

Alger Delta Cooperative Electric Association

Bylaws

**Alger Delta Cooperative Electric Association
426 N 9th St. – Gladstone, MI 49837
906-428-4141**

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ARTICLE I. MEMBERSHIP

Section 1. Qualification.

- (a) Any natural person, firm, association, corporation, partnership or governmental unit (each hereinafter referred to as “person” or “applicant”) may become a member of Alger-Delta Co-operative Electric Association (hereinafter referred to as the “Cooperative”) by:
 - (1) Applying for electric service from the Cooperative; and,
 - (2) Paying a nonredeemable membership fee; any security deposit; service, connection deposit or fee; facilities extension deposit; contribution in aid of construction; and any other fees or special charges or any combination thereof, as required by the Cooperative; and,
 - (3) Agreeing to purchase from the Cooperative electric power and energy as hereinafter specified; and,
 - (4) Agreeing to comply with and be bound by the Cooperative’s articles of incorporation, 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 (hereinafter referred to as the “board”).
- (b) The term “member” as used in these bylaws, shall be deemed to include any natural person or persons whether singly or jointly; firm, association, corporation, partnership or governmental unit which have applied for and have been accepted into membership in the Cooperative and who take and receive electric power and energy from the Cooperative.
- (c) While a person may receive electric service at more than one premise, location, building or facility, no person shall hold more than one membership in the Cooperative.
- (d) Each non-natural member shall designate its representative to the Cooperative on its stationery signed by an authorized officer and file such designation with the Cooperative. Said representative shall be eligible to vote and run for elective office, provided that all other qualifications are met.
- (e) A non-natural members’ representative nominated for election as a Director shall represent the district in which the non-natural member is located and that representative need not be a residential member of the district in which the non-natural member is located.

Section 2. Joint membership

- (1) Domestic partners may apply for a joint membership or, if one of them is already a member, may convert such membership into a joint membership by submitting a written request to the board and, subject to compliance with the requirements set forth in Sections 1 and 7 of these articles, be accepted for such membership.
- (2) The term “member” as used in these bylaws, shall be deemed to include any persons, such as but not limited to, domestic partners holding a joint membership and any provision relating to the rights and liabilities of membership shall apply equally to holders of a joint membership.
- (b) Without limiting the generality of the foregoing, the effect of the following actions by or in respect of the holders of a joint membership shall be as follows:

- (1) The presence at a meeting of either or both shall be regarded as the presence of the member;
- (2) The presence at a meeting of either or both shall constitute a waiver of notice of the meeting by both;
- (3) The presence at a meeting of either or both shall effect a revocation of any proxy executed by either or both;
- (4) The vote of either separately or both jointly shall constitute one vote;
- (5) A waiver of notice signed by either or both shall constitute notice to both;
- (6) Notice to either shall constitute notice to both;
- (7) Termination of either shall terminate the joint membership;
- (8) Withdrawal of either shall terminate the joint membership;
- (9) Neither shall be permitted to have additional service connections except through their joint membership;
- (10) Either, but not both concurrently, shall be eligible to serve as a director of the Cooperative. Only the member to serve as director must meet the qualifications required thereof;
- (11) Upon the death of either person in a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint; provided, that the estate of the deceased person shall not be released from any debts due the Cooperative.
- (12) Upon the dissolution of the relationship of the holders of a joint membership, such membership shall continue to be held solely by the person who continues directly to occupy or use the premises and facilities covered by such membership in the same manner and to the same effect as though such membership had never been joint; provided that the other person shall not be released from any debts due the Cooperative.

Section 3. Membership by Governmental Agencies.

- (a) The board may, in its discretion, either require or not require membership of a governmental unit or agency as a condition to obtain service.

Section 4. Territorial Districts.

- (a) The members of the Cooperative and those who hereafter become members shall be grouped into nine territorial districts based upon location of receipt of electric service. The board shall establish such territorial districts, which shall contain, as nearly as reasonable, the same number of members. The establishment of territorial districts shall be at the board's sole discretion.
- (b) The board may review and change the territorial districts from time to time as the board deems necessary.

Membership Fee.

- (a) Upon application for membership, each applicant shall make payment to the Cooperative of a membership fee, in such amount and subject to the terms and conditions as may from time to time be established by the board.
- (b) The membership fee shall not be in lieu of any security deposit, service connection deposit or fee, facilities extension deposit, contribution in aid of construction, or any

other rates or special charge(s) required by the Cooperative as a condition of providing electric service.

