



Cherryland Electric

--- Cooperative ---

Director Nominee:

Thank you for your interest in running for a position on Cherryland Electric Cooperative's Board of Directors.

Enclosed is the nominating petition, petition guidelines, and related policies, Candidate Considerations for Directorship, Board Candidate Certificate of Understanding, and Cherryland's current bylaws.

Nominating petitions must be signed by a minimum of 25 active members in good standing, whose name is listed on the membership, and must be returned to the Administrative Assistant at our office no sooner than March 1, 2018 and no later than 4:00 p.m. on March 29, 2018. Per the cooperative's bylaws, only one signature per membership is allowed. The petition must also be accompanied by the signed and dated Board Candidate Certificate of Understanding.

In the case of a commercial/business membership, where the signer's name doesn't appear on the membership account, the petition must be accompanied by a letter authorizing said person to sign the petition on the organization's behalf. The letter must be signed by the organization's secretary or other executive authorized to do so.

All candidates running for the board will be invited to our April board meeting to discuss any questions they may have.

Feel free to call me if you have any questions.

Sincerely,

Tony Anderson
General Manager

TAA:sm

Enclosures



BOARD CANDIDATE PROFILE & HEADSHOT

All candidates running for Cherryland Electric Cooperative's board of directors have the opportunity to provide a candidate profile and headshot for publication in the cooperative's Annual Report, included in the May issue of the cooperative's magazine, *Michigan Country Lines*, alongside information about voting in the board election.

If you wish to have your profile and headshot included in the May issue, please adhere to the following requirements:

- Candidate Profile

To complete your profile, please answer the following questions. **Candidate profiles are limited to a total of 300 words. Profiles that exceed 300 words are subject to editing by the cooperative.**

1. What is your occupation?
2. What organizations are you currently involved with?
3. Why are you interested in serving on the board of directors?
4. How will your skills, connections, resources, and expertise benefit the cooperative?

To submit your candidate profile, either include it with your board candidate petition packet or email to rmarsh@cherrylandelectric.coop.

- Headshot

Each candidate's headshot must be provided **digitally** as either a .JPG or .PNG file (minimum 150 KB). To submit your headshot, email it to rmarsh@cherrylandelectric.coop.

If you have any questions regarding your candidate profile or headshot, please contact the cooperative's communications specialist at 231-486-9222 or rmarsh@cherrylandelectric.coop.

CHERRYLAND ELECTRIC COOPERATIVE

CANDIDATE CONSIDERATIONS FOR DIRECTORSHIP

Candidates should possess the following basic beliefs and viewpoints:

1. Believe in basic cooperative principles and way of doing business including areas such as the following:
 - a. The right of people to provide an essential service for themselves.
 - b. Member ownership and control.
 - c. One member - one vote.
 - d. Non-profit operation.
2. Believe that the Cooperative should continually strive to make reasonable cost power available to its members and to achieve this, has the right to join with other cooperatives as a member in a generation and transmission cooperative.

Candidates should have demonstrated by his or her action that he/she possesses the following personal characteristics:

1. Be a proven leader in his or her community with broad interests.
2. Be of highest integrity and have complete respect of the community in which he or she lives.
3. Be a mature person and have the ability to exercise sound judgment and logical reasoning.
4. Being willing to support the decisions and actions of the Board once arrived at by action of the majority of the Board.
5. Representing the membership on an impartial basis, not just those in his/her area, but the total membership.
6. Making every effort to obtain increasing member and public understanding and support of the Cooperative and the rural electrification program and being sensitive to their feelings, concerns and attitudes.
7. Becoming skilled in raising questions about the end results being achieved in certain Key Performance Areas and in interpreting Operating and Financial Reports.
8. Providing leadership to meet the changing needs of the membership and to contribute to the development of the Cooperative's service area.

Candidate Considerations for Directorship

In addition to considering qualifications described above, questions such as the following may be raised about potential candidates:

1. Does his/her past experience and performance justify consideration for nomination as a director of the Cooperative?
2. Does he/she have the ability and the commitment to further the interests of the Cooperative?
3. Has he/she served in any positions of leadership which specifically qualify him/her to be a director of the Cooperative?
4. Can he/she work well with others on a Board?
5. How much knowledge does he/she have of the Cooperative's objectives, goals and services?
6. Is he/she dependable and available and willing to devote the considerable time required of a director?

3/11/10

CHERRYLAND ELECTRIC COOPERATIVE

POLICY NO. 113

DIRECTOR CANDIDATE INFORMATION

All potential candidates who request the required petitions for the Board of Directors shall be made aware of the personal time commitment and overall responsibilities involved in being a director and given:

- A. A written statement outlining the time commitment and overall responsibilities of being a director, as stated in Appendix "A".
- B. A written statement outlining campaign sign requirements and limitations, as stated in Appendix "B"
- C. A written statement outlining nominating petition requirements, as stated in Appendix "C".
- D. Time at the regularly scheduled April board meeting for the candidate to request further information concerning the role of a director.

It shall be the responsibility of the General Manager to enforce this policy.

Approved: 12/15/86

Revised: 12/20/93

Revised: 4/15/96

Revised: 9/22/03

Reviewed: 4/16/07

CHERRYLAND ELECTRIC COOPERATIVE

POLICY NO. 113A

DIRECTOR CANDIDATE INFORMATION

APPENDIX A

Persons seeking nomination should:

- A. Be willing and able to give time to attend Cooperative meetings such as:
 - a. Annual Membership Meeting. (1 day)
 - b. Meetings of the Board. (Regular 12 days, special approximately 4 days)
 - c. Committee meetings. (Approximately 4 meetings)
- B. Be encouraged to attend meetings and programs that will provide her/him with background information and knowledge that will enable the director to make more intelligent choices on all complex matters coming before the Cooperative. These meetings are not required. But are encouraged:
 - a. State and national associations meetings (may involve travel).
 - b. Directors training programs (may involve travel).
 - c. Participate in Director Certification Program.
- C. Be willing to make significant contributions to Board Meetings raising pertinent discerning questions and by contributing innovative ideas and suggestions.
- D. Be willing to spend a considerable expenditure of time studying and analyzing data and other information presented to the board to keep fully informed.
- E. Disclose any serious conflict of interest with any other board membership, position, investment, or friendship (either actual or potential).

Approved: 12/15/86

Revised: 12/20/93

Revised: 4/15/96

Revised: 9/22/03

Reviewed: 4/16/07

CHERRYLAND ELECTRIC COOPERATIVE

POLICY NO. 113B

DIRECTOR CANDIDATE INFORMATION

CAMPAIGN SIGNS

APPENDIX B

Board candidates seeking office shall be governed by the following guidelines with respect to campaign signs:

- A. No campaign signs will be allowed at the site of the meeting when the Annual Meeting is held away from Cooperative property.
- B. If the annual meeting is held on Cooperative property, only one (1) sign per candidate will be allowed on the Cooperative grounds. The sign will be displayed the day of the annual meeting only and removed the same day.
 - The maximum size for the sign will be 2' x 3'.
- C. Any candidate applying for a petition will be given a copy of this policy.

It shall be the responsibility of the General Manager to enforce this policy.

