

**AGREEMENT ESTABLISHING THE IOWA STORED ENERGY PLANT AGENCY
UNDER IOWA CODE CHAPTER 28E**

BE IT REMEMBERED that for the mutual promises, covenants and considerations herein contained the Algona Municipal Utilities and Waverly Light & Power have entered into the following Agreement under Iowa Code chapter 28E, 28F and 476A.20 et seq. to wit:

Article One. The organization herein created is a separate legal entity, a body corporate and politic which shall be known as the Iowa Stored Energy Plant Agency (the "Agency"). The purpose of the Agency is to provide joint and coordinated action regarding the acquisition, financing and administration of Member interest in an electric plant or plants using natural gas or other gases, wind, biomass, air or other similar or related energy sources as a source for the generation of electrical power.

Article Two. The initial Members of the Agency are: Algona Municipal Utilities and Waverly Light & Power.

Article Three. The Agency shall have the power and authority to enter into contracts on behalf of the Agency to hire such employees, consultants, advisors and obtain such professional services as are deemed necessary for the design, siting, construction, financing, management and control of an electric plant or plants using natural gas or other gases, wind, biomass, air or other similar or related energy sources for the generation of electrical power, and may conduct such feasibility studies, or contract for the preparation of feasibility studies, of questions concerning financing, seismology, geology, meteorology, engineering and other technical matters related to the siting, designs, construction, financing, management or control of a stored energy plant and otherwise exercise all powers conferred by Iowa Code chapter 28E, 28F and Sections 476A.20 through 476A.36 (2005), as amended, as contemplated by the Members of the Agency. The Agency shall have the power and authority, subject to the terms of this Agreement, to design, site, construct, finance, manage, operate and control one or more electric plants using natural gas or other gases, wind, biomass, air or other similar or related energy sources for the generation of electrical power and issue its public bonds or obligations as it deems necessary to carry out its purposes.

Article Four. The initial Board of Trustees of the Agency shall consist of Sheila Bishop, Neil Ruddy, Dennis Fannin, Scott Tonderum, and John Bilsten. These Trustees shall serve until the first Annual meeting, at which an election of Trustees shall be held under terms stated in the Bylaws.

Article Five. Except as otherwise provided in this Agreement, all powers of the Agency are vested in the Board of Trustees.