- (c) A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with such other security deposit, service connection deposit or fee, facilities, extension deposit, contributions in aid of construction, or any other fee or special charge(s), if required by the Cooperative) shall be paid by the member for each additional service connection requested.

Section 6. Purchase and Production of Electric Power and Energy.

- (a) Each member shall, as soon as electric power and energy shall be available, purchase from the Cooperative all electric power and energy purchased for use in the Cooperative's service territory (except to the extent that the board may, in writing, waive such requirement) and shall pay therefor at rates, which shall from time to time be fixed by the board. Such rates shall be approved by the Michigan Public Service Commission only if required by law or regulation. It is expressly understood that the amounts paid for electric power and energy in excess of the 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 regardless of the amount of electric power and energy consumed, as shall be fixed by the board from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable. When a member has more than one service connection from the Cooperative, any payment by the member for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to the members' outstanding accounts for all such service connections, notwithstanding, the Cooperative's actual account procedures do not reflect such allocation and proration.
- (b) Production or use of electrical energy at a member's premises and facilities, regardless of the source thereof, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Such production or use shall be approved by the Michigan Public Service Commission only if required by law or regulation.
- (c) The Cooperative shall use reasonably diligent efforts to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof.
- (d) With respect to any particular classification of service for which the board shall require it, a supplemental contract, executed by the applicant, must accompany the membership application.

Section 7. Acceptance Into Membership.

- (a) Upon complying with the requirements set forth in Section 1 of this article, any applicant shall be accepted into membership and become eligible to receive electric service from the Cooperative, unless and until such time that it is determined that such applicant is unwilling or unable to satisfy and abide by the Cooperative's rules and regulations or that such applicant should be rejected for other good cause.
- (b) In the event that an applicant is rejected, the Cooperative shall refund, in full, the membership fee (if any) and all other monies collected from the applicant less any costs actually incurred plus any amounts owed the Cooperative.

Section 8. Members' Responsibilities.

- (a) Each member shall cause all premises and facilities receiving electric service from the Cooperative to become and remain wired in accordance with applicable local, state and federal codes, ordinances and statutes.
- (b) Each member shall be responsible for and indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect or improper use of or maintenance of such premises and facilities and all wiring and apparatus connected thereto or used thereon.
- (c) Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereupon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from any hostile source for meter reading, bill collecting, inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times.
- (d) Members shall allow the cooperative to engage in reasonable and customary vegetation management activities, including tree trimming, tree removal, brush removal, mowing, and herbicide applications on all properties, whether public or private, without regard to the existence of easements or right-of-ways, where in the sole judgment of the Cooperative trees, brush, or vegetation interfere with the safe and reliable delivery of power and energy, or may reasonably be deemed to pose an interference at some future time.
- (e) As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use best efforts to prevent others from so doing.
- (f) Each member shall also provide such protective devices, apparatus or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and operations, and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other cause when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its

metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or error occurring in the Cooperative's billing procedures.

- (g) In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

Section 9. Withdrawal, Termination, Expulsion, Transfer of Membership, and Abandonment of Service.

- (a) 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.
- (b) Membership in the Cooperative and the certificate representing the same shall not be transferable except as otherwise provided in these bylaws. Provided, that upon death, cessation of existence, expulsion or withdrawal of member, the membership of such member shall be surrendered forthwith to the Cooperative. Failure to surrender the certificate of membership to the Cooperative does not allow the former member to retain any rights of membership.
- (c) Termination of membership in any manner shall not release a member of a member's estate from any debts due the Cooperative, but shall operate as a release of all right, title and interest of the member in the property and assets of the Cooperative.
- (d) Upon the dissolution for any reason of a partnership or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises and facilities being furnished electric service pursuant to such membership in the same manner and to the same effect as through such membership had never been held in different partners. Provided, that neither a withdrawing partner nor a withdrawing partner's estate shall be released from any debts then due the Cooperative.
- (e) A member may be expelled for cause upon the two-thirds (2/3) vote of the board members at any regular or special meeting thereof, but only if such member shall have been given written notice by the Cooperative of the meeting at least ten (10) days prior to said meeting at which the proposed expulsion will be voted upon and at which meeting the member shall be entitled to be present and be heard. Any person so expelled, may, by delivering written notice to the Cooperative at least ten (10) days prior to the next district meeting, appeal to and be present and be heard at such meeting. A majority vote of the members at such meeting to reinstate shall reinstate the expelled member retroactively to the date of expulsion.
- (f) In the event of reinstatement, the board, acting upon principles of general application, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all membership obligations.
- (g) Unless the board shall expressly so elect in writing, expulsion shall not constitute release of such person from membership obligations or entitle such expelled person to purchase from any other person electric power and energy for use at the premises and

facilities to which such service has been furnished by the Cooperative pursuant to such membership.