Approved: 12/15/86

Revised: 12/20/93

Revised: 4/15/96

Revised: 9/22/03

Reviewed: 4/16/07

Revised: 6/28/10

CHERRYLAND ELECTRIC COOPERATIVE

POLICY NO. 113C

DIRECTOR CANDIDATE INFORMATION
NOMINATING PETITIONS
APPENDIX C



Board candidates seeking office shall be governed by the following guidelines with respect to nominating petitions:

- A. Any qualified member of Cherryland can request a nominating petition from the Secretary of the Board, or designee.
- B. The nominating petitions must be signed by at least 25 active Cherryland members in good standing. Original petitions must be signed and turned in to the Board secretary or designated representative at the Cooperative's headquarters.
- C. Signatures must be obtained within 60 days of filing the petition.
- D. The petition must be filed between March 1 and the last business day of March by 4:00 p.m. for the current annual meeting.
- E. Nominating petitions must specify the geographic service area in which the candidate resides and is being nominated.
- F. Candidates may send a mailing to the entire membership, to those members who voted at the prior year's annual meeting, or to a portion of the membership divided by zip code, or other specified section(s) of cooperative service territory. Materials will need to be submitted to the Cooperative for mailing. The Cooperative may enlist a third party mail distribution service and all costs including postage will be paid by the candidate. Payment of the estimated cost of the mailing will be required in advance and final costs will be settled once the mailing is complete.

It shall be the responsibility of the General Manager to enforce this policy.

Approved: 12/15/86
Revised: 12/20/93
Revised: 4/15/96
Revised: 9/22/03
Reviewed: 4/16/07
Revised: 9/21/15

BOARD CANDIDATE CERTIFICATE OF UNDERSTANDING

I, _____, a candidate for election to the Cherryland Electric Cooperative Board of Directors, hereby certify that I have read and understand the eligibility requirements for election to the board, and the requirements to remain a board member if elected, as set forth in Article III, Section 2 of the Cherryland Electric Cooperative Bylaws (“Bylaws”).

My signature below certifies the following:

1. I am a bona fide Cherryland Electric Cooperative (the “Cooperative”) member who receives electric utility service from the Cooperative;
2. I am a resident of the area served by the Cooperative;
3. I am not employed by nor do I hold a material financial interest in a competing enterprise or a business directly and substantially competing with the Cooperative;
4. I do not sell goods or services in substantial quantity to the Cooperative, or to a substantial number of members;
5. I am not employed by nor do I have a material financial interest in a business or enterprise that sells goods or services in substantial quantity to the Cooperative, or to a substantial number of members;
6. I am not an employee of the Cooperative;
7. I do not hold office in the Cooperative for which a salary is paid;
8. I do not have an immediate family member employed by the Cooperative, any of its subsidiaries, or affiliated organizations;
9. I have not been employed by the Cooperative, any of its subsidiaries, or affiliated organizations within the 1 year period preceding the election;
10. I am not a convicted felon and understand that a background check may be conducted if I am elected.

I further understand that, if elected to the board, I will be required to comply with the Bylaws of the Cooperative and any other applicable rules and regulations.

PRINTED NAME

SIGNATURE

DATE

NOMINATING PETITION

We, the undersigned members of Cherryland Electric Cooperative, do hereby nominate the candidate named below as a member of the Board of Directors from the district identified below for a term of 3 years expiring 2020 to be voted for at the election to be held on Thursday, June 21, 2018. There are two vacancies for this term – one (1) Director At Large and one (1) from Grand Traverse/Kalkaska County. Please designate the area for which you are running in the space provided below.

Candidate Name: _____ **Address:** _____

Telephone #: _____ **E-mail:** _____

Area from which Director will serve: _____

Name (print name clearly under signature) **Address** **Date**

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

11. _____

12. _____

13. _____

14. _____

15. _____

16. _____

Name (print name clearly under signature)

Address

Date

17. _____

18. _____

19. _____

20. _____

21. _____

22. _____

23. _____

24. _____

25. _____

26. _____

27. _____

28. _____

29. _____

30. _____

31. _____

32. _____

CERTIFICATE OF CIRCULATOR

The undersigned circulator of the above petition asserts such circulator is a member of Cherryland Electric Cooperative and is qualified to circulate this petition, that each signature on the petition was signed in said circulator's presence, that to the best of said circulator's knowledge and belief each signature is the genuine signature of the person purporting to sign the same and that the person was, at the time of signing, a qualified member of Cherryland Electric Cooperative and that such elector was qualified to sign the petition.

Name of Circulator: _____ Address of Circulator: _____

Signature of Circulator: _____ CEC Account #: _____ Date: _____

BYLAWS

REVISED JUNE, 2016

**CHERRYLAND
ELECTRIC
COOPERATIVE
GRAWN, MICHIGAN**

Contents

ARTICLE I: MEMBERS

- Section 1. Qualifications and Obligations
- Section 2. Joint Membership
- Section 3. Membership by Government Agencies
- Section 4. Membership Fee
- Section 5. Purchase of Cooperative Services
- Section 6. Withdrawal of Membership
- Section 7. Transfer and Termination of Membership
- Section 8. Member's Petitions
- Section 9. Member Grant of Property
- Section 10. Member List

ARTICLE II: MEETINGS OF MEMBERS

- Section 1. Annual Meeting
- Section 2. Special Members' Meeting
- Section 3. Notice of Members' Meetings
- Section 4. Quorum
- Section 5. Voting
- Section 6. Voting by Mail and Electronic Transmission
- Section 7. Election and Credentials Committee
- Section 8. Order of Business
- Section 9. Record Date

ARTICLE III: DIRECTORS

- Section 1. General Powers
- Section 2. Qualifications and Tenure
- Section 3. Nominations
- Section 4. Election
- Section 5. Removal of Directors
- Section 6. Director Resignation
- Section 7. Vacancies
- Section 8. Compensation
- Section 9. Rules and Regulations
- Section 10. Accounting System and Reports
- Section 11. Changes in Rates
- Section 12. Subscription to Publications
- Section 13. Director Indemnification and Insurance
- Section 14. Director Conduct

ARTICLE IV: MEETINGS OF DIRECTORS

- Section 1. Regular Meetings
- Section 2. Special Meetings
- Section 3. Notice of Meetings
- Section 4. Quorum and Manner of Acting
- Section 5. Conduct of Board Meetings
- Section 6. Board Action by Written Consent
- Section 7. Committees
- Section 8. Attendance by Communications Equipment

ARTICLE V: OFFICERS

- Section 1. Number
- Section 2. Election and Term of Office
- Section 3. Officer Resignation and Removal
- Section 4. Vacancies
- Section 5. President
- Section 6. Senior Vice President
- Section 7. Executive Vice President
- Section 8. Secretary
- Section 9. Treasurer
- Section 10. Delegation of Duties
- Section 11. General Manager
- Section 12. Bonds
- Section 13. Officer Compensation
- Section 14. Reports
- Section 15. Officer Standard of Conduct
- Section 16. Officer Indemnification and Insurance
- Section 17. Officer Contract Rights
- Section 18. Other Officers

ARTICLE VI: CONTRACTS, CHECKS AND DEPOSITS

- Section 1. Contracts
- Section 2. Checks, Drafts, etc.
- Section 3. Deposits

ARTICLE VII: MEMBERSHIP CERTIFICATES

- Section 1. Certificates of Membership
- Section 2. Lost Certificates

ARTICLE VIII: NON-PROFIT AND COOPERATIVE OPERATION

- Section 1. Non-profit and Cooperative Operation
- Section 2. Patronage Capital in Connection with Furnishing Electric Energy
- Section 3. Refunds in Connection with Furnishing Other Services
- Section 4. Minimum Amount of Capital Credits
- Section 5. Unclaimed Capital Credits

ARTICLE IX: WAIVER OF NOTICE

- Section 1. Member Meetings
- Section 2. Attendance as Waiver

ARTICLE X: DISPOSITION OF PROPERTY: CONSOLIDATION, DISSOLUTION

- Section 1. Dispositions Permitted
- Section 2. Disposition of Property; Alteration of Voting Rights or Member Capital, Dissolution
- Section 3. Borrowing Money

