten (10) days prior to such meeting.