- (h) Membership in the Cooperative shall not be transferable, except that the Board of Directors, in their sole discretion, may allow the transfer of a membership from a member to a close relative of that member.
- (i) A member who requests disconnection of their electric service, or a member who is disconnected for just cause, such as but not limited to non-payment; theft of energy; or the presence of unsafe facilities, equipment, or conditions and who remains disconnected for an uninterrupted period of twelve months or more from the date of disconnection, shall be considered to have abandoned their electric service and all related equipment and facilities used to deliver electric service; and forfeited their membership in the cooperative, notwithstanding, they shall not be released from any debt due the cooperative. Upon abandonment of electric service, the cooperative reserves the right, at its sole discretion, to permanently remove any of its equipment and facilities used to provide electric service.

Section 10. Right of Way Easements.

- (a) Each member shall, upon request, give to the Cooperative, without compensation therefore, all easements or rights of way over, on and under such lands owned or leased by or mortgaged by the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service (for the member or other members) for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.
- (b) Any member who refuses to grant the Cooperative an easement or easements upon request, thereby causing the Cooperative to circumvent the member's property, may be admitted to membership or retain membership in the Cooperative only upon payment of the actual cost of any line changes made necessary by such refusal.

Section 11. Petitions.

- (a) Petitions by the membership authorized under these bylaws shall be on forms prepared and available from the Secretary of the Cooperative.
With regard to such petitions, the following are required:
 - (1) All members signing such petitions shall include thereon their mailing address;
 - (2) Each member's signature appearing thereon shall be dated as of the date of signing;
 - (3) 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 residence 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.

ARTICLE II. DISTRICT MEETINGS

Section 1. Regular District Meetings.

- a) Absent affirmative Board action to schedule District Meetings for any upcoming year on or before December 1st of each year, District Meetings shall not be held. In the absence of District Meetings, members shall be notified of district election results by newsletter, magazine or the cooperative's website.
- b) If scheduled, regular district meetings may be attended by the members of the Cooperative and shall be held within the territorial boundaries of the respective districts not less than thirty (30), nor more than forty-five (45) days before the annual meeting of the Cooperative at the places and on the dates and at the times to be determined by the board.
- c) The purpose of each district meeting shall be as follows:
 - 1) To announce Director Election results.
 - 2) For the board and management to report to the members.
 - 3) For the members of the district in which the meeting is being held to submit matters to the board for consideration.
- d) The President, or the President's designee, shall preside at each district meeting.
- e) The district secretary shall be responsible for the preparation and certification of the minutes of such district meeting and shall forward such minutes to the Secretary of the Cooperative within two (2) weeks after the meeting.
- f) Newly elected directors shall take office at the next annual meeting of the Cooperative as defined in Article IV Section 1 of these bylaws.

Section 2. Special District Meetings.

- (a) Special district meetings may be called by at least five (5) directors of the Cooperative or upon written request signed by at least ten percent (10%) of the members of the district in which a special meeting is to be held. If a special district meeting has been called, it shall be the duty of the Secretary of the Cooperative to cause notice of such meeting to be given. A special district meeting shall be held at a time and place within the district as designated by the board.

Section 3. Notice.

- (a) Written or printed notice stating the place, day and hour of the meeting, and in the case of a special 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 of the Cooperative, to each member of the district. If mailed, such notice shall be deemed to be delivered when deposited with the United States Postal Service, addressed to the member at the member's address as it appears on the records of the Cooperative, with postage fully paid. Publication in a newsletter or magazine mailed to each member's address as it appears on the records of the Cooperative is sufficient delivery for purposes of these bylaws. The failure of any member to receive notice shall not invalidate actions taken by the members of the district at any such meeting.

Section 4. Quorum.

- (a) Ten (10) members of the district in which a regular or special meeting is being held, present in person, shall constitute a quorum for the transaction of business at district meetings. If less than a quorum is present at any district meeting, a majority of those present may adjourn the meeting for another date and time without further notice. The Secretary of the Cooperative shall notify members of the time and place of the adjourned meeting in the manner set forth in Section 3 (a).

Section 5. Voting.