ARTICLE XI: FISCAL YEAR

ARTICLE XII: MEMBERSHIP IN OTHER ORGANIZATIONS

ARTICLE XIII: SEAL

ARTICLE XIV: AMENDMENTS

ARTICLE XV: MISCELLANEOUS

- Section 1. Governing Law
- Section 2. Usage
- Section 3. Defined Terms
- Section 4. Titles and Headings
- Section 5. Partial Invalidity

- Section 6. Cumulative Remedies
- Section 7. Entire Agreement
- Section 8. Successors and Assigns
- Section 9. Waiver
- Section 10. Lack of Notice
- Section 11. Rules of Order
- Section 12. Electronic Documents and Actions

ARTICLE I: MEMBERS

SECTION 1: Qualifications and Obligations. Any person, firm, corporation, limited liability company, partnership, association or body politic may become a member in Cherryland Electric Cooperative (the “Cooperative”) by:

- a) Making application as is provided therefore by the Cooperative;
- b) Paying any membership fee hereinafter specified together with any security deposit, service connection deposit or fee, facilities extension deposit, contribution in aid of construction, or any other fee or charge or any combination thereof, as required by the Cooperative;
- c) Agreeing to purchase from the Cooperative electric energy or other services provided by the Cooperative (“Cooperative Services”), including distribution of electric energy as hereinafter specified;
- d) Agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these Bylaws, and any amendments thereto and such rules and regulations as may from time to time be adopted by the Cooperative’s Board of Directors (the “Board”);
- e) If the Board determines that any applicant is unable to comply with these Bylaws or the rules and regulations of the Cooperative, as established from time to time, then the Board may refuse the applicant membership in the Cooperative; and
- f) For other good cause as determined by the Board, an applicant may be refused membership in the Cooperative.

No person, firm, corporation, limited liability company, partnership, association or body politic may own more than one membership in the Cooperative.

SECTION 2: Joint Membership. Any two (2) persons may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term “member” as used in these Bylaws shall be deemed to include any two (2) persons holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- a) The presence at a meeting of either or both shall be regarded as a presence of one member and shall constitute a joint waiver of notice of the meeting;
- b) The vote of either separately or both jointly shall constitute one joint vote;
- c) A waiver of notice signed by either or both shall constitute a joint waiver;
- d) Notice to either shall constitute notice to both;
- e) Expulsion of either shall terminate the joint membership;
- f) Withdrawal of either shall terminate the joint membership;
- g) A person may convert a single membership to a joint membership by complying with the requirements of paragraphs a), c) and d) of Section 1 of Article I hereof; no additional membership fees shall be required;
- h) The capital account provided for in Section 2 of Article VIII in the name of an individual member who causes such membership to become a joint membership, shall upon the creation of such joint membership, be vested in capital credit to the order of either or both joint members in the sole discretion of the Cooperative;

- i) For purposes of appointment of the Election and Credentials Committee in Section 7 of Article II hereof, each joint member shall be eligible, except as otherwise proscribed in Section 7, for appointment and each joint member so appointed shall be considered as a separate member; and
- j) For purposes of Section 3 of Article III, each joint member signing a nominating petition shall be deemed to be a separate signatory.

SECTION 3: Membership by Government Agencies. The Board may, in its discretion, either require or not require membership by a governmental unit or agency as a condition to obtain service from the Cooperative.

SECTION 4: Membership Fee. A prerequisite to membership may be the payment of a fee by each applicant which shall be designated a membership fee, in such amount and subject to such terms and conditions as may from time to time be established by the Board.

SECTION 5: Purchase of Cooperative Services.

- a) *Purchase and Payments.* Each member shall, as soon as services shall be available, purchase from the Cooperative one or more of the services specified in the application for membership and shall pay therefore monthly rates and charges, which shall from time to time be fixed by the Board, as approved by the Michigan Public Service Commission, if necessary or applicable. It is expressly understood that the amounts paid for any service being provided by the Cooperative in excess of the respective cost of service are furnished by members, as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount per month, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him or her to the Cooperative as and when the same shall become due and payable.
- b) *Interconnection with Cooperative Facilities.* Production or use of electrical energy on a member's premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities shall be subject to appropriate regulation as shall be fixed from time to time by the Cooperative.

SECTION 6: Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board may prescribe.

SECTION 7: Transfer and Termination of Membership.

- a) Membership in the Cooperative and a certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, or withdrawal of a member, the membership of such member shall thereupon terminate and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Cooperative; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

- b) When a membership is held jointly by two (2) persons, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.
- c) Membership shall terminate as to any member on the date such member ceases to purchase and use one or more of the services provided by the Cooperative.

SECTION 8: Member's Petitions. Petitions by the membership authorized under these Bylaws shall be on forms prepared and available from the Secretary of the Cooperative (as this term is defined in Article V of these Bylaws). All members signing such petitions shall include thereon their mailing address and each member's signature appearing thereon shall be dated as of the date of signing. The person circulating such petition shall be an active member of the Cooperative and shall indicate under oath or affirmation at the end of each petition sheet his or her address, account number and that he or she circulated the petition and is acquainted with the persons whose names are affixed thereto and that such persons signed the petition in his or her presence.

SECTION 9: Member Grant of Property Rights. As determined or required by the Cooperative, each member shall provide the Cooperative temporary, or permanent, safe and reliable access to, and use of, any portion of member's real or personal property which is reasonably necessary to allow the Cooperative to provide services to the member's premises. Upon request from, and under reasonable terms and conditions determined by the Cooperative, each member shall grant and convey, and execute any document reasonably requested by the Cooperative to grant and convey, to the Cooperative any written or oral easement, right-of-way, license, or other property or possessory interest in any real or personal property in which the member possesses any legal right and which is reasonably necessary to allow the Cooperative to provide services to the member's premises.

No member shall tamper or interfere with, damage, or impair any Cooperative equipment. Unless otherwise determined by the Board, the Cooperative owns all Cooperative equipment. Each member shall protect all Cooperative equipment, and shall install, implement, and maintain any protective device or procedure reasonably required by the Cooperative.

Each member shall comply with any procedure required by the Cooperative regarding the provision of any Cooperative Service to any member or person.

SECTION 10: Member List. Except as otherwise provided by these Bylaws or the Board, a person may not inspect, copy, or receive a copy of all or part of any member list or similar list of members of the Cooperative.

ARTICLE II: MEETINGS OF MEMBERS

SECTION 1: Annual Meeting. The Annual Meeting of the members ("Annual Meeting") shall be held in June of each year on such day within the month of June as the Board may select, at such place in the area served by the Cooperative as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

If the election of directors shall not be held on the day designated herein for any Annual Meeting, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the Annual Meeting at the designated time shall not cause a forfeiture or dissolution of the Cooperative.

SECTION 2: Special Members' Meetings. Special meetings of the members ("Special Members' Meeting") may be called by at least five (5) directors or upon a written request signed by at least six percent (6%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special Members' Meetings may be held at such place in the area served by the Cooperative specified in the notice of Special Members' Meeting.

SECTION 3: Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in the case of a Special Members' Meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. In the case of the Annual Meeting, such written or printed notice shall be sent to the members of the Cooperative not earlier than sixty (60) days and not later than fifteen (15) days prior to the Annual Meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or any special meeting of the members shall not invalidate any action, which may be taken by the members at any such meeting.