- (a) Each member of the district in which a regular or special meeting is held shall be entitled to one (1) vote on each matter submitted to a vote. All questions shall be decided by a majority of the members voting unless otherwise provided herein.

Section 6. Proxies.

- (a) There shall be no proxy voting at district meetings.

Section 7. Credentials & Election Committee.

- (a) The board may provide for a Credentials & Elections Committee. The Committee shall be comprised of members appointed by the board. The Committee may establish or approve the qualifications and nominations for candidates for election or appointment. The Committee may decide all questions with respect to elections and voting arising at a district meeting. The Committee's decisions are final.

Section 8. Order of Business.

- (a) The order of business at regular district meetings and, where applicable, at all other district meetings, shall be as follows:
 - (1) Report on the number of members present in person in order to determine the existence of a quorum;
 - (2) Reading of the notice for the meeting with proof of publication or mailing, or waiver or waivers of notice of the meeting, as the case may be;
 - (3) Reading the unapproved minutes of the previous district meeting and requests for action thereon;
 - (4) Report on Director election results;
 - (5) Presentation and consideration of reports;
 - (6) Unfinished business;
 - (7) New business
 - (8) Adjournment

ARTICLE III. DIRECTORS

Section 1. Number.

- (a) The board shall consist of nine (9) directors. Each district shall elect one (1) director to the board of the Cooperative.

Section 2. Qualifications.

- (a) Each director shall be a member in good standing of the Cooperative within the district which he/she is to represent, shall be at least eighteen (18) years of age and shall not be in any way employed by or financially interested in a competing enterprise or business selling electric energy or supplies to the Cooperative.

Section 3. Nominations.

- (a) All nominations for directors, including incumbents, shall be made by petition according to the following procedure:
 - (1) Interested members shall request an information packet and nominating petition form from the Cooperative. Nominating petitions shall be provided upon request.
 - (2) The nominating petition shall be signed by a minimum of ten (10) members of the Cooperative who are members in the District which the candidate seeks to represent. Only signatures of members in good standing shall be valid. Signatures provided by joint members shall be deemed to be one signature.
 - (3) The nominating petition shall be submitted to the Secretary of the Cooperative or his designee not less than sixty (60) days or more than ninety (90) days prior to the date of the election to be held in the District.
 - (4) Within five (5) business days of receiving the petition, the Secretary or his designee shall do all of the following:
 - a) review the petition and verify that the signatories are members in good standing of the Cooperative in the District in which the election shall be held;
 - b) provide the candidate with a written acknowledgement of receipt of the petition;
 - c) notify the candidate of the number of valid signatures on the petition, and;
 - d) notify the candidate whether they have met all the requirements to stand for election.
 - (5) The Secretary shall be the sole determiner of whether a candidate has met the requirements to stand for election.
 - (6) Any candidate who challenges the Secretary's determinations with regards to nominations may appeal to the Board of Directors.

Section 4. Election.

- (a) The Secretary or his designee shall notify the members of the district in which an election is to be held of the names of all qualified candidates. Such notification shall be provided to members not less than thirty (30) or more than seventy-five (75) days prior to the date of the election.
- (b) The Secretary or his designee shall distribute one ballot to each member eligible to vote.
 - (1) Ballots shall be delivered to members in a distinct mailing marked "BALLOT ENCLOSED" thirty (30) days prior to the date of the District election meeting.

Ballots shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at the members' address as it appears on the records of the Cooperative, with postage fully paid.

- (2) The Cooperative shall not be liable for lost, stolen, damaged or destroyed ballots.
- (3) Additional ballots shall not be provided.
- (c) Members shall submit their vote by marking their ballot and mailing the ballot to the Cooperative or its designee in the envelope provided for such purpose.
 - (1) Reproductions of ballots shall be rejected and shall not be included in the vote tally.
 - (2) Ballots received up to and including the day of the district meeting shall be deemed valid.
 - (3) Ballots shall be counted by an independent third party selected by the Board of Directors.
 - (4) A Director shall be elected by the affirmative vote of not less than a plurality of the members voting in the election.
 - (5) The independent third party shall flip a coin to resolve any tie votes.
 - (6) The independent third party shall provide the results of the election to the Board President; the President's designee(s) and the CEO within five (5) business days following the election. Such provision of the election results may be made in person, telephonically, by email or by other electronic means approved by the Board of Directors.

Section 5. Tenure

- (a) Directors shall serve a term of three (3) years or until their successor has been elected and seated at the annual meeting, except when filling a vacancy as described in Article III, Section 8.
- (b) The fact that the board shall reconstitute the territorial districts under Article 1, Section 4 of these Bylaws such that existing director shall no longer reside within that territorial district shall not affect the remaining term of that director nor cause a vacancy to occur.

Section 6. General Powers.

- (a) The business and affairs of the Cooperative shall be managed by the board which shall exercise all of the powers of the Cooperative except such are as by law or by the Articles of Incorporation or by these Bylaws, conferred upon or reserved to the members. The board shall have the power to make and adopt such rules, regulations, and policies not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management, administration and regulation of the membership, business, and affairs of the Cooperative.

Section 7. Removal.

- (a) Any member may for cause bring charges against a director by filing them in writing with the Secretary of the Cooperative, together with a petition signed by twenty five percent (25%) of the members of that district, requesting the removal of the director in question. The petition shall state succinctly the reasons being alleged for the director's recall and be approved by the board as to form and clarity prior to the circulation. The Secretary of the Cooperative shall cause the signatures upon the

petition to be verified as to authenticity of signatures of membership. The removal shall be voted upon at the next regular or special district meeting of the district in which the director in question resides. The director against whom charges have been brought shall be informed in writing of the charges not less than thirty (30) days prior to the meeting and shall have the opportunity at the meeting to be heard in person or by counsel and to present evidence after the person or persons bringing the charges against that director shall have had the same opportunity.

- (b) A director who is absent from three (3) regularly scheduled board meetings during the preceding twelve (12) months shall forfeit their seat on the board. The board may consider unusual or extenuating circumstances related to the absences and take action, via a roll-call vote, to reinstate the absent director. Failure to reinstate a director during the regularly scheduled board meeting which constitutes the absent directors' third absence shall render the forfeiture immediate and irreversible, and shall render that director unqualified to stand for election for the duration of the term.

Section 8. Vacancies.

- (a) Vacancies occurring in the board may be filled by a majority vote of the remaining directors. The director(s) thus elected shall serve for the remaining term of the director(s) whom they are elected to replace or until their successors have been elected. The board may call a special meeting of the members of the district for the election of a director to fill a vacancy.

Section 9. Compensation.

- (a) Directors shall not receive any salary for their services, but by resolution of the board a fixed sum and expenses of attendance, if any, may be allowed for the attendance at Cooperative business. Except in emergencies, neither director nor close relative of a director shall receive compensation for serving the Cooperative in any other capacity.

Section 10. Close Relative Defined.

- (a) As used in these Bylaws, "close relative" means a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, uncle, aunt, nephew, or niece of the principal.

Section 11. Board Committees.

- (a) The Board may, from time to time, provide for the creation, membership, and operation of various committees.

ARTICLE IV. ANNUAL MEETING AND SPECIAL MEETINGS OF THE MEMBERSHIP

Section 1. Annual Meetings.

- (a) The annual meeting of the Cooperative may be attended by all members, directors and officers of the Cooperative and shall be held on the third Wednesday of the month of June each year, at such place and time within the territorial limits of the Cooperative as the board shall determine. Provided, however, the board may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

Section 2. Special Meetings.

- (a) A special meeting may be called by at least five (5) directors or upon the written request signed by at least ten percent (10%) of the members of the Cooperative. If such a special meeting is called, it shall be the duty of the Secretary of the Cooperative to cause notice of such meeting to be given as provided in Section 3 of this Article.

Section 3. Notice.

- (a) Written or printed notice stating the place, day and hour of the meeting, and in the case of a special 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 of the Cooperative, to each member of the Cooperative. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at the member's address as it appears on the records of the Cooperative, with postage thereon fully prepaid. Publication in a newsletter or magazine mailed to each member's address as it appears on the records of the Cooperative is sufficient delivery for purposes of these bylaws. The failure of any member to receive any such notice shall not invalidate any action which may be taken by the members of the district at any such meeting.

Section 4. Quorum.

- (a) Fifty (50) members present in person shall constitute a quorum for the transaction of business at any annual or special meeting of the Cooperative.

Section 5. Voting.

- (a) At all annual or special meetings of the Cooperative, all questions shall be decided by a majority of the members voting thereon.

Section 6. Proxies.

- (a) There shall be no proxy voting.

Section 7. Order of Business.