SECTION 4: Quorum. At least one hundred fifty (150) of the members, present in person or who have voted by mail or electronic transmission, shall constitute a quorum for the transaction of business at all meetings of the members. If there is less than a quorum constituted by the sum of those present at any meeting and those that have voted by mail or electronic transmission, then a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 5: Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of members at which a quorum is present all questions shall be decided by vote of a majority of the members voting thereon in person, by mail, or electronic transmission, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws. A joint membership shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

SECTION 6: Voting by Mail and Electronic Transmission. Any member who intends to be absent from an Annual Meeting or Special Members' Meeting, may vote by mail or electronic transmission at such meeting upon any proposition, motion or resolution concerning which a ballot has been furnished by the Secretary in accordance with these Bylaws. Each member of the Cooperative shall be afforded the opportunity, subject to the procedure in this Section provided, to vote by mail or electronic transmission for the election of directors and upon any motion or resolution placed on the ballot by the Board. The Board may, in its discretion, from time to time, determine by resolution to submit other motions, resolutions or propositions to the membership for vote at any annual or any special meeting of the membership. The Board shall submit to the membership at an Annual Meeting any motion, resolution or proposition requested in writing by not less than six percent (6%) of the membership of the Cooperative by petition filed with the

Secretary not later than seventy-five (75) days preceding such Annual Meeting. The Secretary shall be responsible for setting forth in the notice of such meeting, the text of any ballot for the election of the members or any other such motion, proposition or resolution to be acted upon, and members desiring to vote thereon by mail or electronic transmission at any Annual Meeting shall be provided the opportunity to do so in accordance with procedures as may from time to time be established by the Board.

No member of the Cooperative who has voted by mail or electronic transmission at any meeting of the members shall vote again at such meeting on any matter included in the mail ballot furnished by the Secretary for such meeting. Any such member may, however, vote at the meeting, on any matter properly brought before the meeting, which was not included in the mail or electronic ballot.

The Board may, in its sole discretion, decide when voting by electronic transmission shall be authorized or allowed, as well as the procedures to be used for such electronic transmission of member votes, subject only to applicable law. Nothing in these Bylaws or the Articles of Incorporation of the Cooperative is intended to be, nor should be construed as, a guarantee that electronic transmission of votes will take place, or be authorized or allowed for any particular matter or election.

SECTION 7: Election and Credentials Committee. The Board shall, at least thirty (30) days before any meeting of the members where a director or directors may be elected, appoint an Election and Credentials Committee (the “Committee”) consisting of an uneven number of members, not less than five (5) nor more than fifteen (15), who are not relatives or members of the same household of existing directors and who are not close relatives or members of the same household of known candidates for directors to be elected at such a meeting. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary prior to the annual member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot voting, to pass upon all questions that may arise with respect to the registration of members to count all ballots cast in any election or in any other ballot vote taken, to rule upon the effect of any ballots irregularly or indecisively marked, and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the adjournment of the meeting in which the election is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s) who may be heard in person, by counsel, or both; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, which may be either to affirm or change the results of the election or to set aside such election. The Committee’s decision (as reflected by a majority of those actually present and voting) on all such matters shall be final.

SECTION 8: Order of Business. The order of business at the Annual Meeting, and so far as possible at all other meetings of members, shall be essentially as follows:

- a) Call of the roll;
- b) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notices of the meeting, as the case may be;

- c) Reading of unapproved minutes of previous meetings of member(s) and taking of necessary action thereon;
- d) Presentation and consideration of, and acting upon, reports of officers, directors and committees;
- e) Election of directors;
- f) Unfinished business;
- g) New business; and
- h) Adjournment.

SECTION 9: Record Date. The Board may fix a date for determining the total membership and the members entitled to ("Record Date"):

- a) Receive a member written ballot;
- b) Notice of a meeting of members; and
- c) Vote at a meeting of members.

Respectively, no Board determined Record Date may be more than seventy (70) days prior to the date member written ballots are due, or of the meeting of members.

Unless otherwise fixed by the Board, the Record Date for determining the total membership and the members entitled to:

- a) Receive a member written ballot is the later of the date on which the Board authorizes Member voting by member written ballot or the sixtieth (60th) day prior to the date by which the Cooperative must receive completed member written ballots;
- b) Notice of a meeting of members is the close of business on the business day preceding the day the Cooperative notifies members of the meeting of members; and
- c) Vote at a member meeting is the date of the meeting of members.

The Record Date for determining the total membership and the members entitled to notice of, or to vote at, a meeting of members is effective for any meeting of members adjourned to a date not more than seventy (70) days following the Record Date for determining the total membership and the members entitled to notice of the original meeting of members.

ARTICLE III: DIRECTORS

SECTION 1: General Powers. The business and affairs of the Cooperative shall be managed by a board of not less than seven (7) nor more than nine (9) directors which shall exercise all the powers of the Cooperative except such as are by law or the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

SECTION 2: Qualifications and Tenure. There shall be one (1) director from the Counties of Benzie, Manistee and Wexford, one (1) director from the County of Leelanau, one (1) director from the Counties of Grand Traverse and Kalkaska, and not less than four (4) nor more than six (6) directors at large as determined in Section 4 below. The directors' terms shall be for three (3) years, staggered so that there shall be elected at each Annual Meeting no more than three (3) directors to replace and from the same geographical areas as the directors whose terms expire in that particular year.

Any director may succeed himself or herself in office. The election of directors shall, at all times, be by ballot, by and from the members to serve for the terms hereinabove set forth or until their successors shall have been elected and qualified, subject to the provisions of these Bylaws with respect to removal of directors. No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is not a natural person and bona fide member receiving electric utility service from the Cooperative and whose primary residence is served by the Cooperative, or who is in any way employed by or who holds a material financial interest in a competing enterprise or a business directly and substantially competing with the Cooperative; or selling goods or services in substantial quantity to the Cooperative, or to a substantial number of members. No director shall take or hold office in the Cooperative in connection with which a salary is paid. No person shall be eligible to become or remain a director while an employee of the Cooperative. No person shall be eligible to be a candidate for director or shall hold office as a director, who has an immediate family member who is an employee of the Cooperative or any subsidiary or affiliated organization thereof. No person shall be eligible to be a candidate for director, who has been employed by the Cooperative or any subsidiary or affiliated organization thereof within one (1) year preceding an election. When a membership is held jointly, either one of the persons holding a membership jointly, but not both, may be elected a director; provided however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications herein above set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board. No member shall be eligible to remain a director, who while during his or her term of office, is convicted of a felony. Any director who has three consecutive absences from regular or special meetings of the Board, which are not excused by a majority of the Board voting on the issue, shall cease to be a director.

SECTION 3: Nominations. Candidates for election to fill vacancies of directors whose terms expire at the next succeeding Annual Meeting shall be nominated by the filing of nominating petitions with the Secretary of the Cooperative not earlier than the first (1st) day of March and not later than 4:00 p.m. on the last business day of March immediately preceding such Annual Meeting. Such nominating petitions shall be signed by not less than twenty-five (25) active members of the Cooperative in good standing and all signatures on such petitions must be obtained within sixty (60) days prior to the date such petition is filed. Nominating petitions shall be in the form prescribed by the Board. Nominating petitions shall set out the geographic service area for which the candidate is being nominated which shall be one of the following:

- a) Benzie, Manistee and Wexford Counties;
- b) Leelanau County;
- c) Grand Traverse and Kalkaska Counties; or
- d) At large.

Petition forms shall be printed and available at the Cooperative's office, and copies shall be furnished to any active member upon request. To be eligible for nomination, a candidate must meet the qualifications for the office of director as set forth in these Bylaws. In the event that no qualified candidate has been nominated by petition or has filed as a write-in candidate to fill vacancies of directors whose terms expire, the incumbent Board at its first meeting or within sixty (60) days thereafter shall elect, by a majority vote, sufficient directors to fill the vacancies resulting from such failure to nominate and elect, which directors shall serve until the next Annual Meeting at which time the membership shall be afforded an opportunity to nominate and elect directors to fill the balance of the regular three (3) year term. The Secretary shall mail with the notice of the Annual Meeting a statement of the number of directors to be elected and shall identify those individuals properly nominated by petition to fill such vacancies. Nothing

contained herein shall, however, prevent a member from running as a write-in candidate, without being formally nominated by petition, provided such write-in candidate meets all of the qualifications of the board seat for which he or she is running. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

SECTION 4: Election. Directors shall be elected by the affirmative vote of a plurality of the members voting at said meeting. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 5: Removal of Directors. Any member may bring charges against a director by filing them in writing with the Secretary, together with a petition signed by six percent (6%) of the members, requesting the removal of the director in question in which event a Special Members' Meeting shall be held within ninety (90) days from the date such petition is filed with the Secretary at which the question of removal of such director shall be the only issue considered. By a vote of the majority of members voting at such meeting but in no event less than six percent (6%) of all members of the Cooperative, the director may be removed from office for cause and the vacancy created by such removal may be filled by the members at such meeting. The director against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence, and the person or persons bringing the charges against him or her shall have the same opportunity. No more than one meeting of the members shall be held and vote recorded for the removal of any individual director during the term of which he or she is elected.

SECTION 6: Director Resignation. A director may resign at any time by delivering written notice of resignation to the Board, President (as this term is defined in Article V of these Bylaws), or Secretary. Unless the written notice of resignation specifies a later effective date, a director's resignation is effective immediately upon the Board, President, or Secretary receiving the written notice of resignation. If a director's resignation is effective at a later date, and if the successor director does not take office until the effective date of the director's resignation, then the pending director vacancy may be filled before the effective date of the director's resignation.

SECTION 7: Vacancies. Vacancies occurring in the Board shall be filled by a majority vote of the remaining directors and directors thus elected shall serve until the next Annual Meeting of the members or until their successor shall have been elected and shall have qualified. The member so appointed must be a natural person whose primary residence is served by the Cooperative and be a bona fide resident of the geographical area described in Section 3 hereof from which the director creating the vacancy was originally elected; provided however, the remaining directors, by majority vote, may decide not to fill any at large vacancies which do not reduce the number of directors to less than seven (7). If the Board later decides to reinstate an unfilled seat, the vacancy shall be filled by a vote of the members at the next Annual Meeting.

SECTION 8: Compensation. Directors as such shall not receive any salary for their service, but by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board, and at conferences or hearings conducted by public authorities or Rural Electric Cooperative Associations. Except in emergencies, no directors shall receive compensation for serving the Cooperative in any other capacity, unless such compensation shall be specifically authorized by a vote of the members.

SECTION 9: Rules and Regulations. The Board shall have power to make and adopt such rules and regulations not inconsistent with the law, the Articles of Incorporation of the

Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 10: Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. All accounts of the Cooperative shall be examined by a committee of the Board which shall render reports to the Board at least four (4) times a year at regular meetings of the Board. The Board shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit report shall be submitted to the members at the following Annual Meeting.

SECTION 11: Changes in Rates. When the Cooperative is an obligor under any promissory note or a borrower under any loan with the Rural Utilities Service, written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

SECTION 12: Subscription to Publications. For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board shall be authorized, on behalf of and for circulation to the members periodically, to subscribe to a newsletter entitled "Michigan Country Lines" or other newsletter or periodical publication.

SECTION 13: Director Indemnification and Insurance. Each person who is or was a director of the Cooperative, and each person who serves or has served at the request of the Cooperative as a director of any other corporation, partnership, joint venture, trust or other enterprise shall be indemnified by the Cooperative to the fullest extent permitted by the corporation laws of the State of Michigan as they may be in effect from time to time, including all indemnification provisions set forth in the Michigan Non-Profit Corporation Act, being Sections 561 through 569, as amended.

The Cooperative may purchase and maintain insurance on behalf of any such person against any liability asserted against and incurred by such person in any such capacity or arising out of his or her status as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the laws of the State of Michigan.

SECTION 14: Director Conduct. The following applies to directors unless modified or prohibited by law:

- a) *Director Standard of Conduct.* A director shall discharge the director's duties, including duties as a Board Committee (as that term is defined in Article IV) member:
 1. In good faith;
 2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 3. In a manner the director reasonably believes to be in the Cooperative's best interests.
- b) *Director Reliance on Others.* Unless a director possesses knowledge concerning a matter making reliance unwarranted, then in discharging a director's duties, including duties as a Board Committee member, a director may rely upon information, opinions, reports, or

statements, including financial statements and other financial data, prepared or presented by:

1. One (1) or more Cooperative officers or employees regarding matters whom the director reasonably believes are within the individual's professional or expert competence;
 2. Legal counsel, public accountants, or other individuals regarding matters the director reasonably believes are within the individual's professional or expert competence; and
 3. If the director reasonably believes a Board Committee of which the director is not a member merits confidence, then the Board Committee regarding matters within the Board Committee's jurisdiction.
- c) *Director Liability.* If a director complies with this Bylaw, then the director is not liable to the Cooperative, any member, or any other individual or entity for action taken, or not taken, as a director. No director is deemed a trustee regarding the Cooperative or of any property held or administered by the Cooperative, including without limitation, property potentially subject to restrictions imposed by the property's donor or transferor.

ARTICLE IV: MEETINGS OF DIRECTORS

SECTION 1: Regular Meetings. The Board shall regularly meet at a date, time and location determined by the Board ("Regular Board Meeting"). Except as otherwise provided in these Bylaws, the Board may hold Regular Board Meetings without notice.

SECTION 2: Special Meetings. Special meetings of the Board ("Special Board Meeting") may be called by the President or any three (3) directors. The person or persons authorized to call Special Board Meetings may fix the time and place for the holding of any Special Board Meeting called by them.

SECTION 3: Notice of Meetings. Notice of the time, place and purpose of any Special Board Meeting shall be given at least seven (7) days previous thereto, by electronic means such as e-mail, or otherwise, or by written notice, delivered personally or mailed, to each director at his or her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with postage thereon prepaid. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except in the case 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.

SECTION 4: Quorum and Manner of Acting. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board ("Director Quorum"), provided that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. If a Director Quorum is present when a matter is voted or acted upon, and unless the vote of a greater number of directors is required, then the affirmative vote of a majority of directors present is the act of the Board.

SECTION 5: Conduct of Board Meetings. Except as otherwise provided in these Bylaws, a Regular Board Meeting or Special Board Meeting ("Board Meeting") may be:

- a) Held in, or out of, a state in which the Cooperative provides a Cooperative Service; and

- b) Conducted with absent directors participating, and deemed present in person, through any means of communication by which all directors participating in the Board Meeting may simultaneously hear each other during the Board may simultaneously hear each other during the Board Meeting.

If a Director Quorum is present at a Board Meeting, then:

- a) In descending priority, the following officers may preside at the Board Meeting: President, Senior Vice President, Executive Vice President (if said individual is a member of the Board), Secretary, and Treasurer (as defined in Article V); and
- b) If no officer is present or desires to preside at a Board Meeting, then the directors attending the Board Meeting must elect a director to preside over the Board Meeting.

The Board may promulgate or approve rules, policies, and procedures regarding:

- a) Attendance at, participation in, or presentation during Board Meetings by persons other than directors;
- b) The right to access, inspect, or copy minutes, records, or other documents relating to a Board Meeting by persons other than directors; or
- c) The conduct of Board Meetings.