- (a) The President, or the President's designee, shall preside at all annual or special meetings of the Cooperative. The order of business at the annual meeting of the Cooperative and, so far as possible, at all special meetings of the Cooperative, shall be essentially as follows:
 - (1) Reporting of the number of members present in person in order to determine the existence of a quorum;
 - (2) Reading of the notice of the meeting with proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
 - (3) Reading of the unapproved minutes of the previous annual or special meeting and the request for taking necessary action thereon;
 - (4) Installation of directors;
 - (5) Presentation and consideration of reports;
 - (6) Unfinished business;
 - (7) New business; and
 - (8) Adjournment.

ARTICLE V. MEETINGS OF DIRECTORS

Section 1. Regular Meetings.

- (a) A regular meeting of the board shall be held, without notice, immediately after the adjournment of the annual meeting of the Cooperative, or as soon thereafter as may be convenient, at such site as designated by the board in advance of the annual meeting of the Cooperative.
- (b) A regular meeting of the board shall be held monthly at such date, time and place as the board may provide by resolution. Such regular monthly meeting may be held without notice other than by such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice.

Section 2. Special Meetings.

- (a) Special meetings of the board may be called by the President or any five (5) directors. The person or persons authorized to call special meetings of the board may fix the time and place for holding of any special meeting of the board called by them.

Section 3. Notice.

- (a) Written or printed notice of the date, time, place, and purpose of any special meeting of the board shall be given at least five (5) days previous thereto, delivered personally or by mail to each director at the director's last known address as it appears on the records of the Cooperative. If mailed such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with postage thereon fully prepaid. The attendance of a director at any meeting shall constitute waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business on the ground that the meeting shall not have been lawfully called or convened.

Section 4. Quorum.

- (a) The presence in person of a majority of the board shall constitute a quorum for the transaction of business at any meeting of the board, provided, that if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Voting.

- (a) All questions shall be decided by a majority vote of the directors voting thereon.

Section 6. Proxies.

- (a) Proxy voting shall not be allowed at meetings of directors.

Section 7. Action by Unanimous Consent.

- (a) Any action required or permitted to be taken pursuant to board authorization may be taken without a meeting if, before or after the action, all directors consent to the action in writing. Written consent resolutions, or actions taken by written consent as authorized hereunder, shall be filed with the minutes of the board's proceedings, and shall have the same effect as a vote of the board for all purposes.

Section 8. Contracts Between Cooperative and Related Persons.

- (a) Any contract or other transaction between the Cooperative and one (1) or more of its directors, or between the Cooperative and any firm of which one (1) or more of its directors are members or employees, or in which one or more of its directors are interested, shall be valid for all purposes, notwithstanding the presence of such director or directors at the meeting of the board of the Cooperative which acts upon or in reference to such contract or transaction, and notwithstanding the director's or directors' participation in such action, if the fact of such interest shall be disclosed or known to the board and the board shall, nevertheless, authorize, approve and ratify such contract or transaction by a vote or a majority of the directors present, such interested director or directors to be counted in determining whether a quorum is present, but not to be counted as voting upon the matter or in calculating the majority of such quorum necessary to carry such vote.

ARTICLE VI. OFFICERS

Section 1. Number & Title.

- (a) The officers of the Cooperative shall be President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the board from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election.

- (a) The officers shall be elected by ballot by and from the board at the first meeting of the board held after each annual meeting of the Cooperative.

Section 3. Tenure.

- (a) Each officer shall hold office until the first meeting of the board following the next succeeding annual meeting of the Cooperative or until the officer's successor shall

have been elected.

Section 4. Removal.

- (a) Any officer or agent elected or appointed by the board may be removed by the board whenever in its judgment the best interest of the Cooperative will be served thereby.

Section 5. Vacancies.

- (a) A vacancy in any office may be filled by the board for the unexpired portion of the term of the office vacated.

Section 6. President.

- (a) The President shall:
 - (1) Be the principal executive officer of the Cooperative and shall preside at all meetings of the board.
 - (2) 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.
 - (3) In general perform all duties incident to the office of President and such other duties as may be presented by the board from time to time.

Section 7. Vice-President.

- (a) In the absence of the President, or in the event of the President's inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to the Vice-President by the board.

Section 8. Secretary.

- (a) The Secretary, or the Secretary's designee, shall:
 - (1) Keep the minutes of meetings of the board in one (1) or more books provided for that purpose;
 - (2) See that all notices are duly given in accordance with these Bylaws or as required by law;
 - (3) Be custodian 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;
 - (4) Keep a register of the name and address of each member of the Cooperative, which address shall be furnished to the Cooperative by such member;
 - (5) Sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the board;
 - (6) Have general charge of the books and accounts of the Cooperative;
 - (7) Keep on file at all times a current complete copy of the Bylaws of the Cooperative, which copy shall be open to the inspection of any member, and, at the expense of the Cooperative, forward a copy of the Bylaws to any member upon request; and

- (8) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the board.