SECTION 6: Board Action by Written Consent. Without a Board Meeting, the Board may take any action required, or permitted, to be taken at a Board Meeting if the action is:

- a) Taken by all directors; and
- b) Evidenced by one (1), or more, written consents ("Director Written Consent"):
 1. Describing the action taken;
 2. Signed by each director; and
 3. Included with the Cooperative's Board Meeting minutes.

Unless the Director Written Consent specifies a different effective date, action taken by Director Written Consent is effective when the last director signs the Director Written Consent. A Director Written Consent has the effect of, and may be described as, a Board Meeting vote.

SECTION 7: Committees. The Board may create committees of the Board ("Board Committees") and appoint directors to serve on the Board Committees. Each Board Committee must consist of two (2) or more directors, and serves at the Board's discretion.

- a) *Creation and Appointment of Committees.* Except as otherwise provided in these Bylaws, at least a majority of directors currently in office must approve the:
 1. Creation of any Board Committee; and
 2. Appointment of directors to any Board Committee.
- b) *Conduct of Committee Meetings.* To the same extent as the Board and directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, conduct of Board Meetings, waiver of Board Meeting notice, Board Action by Written Consent, and Director Quorum and voting apply to Board Committees and directors serving on Board Committees.
- c) *Committee Authority.* Except as prohibited or limited by law, the Articles of Incorporation of the Cooperative, or this Bylaw section, the Board may authorize a Board

Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act, to:

1. Retire and refund capital credits and affiliated capital credits;
2. Approve the Cooperative's dissolution or merger, or the sale, pledge, or transfer of all, or substantially all, Cooperative assets;
3. Elect, appoint, or remove directors, or fill any Board or Board Committee vacancy;
or
4. Adopt, amend, or repeal these Bylaws.

SECTION 8: Attendance by Communications Equipment. When authorized by the Board, a member of the Board may participate in a meeting with the same effect as being present in person by a conference telephone, video or web conferencing or by the similar communications equipment through which all persons participating in the meeting may communicate with the other participants and simultaneously hear each other during the meeting.

ARTICLE V: OFFICERS

SECTION 1: Number. The officers of the Cooperative shall be a President, Senior Vice President, Executive Vice President, Secretary, Treasurer, and one or more assistant secretaries or assistant treasurers, as the Board deems appropriate. Each of these officers and their respective duties and responsibilities are defined below. The President, Senior Vice President, Secretary and Treasurer shall be members of the Board (collectively, "Required Officers").

SECTION 2: Election and Term of Office. The Required Officers shall be elected annually by the Board at the first Board meeting held after each Annual Meeting of the members. The Board shall elect Required Officers by (a) affirmative vote of a majority of Directors in office or (b) secret written ballot without prior nomination. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until the first Board meeting following the next succeeding Annual Meeting of the members or until his or her successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

SECTION 3: Officer Resignation and Removal. At any time, any Required Officer or other Officer (collectively, "Officer" or "Cooperative Officer") may resign by delivering to the Board an oral or written resignation. Unless the resignation specifies a later effective date, an Officer resignation is effective when received by the Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. At any time, the Board may remove any Officer with or without cause.

SECTION 4: Vacancies. Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board for the unexpired portion of the term.

SECTION 5: President. The President shall:

- a) Preside at all meetings of members and of the Board;
- b) Sign with the Secretary, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by

these Bylaws to some other officer or agent of the Cooperative or shall be required by law to be otherwise signed or executed; and

- c) In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 6: Senior Vice President. In the absence of the President or in the event of his or her inability or refusal to act, the Senior 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 prescribed by the Board.

SECTION 7: Executive Vice President. The Executive Vice President shall:

- a) Be the chief operating officer of the Cooperative and shall have the general powers of supervising and managing the day to day operations of the Cooperative;
- b) See that all orders and resolutions of the Board are carried into effect; and
- c) In general, perform all duties incident to a chief operating officer as from time to time prescribed by the Board.

SECTION 8: Secretary. The Secretary shall:

- a) Be responsible for preparing, or supervising the preparation of, minutes of the Board and member meetings;
- b) See that all notices are duly given in accordance with these Bylaws or as required by law;
- c) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- d) Keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- e) Have general charge of the corporate books of the Cooperative in which a record of the members is kept;
- f) Keep on file at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of the Bylaws and of all amendments thereto to each member; and
- g) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be prescribed by the Board.

SECTION 9: Treasurer. Except as otherwise provided by the Board or these Bylaws, the Treasurer shall perform all duties, shall have responsibility, and may exercise all authority, prescribed by the Board.

SECTION 10: Delegation of Duties. The duties of any specific Officer may be delegated by the Board to one or more employees of the Cooperative, who shall have the responsibility for actually performing such duties.

SECTION 11: General Manager. The General Manager shall perform such duties as the Board may from time to time require and shall have such authority as the Board may have from time to time prescribe. The General Manager may be the same individual as the Executive Vice President.

SECTION 12: Bonds. The Cooperative may purchase a bond covering a Cooperative Officer at the Cooperative's expense.

SECTION 13: Officer Compensation. Except as otherwise provided by the Board or in these Bylaws, the Cooperative may reasonably compensate, reimburse, pay a salary to, or provide insurance or other benefits to an Officer.

SECTION 14: Reports.

- a) The Officers of the Cooperative shall submit, at each Annual Meeting of the members, reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the closed of such fiscal year.
- b) The President and Secretary of the Cooperative shall prepare, sign and verify an annual report as provided for by the act under which the Cooperative is incorporated. The report shall be filed in duplicate in the office of the Secretary of State in the month of July or August of each year.

SECTION 15: Officer Standard of Conduct. An Officer shall:

- a) Inform the Board, or any Board Committee to whom or which the Officer reports, of information regarding the Cooperative's affairs known to the Officer, within the scope of the Officer's duties and functions, and known to the Officer to be material to the superior Officer of the Board; and
- b) Inform the Board, the superior Officer to whom the Officer reports, or another appropriate person within the Cooperative of any actual or probable material violation of law involving the Cooperative, or material breach of duty to the Cooperative by a Cooperative Officer, employee, or agent, that the Officer believes has occurred or is likely to occur.

SECTION 16. Officer Indemnification and Insurance. Each person who is or was an Officer of the Cooperative, and each person who serves or has served at the request of the Cooperative as an Officer of any other corporation, partnership, joint venture, trust or other enterprise shall be indemnified by the Cooperative to the fullest extent permitted by the corporation laws of the State of Michigan as they may be in effect from time to time, including all indemnification provisions set forth in the Michigan Non-Profit Corporation Act, being Sections 561 through 569, as amended.

The Cooperative may purchase and maintain insurance on behalf of any such person against any liability asserted against and incurred by such person in any such capacity or arising out of his or her status as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the laws of the State of Michigan.

SECTION 17. Officer Contract Rights. The election, appointment or employment of an Officer does not, by itself, create a contract between the Cooperative and the Officer. Likewise, the resignation or removal does not affect any contract rights.

SECTION 18. Other Officers. The Board shall have the authority, in addition to that granted under Article V, Section 1 of these Bylaws, to create other offices and appoint or retain other officers or grant this authority to the General Manager.

ARTICLE VI: CONTRACTS, CHECKS AND DEPOSITS

SECTION 1: Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2: Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3: Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank(s) or financial institution(s) as the Board may select.

ARTICLE VII: MEMBERSHIP CERTIFICATES

SECTION 1: Certificates of Membership. The Board shall from time to time determine and establish whether or not a membership certificate should be utilized, and if so, its form and content. If the Board determines that a membership certificate shall be used, it may consist of the membership application when approved by the Cooperative or it may be a separate document.

SECTION 2: Lost Certificates. In case of a lost, destroyed, or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board may prescribe.

ARTICLE VIII: NON-PROFIT AND COOPERATIVE OPERATION

SECTION 1: Non-profit and Cooperative Operation. The Cooperative shall at all times operate on a non-profit and cooperative basis for the mutual benefit of all members and may not pay interest or dividends on capital furnished by members.

SECTION 2: Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses when received shall be credited against any operating deficiencies for any prior year and the balance of any such excess remaining after the reduction to such deficits shall be considered as being furnished by the members as capital. The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount

of capital so credited to his or her account. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by Law, be:

- a) Used to offset negative margins incurred during the current or any prior fiscal year; and
- b) To the extent not needed for that purpose, allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the account of members, as herein provided.

For each Cooperative Service provided during a fiscal year, the Cooperative shall offset the Cooperative's negative margins from providing the Cooperative Service during the fiscal year against succeeding future fiscal year(s) positive margins. Negative margins means the amount by which the Cooperative's expenses of providing a Cooperative Service during a fiscal year exceed the Cooperative's revenues from providing the Cooperative Service during the fiscal year, all as determined under federal cooperative tax law.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part. The Board shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to the successors in interest or successors in occupancy in all or part of such member's premises served by the Cooperative unless the Board shall determine otherwise.

The following procedures shall apply for the separate retirement of the power supply portion of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such procedures shall;

- a) Establish a method for determining the power supply portion of capital credited to each member for each applicable fiscal year;
- b) Provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's members; and
- c) Provide for appropriate notifications to members with respect to the power supply portion of capital credited to their accounts.

Notwithstanding any other provision in these Bylaws, the Board at its discretion, shall have the authority and power at any time upon the death of an individual member, (if the legal representative of his or her estate shall request in writing that the capital credited to any such deceased person be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws) to retire capital credited to any such deceased member immediately upon such terms and conditions as the Board shall direct. Provided, however, that the financial condition of the Cooperative will not be impaired thereby, and that the aggregate amounts so retired in any one year shall be set by resolution of the Board; and provided further, that, if said limitation prevents the retirement in one year of all the capital credits due said deceased member or members, that said deficit shall be paid the next succeeding year before any other retirements

are made. The Cooperative shall retain the right to set off any capital credit payable to any member to the Cooperative.

The Cooperative may specially retire and pay some or all capital credits allocated to a member that is a firm, corporation, limited liability company, partnership, association or body politic ("Entity Member") or former Entity Member:

- a) During or after the Entity Member's dissolution, liquidation, or other cessation of existence;
- b) After receiving a written or electronic request from the Entity Member or the Entity Member's legal representative; and
- c) According to the terms and conditions agreed upon by the Cooperative and the Entity Member or the Entity Member's legal representative.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws of the Cooperative shall constitute and be a contract between the Cooperative and such member and both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. Each member of the Cooperative assumes the continuing responsibility to keep the Cooperative advised as to changes in such member's mailing address and the Cooperative shall be entitled to rely upon such most recent address as it appears on the records of the Cooperative.

The provisions of this article of the Bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 3: Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those members from whom such amounts were obtained.

SECTION 4: Minimum Amount of Capital Credits. Notwithstanding any other provision in these Bylaws, the Board by its resolution shall have the power to establish at any time and from time to time the minimum amount of capital credits for any fiscal year of the Cooperative, which shall be allocated, redeemed, or paid to a member. Capital credits less than the minimum amount established by the Board shall not be allocated to, redeemed by or paid to any member for that fiscal year

SECTION 5: Unclaimed Capital Credits. As allowed by law and after reasonable notice has been given, the Cooperative may retain capital credits retired and paid to a member or former member, but not claimed by the member or former member within five (5) years of retirement and payment. The Board, by its resolution and the application of sound cooperative principles, shall have the power to determine the use of the unclaimed capital credits.

ARTICLE IX: WAIVER OF NOTICE

SECTION 1: Waiver. In a manner determined by the Board, a member or director may waive notice of a meeting, or of a matter to be considered, or voted or acted upon, at a meeting, by

signing and delivering to the Cooperative a written or electronic waiver of notice either before the meeting or within seven (7) days after the meeting, or as otherwise indicated in these Bylaws.

SECTION 2: Member Meetings. Unless a member objects to holding a meeting of members, or to transacting business at the meeting of members, the member's attendance in person at the meeting of members waives the member's objection to lack of notice, or to defective notice, of the meeting of members. Unless a member objects to considering, or voting or acting upon, a matter at a meeting of members, the member's attendance in person at the meeting of members waives the member's objection to considering, or voting or acting upon, the matter at the meeting of members.

ARTICLE X: DISPOSITION OF PROPERTY: ALTERATION OF VOTING RIGHTS OR MEMBER CAPITAL, MERGERS, CONSOLIDATION, DISSOLUTION.

SECTION 1: Dispositions Permitted. Unless provided otherwise in these Bylaws, the Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- a) Property which in the judgment of the Board neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided however, that all sales of such property shall not, in any one (1) year exceed in value ten percent (10%) of the value of all the property of the Cooperative;
- b) Services of all kinds, including electric energy; and personal property acquired or resale;
- c) Any sale, mortgage or lease or other disposition or encumbrance excepting as otherwise provided in Section 2 hereof, which is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting, in person or by mail, and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting.

SECTION 2: Disposition of Property; Alteration of Voting Rights or Member Capital, Dissolution. The Cooperative may not sell or otherwise dispose of all or substantially all of the assets of the Cooperative, nor may it alter member voting rights or member capital, nor may it dissolve unless the same shall be authorized by the affirmative vote of the majority of members of the Cooperative voting in person, electronically, or by mail ballot at the meeting or meetings designated by the Board and these Bylaws and unless such action is taken in the manner provided by law including, but not limited to, the Michigan Non-Profit Corporation Act.

SECTION 3: Merger or Consolidation. The Cooperative may consolidate or merge only with an entity operating on a cooperative basis that provides electric energy ("Consolidate or Merge"). To Consolidate or Merge, the Cooperative must comply with this Bylaw.

- a) *Board Approval.* To Consolidate or Merge, the Board must approve an agreement or plan to Consolidate or Merge ("Consolidation or Merger Agreement") stating the:
 1. Terms and conditions of the Consolidation or Merger;
 2. Name of each entity Consolidating or Merging with the Cooperative;
 3. Name of the new or surviving consolidated or merged entity ("New Entity");
 4. Manner and basis, if any, of converting memberships or ownership rights of each Consolidating or Merging entity into memberships or ownership rights of, or payments from, the New Entity;

5. Number of directors of the New Entity, which must be equal to or exceed the number of existing directors of the Cooperative;
 6. Date of the New Entity's annual meeting;
 7. Names of the New Entity's directors who will serve until the New Entity's first annual meeting; and
 8. Other information required by law.
- b) *Member Approval.* To Consolidate or Merge, and after the Board approves a Consolidation or Merger Agreement, a majority of the members voting in person, electronically, or by mail ballot at the meeting or meetings designated by the Board must approve the Consolidation or Merger Agreement.
- c) *Notice.* The Cooperative shall notify directors of a Board Meeting, and members of a member meeting, at least ten (10) days prior to the meeting, at which directors or members may consider a Consolidation or Merger Agreement. This notice and any material soliciting member approval of the Consolidation or Merger Agreement must contain, or be accompanied by, a summary or copy of the Consolidation or Merger Agreement and the New Entity's articles of incorporation and bylaws.
- d) *Other Requirements.* The New Entity directors named in the Consolidation or Merger Agreement must sign and file Articles of Consolidation or Merger in a manner, and stating the information, required by law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by law.