Section 9. Treasurer.

- (a) The Treasurer, or the Treasurer's designee, shall perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the board.

Section 10. Bonds.

- (a) The board shall require the Treasurer or any other officer of the Cooperative charged with the responsibility of the custody of any of its funds or property to give bond and in such sum and with such surety as the board shall determine. The board in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

Section 11. Compensation.

- (a) The compensation, if any, of any officer of the Cooperative, or any close relative of any officer, shall be determined by the members of the Cooperative or by the affirmative vote of a majority of the directors not involved therein.

Section 12. Reports.

- (a) The officers of the Cooperative may submit at each annual meeting of the Cooperative reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII. WAIVER OF NOTICE

Section 1. Any member, officer or director may waive, in writing, any notice of meetings required to be given by these bylaws.

ARTICLE VIII. ROBERT'S RULES OF ORDER

Section 1. All district meetings, meetings of the Cooperative, and meetings of the board may be subject to the latest edition of Robert's Rules of Order.

ARTICLE IX. CONTRACTS, CHECKS & DEPOSITS

Section 1. Contracts.

- (a) Except as otherwise provided in these bylaws, the board may authorize any officer or agent to enter any contract or execute and deliver any instrument in the name of and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc.

- (a) 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 or countersigned by such officer or agent of the Cooperative and in such manner as shall from time to time be determined by resolution of the board.

Section 3. Deposits and Investments.

- (a) All funds of the Cooperative shall be deposited or invested, except for authorized petty cash funds, from time to time to the credit of the Cooperative in such financial institutions or secure investments as approved by the board.

ARTICLE X. MEMBERSHIP CERTIFICATE

Section 1. Certificates of Membership.

- (a) Membership in the Cooperative shall be evidenced by such means as shall be determined by the board and shall not be contrary to or inconsistent with the articles of incorporation or bylaws of this Cooperative or state or federal law.

Section 2. Issue of Membership Certificates.

- (a) No natural person or persons whether singly or jointly; firm, association, corporation, partnership or governmental unit shall become a member without full compliance with Article 1, Section 1 of these Bylaws.

Section 3. Lost Certificate.

- (a) In case of a lost, destroyed, or mutilated membership certificate, a new certificate may be issued according to such terms and such indemnity to the Cooperative as the board may prescribe.

ARTICLE XI. INDEMNIFICATION

Section 1. Nonderivative Actions

- (a) Subject to all of the other provisions of this article, the Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of the Cooperative). Such indemnification shall apply only to a person who was or is a director or officer of the Cooperative, or who was or is serving at the request of the Cooperative as a director, officer, trustee, employee, or agent of the Cooperative. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if the person acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Cooperative or its members. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not by itself create a presumption that (a) the

person did not act in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the Cooperative or its members or (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that his/her conduct was unlawful.

Section 2. Derivative Actions.

- (a) Subject to all of the provisions of this article, the Cooperative shall indemnify any person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action or suit by or in the right of the Cooperative to procure a judgment in its favor because the person was or is serving at the request of the Cooperative as a director, officer, trustee, employee, or agent of the Cooperative. The person shall be indemnified and held harmless against expenses (including actual and reasonable attorney fees) and amounts paid in settlement incurred by the person in connection with such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Cooperative or its members. However, indemnification shall not be made for any claim, issue, or matter in which such person has been found liable to the Cooperative unless and only to the extent that the court in which such action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for the expenses which the court considers proper.

Section 3. Insurance.

- (a) The Cooperative may purchase insurance to provide for indemnification as set forth in this article.

ARTICLE XII. NONPROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited.

- (a) The Cooperative shall at all times be operated on a Cooperative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 2. Patronage Capital In Connection With Furnishing Electric Power and Energy.

- (a) In the furnishing of electric power and 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 nonprofit 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 power and energy in excess of operating costs and expenses properly chargeable against the furnishing of electric power and energy. All such amounts in excess of operating costs and expenses and reasonable reserves for depreciation, doubtful accounts, operating reserves, and capital investments at the moment of receipt by the Cooperative are received with the understanding that they are furnished

by the members as capital. The Cooperative is obligated to allocate 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 the member's account; provided, however, that individual notices of such amounts furnished by each member shall not be required if the Cooperative notifies all members of the aggregate amount of such excess and provides a clear explanation of how each member may compute and determine the specific amount of capital so credited to that member. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts of capital.