SECTION 4: Borrowing Money. The Board, without authorization by the members, shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, or from a national financing institution organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings, in which the Cooperative holds membership, or from a financial institution incorporated under the laws of the State of Michigan or the United States of America, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deed of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired and wherever situated, all upon such terms and conditions as the Board shall determine.

ARTICLE XI: FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first (31st) of December of the same year.

ARTICLE XII: MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may become a member of any other organization at the discretion of the Board and without any affirmative vote of the members.

ARTICLE XIII: SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, "Corporate Seal, Michigan."

ARTICLE XIV: AMENDMENTS

These Bylaws may be altered or amended by the affirmative vote of not less than two-thirds (2/3) of the members of the Board at any regular or special meeting; provided, however, that no amendment altering, amending or repealing any provision of the Bylaws fixing the qualifications, classification or terms of office of the Board shall take effect until the same shall have been approved by a vote of a majority of the members, and provided further that all other amendments adopted by the Board shall be effective as of the date of adoption but the same shall be submitted to the members and shall remain effective only if approved by a majority of the members voting thereon. Amendments may be initiated only by action of the Board.

ARTICLE XV: MISCELLANEOUS

SECTION 1: Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the state in which the Cooperative is incorporated.

SECTION 2: Usage. Within these Bylaws, except as otherwise provided and subject to the context requiring otherwise:

- a) Words and phrases have their customary and ordinary meaning;
- b) The singular use of a word includes the plural use and the plural use of a word includes the singular use;
- c) The masculine use of a word includes the feminine and neutral uses, the feminine use of a word includes the masculine and neutral uses, and the neutral use of a word includes the masculine and feminine uses;
- d) The present tense of a word includes the past and future tenses, and the future tense of a word includes the present tense;
- e) The words "shall" and "must" are words of obligation, with "shall" meaning "has a duty to" and "must" meaning "is required to;"
- f) The word "may" is a word of discretion meaning "has discretion to," "is permitted to," "is authorized to," or "is entitled to;"
- g) The words "may ... only" are words of limited discretion and prohibition;
- h) The words "shall not," "must not," and "may not" are words of prohibition, with "shall not" meaning "has a duty not to," "must not" meaning "is required not to," and "may not" meaning "has no discretion to," "is not permitted to," "is not authorized to," and "is not entitled to;"
- i) An exception to a word of obligation is a word of discretion and an exception to a word of discretion is a word of prohibition;
- j) The words "except as otherwise provided," "subject to," and similar words are words of limitation and exception;
- k) The words "include," "includes," and "including" mean "include without limitation," "includes without limitation," and "including without limitation;"
- l) The word "or" is inclusive, with "A or B" meaning "A or B or both;" and
- m) The word "individual" means a "natural person" or "human being."

SECTION 3: Defined Terms. These Bylaws define certain words, phrases, and terms (“Defined Terms”). In general, Defined Terms are: (1) defined in a full sentence or part of a sentence; (2) capitalized, underlined, and enclosed within quotation marks when defined; (3) enclosed within parenthesis when defined in part of a sentence; and (4) capitalized when otherwise used in these Bylaws. Except as otherwise provided in these Bylaws and subject to the context requiring otherwise, Defined Terms have the meaning specified in the appropriate Bylaw.

SECTION 4: Titles and Headings. All titles and headings of Bylaw articles, sections, and sub-sections are for convenience and reference only, and do not affect the interpretation of any Bylaw article, section, or sub-section.

SECTION 5: Partial Invalidity. When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively, “Bylaw Provision”) must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and members, does not invalidate the remaining Bylaw Provisions.

SECTION 6: Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any member asserting any right or remedy provided in these Bylaws does not preclude the Cooperative or member from asserting other rights or remedies provided in these Bylaws.

SECTION 7: Entire Agreement. Between the Cooperative and any member, the governing documents:

- a) Constitute the entire agreement; and
- b) Supersede and replace any prior or contemporaneous oral or written communication or representation.

SECTION 8: Successors and Assigns. To the extent allowed by law:

- a) The duties, obligations, and liabilities imposed upon the Cooperative or any member by these Bylaws are binding upon the successors and assigns of the Cooperative or member; and
- b) The rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative’s successors and assigns.

The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative and any member does not relieve the Cooperative or member of the duties, obligations, and liabilities imposed by these Bylaws upon the Cooperative or member.

SECTION 9: Waiver. The failure of the Cooperative to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

SECTION 10: Lack of Notice. Unless otherwise provided in these Bylaws, the failure of a member or director to receive notice of a meeting, action, or vote does not affect, or invalidate, an action or vote taken by the members or Board.

SECTION 11: Rules of Order. Except as otherwise provided by the Board at any time, the latest edition of Robert’s Rules of Order Newly Revised governs all member, Board, Committee, and Board Committee meetings, documents, communications, and actions. The rules contained in the current edition of Robert’s Rules of Order Newly Revised shall govern the Cooperative in all cases to which they are applicable and in which they are not inconsistent with these Bylaws and any special rules of order the Cooperative may adopt.

SECTION 12: Electronic Documents and Actions. If a member or director owns, controls, or has reasonable access to the applicable or necessary computer hardware and software, then, regardless of a contrary Bylaw, as determined by the Board, and as allowed by law:

- a) The member or director consents and agrees to: (1) use, accept, send, receive, and transmit an Electronic signature, contract, record, notice, communication, comment, and other document regarding an action, transaction, business, meeting, or activity with, for, or involving the Cooperative (“Electronic Document”); (2) Electronically conduct an action, transaction, business, meeting, or activity with, for, or involving the Cooperative; and (3) Electronically give or confirm this consent and agreement;
- b) An Electronic Document sent or transmitted to, or received or transmitted from, the member or director satisfies a requirement imposed by the governing documents that the underlying signature, contract, record, notice, vote, communication, comment, or other document be in writing;
- c) Electronically sending or transmitting an Electronic Document to, or receiving or transmitting an Electronic Document from, the member or director satisfies a requirement imposed by the governing documents that the underlying signature, contract, record, notice, communication, comment, or other document be sent or received personally or by mail; and
- d) The member or director Electronically taking an action provided in these Bylaws satisfies a requirement imposed by the governing documents regarding the form or manner of taking the action.

Except as otherwise provided in these Bylaws, an Electronic Document Electronically sent or transmitted to a member or director or former member at the member or director or former member’s last known Electronic address is considered sent, received, transmitted, and effective on the date sent by the Cooperative. An Electronic Document Electronically received or transmitted from a member or director or former member is considered sent, received, transmitted, and effective on the date received by the Cooperative.

As used in these Bylaws, subject to the context requiring otherwise, and as determined by the Board:

- a) “Electronic” and “Electronically” mean relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
- b) To sign an Electronic Document means, with present intent to authenticate or adopt the Electronic Document, to attach to, or logically associate with, the Electronic Document an Electronic sound, symbol, or process; and
- c) Electronic transmission includes transmission through: (1) Electronic mail; (2) the Cooperative’s website; or (3) a website or information processing system that the Cooperative has designated or uses to send, receive, or transmit Electronic Documents or Electronic information, or to Electronically conduct an action, transaction, business, meeting, or activity.

CHERRYLAND ELECTRIC COOPERATIVE

**MANAGED, OWNED AND OPERATED
BY AND FOR THOSE WHOM IT SERVES**