- (b) 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 any losses 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 accounts of members, as herein provided.
- (c) 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 if the retirement does not result in the retirement of all voting rights. The board shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital. The board shall also determine the method for appointment of losses, if any.
- (d) 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 successors in interest or successors in occupancy in all or a part of such member's premises and facilities served by the Cooperative unless the board acting under policies of general application, shall determine otherwise.
- (e) Notwithstanding any other provisions of these Bylaws, the board, at its discretion, shall have the power at any time upon the death of any member, who was a natural person, if the legal representatives of his or her estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to such member immediately upon such terms and conditions as the board, acting under the policies of general application, and the legal representatives of such member's estate shall agree upon; provide, however, that the financial condition of the Cooperative will not be impaired thereby; provided, further, however, that the aggregate amounts so retired in any one year shall not exceed 20% of the margins of

that year; and provided, further, however, that if acting under policies of general application, the amount (or percentage) mentioned above is not sufficient to retire the capital credited to them retired in the next succeeding year before any other retirements are made in such succeeding year.

- (f) Any amounts allocated from net savings and credits to the member capital of a nonmember member shall be added to the general funds of the Cooperative, and thereafter the nonmember member shall have no further rights therein, if the nonmember member does not comply with all the provisions of these bylaws concerning admissions to membership within 90 days of the date of receipt of first service from this Cooperative.
- (g) The members of the Cooperative, by dealing with the Cooperative acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be contract between the Cooperative and each 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. 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.

ARTICLE XIII. UNCLAIMED FUNDS

Any capital credits, patronage refunds, utility deposits, membership fees, account balances or book equity which remain unclaimed for a period of five (5) years following reasonable notice and attempted payment by the Cooperative to a member or former member entitled thereto shall be added to the general funds of the Cooperative and the member or former member shall have no claim to said funds.

ARTICLE XIV. DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sales, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than a majority of all members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all the property assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenues and income therefrom all upon such terms and conditions as the board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to 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 a membership or any other financial institution under arrangements not objected to by the REA Administrator; or by the Michigan Public Service Commission if required by law or regulation.

ARTICLE XV. FISCAL YEAR

Section 1. Fiscal Year.

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

Section 2. Annual Audits

- (a) The board shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the cooperative's accounts, books and records reflecting financial operations during the past fiscal year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the annual meeting of the Cooperative.

ARTICLE XVI. SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "corporate seal, Michigan."

ARTICLE XVII. AMENDMENTS

The articles of incorporation and bylaws may be altered, amended or repealed by a vote of two-thirds (2/3) of the members of the Cooperative provided that identical notices of such proposed alteration, amendment or repeal shall have been given with the notices of each district meeting, or by the affirmative vote of two-thirds (2/3) of the members of the board at any regular or special meeting; provided, further, that the board shall not make or alter any provision fixing their qualifications, classifications or term of office; and provided, also that the board shall not for at least a period of two (2) years alter, amend or repeal any provision altered, amended or repealed by the members of the Cooperative at any regular or special district meetings.

ARTICLE XVIII. NON-DISCRIMINATION POLICY

Alger Delta Cooperative Electric Association has filed with the Federal Government a Compliance Assurance in which it assures the Rural Electrification Administration that it will comply fully with all requirements of Title VI of the Civil Rights Act of 1964, the Rules and Regulations of the Department of Agriculture issued thereunder; and Michigan's Elliot-Larsen Civil Rights Act, to the end that no person in the United States shall, on the grounds of race, color, or national origin, or any other grounds prohibited by law, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and operation of its facilities. Under this Assurance, this organization is committed not to discriminate against any person on the grounds of race, color, national origin, or any other grounds prohibited by law, in its policies and practices relating to applications for service or any other policies and practices relating to treatment of beneficiaries and participants including rates, conditions and extension of service, use of any of its facilities, attendance at and participation in any meetings of beneficiaries and participants or the exercise of any rights of such beneficiaries and participants in the conduct of the operations of this organization.

Any person who believes himself or any specific class of individuals, to be subjected by this

organization to discrimination prohibited by Title VI of the Act, the Rules and Regulations issued thereunder, or Michigan's Elliot-Larsen Civil Rights Act, may by himself/herself or a representative, file with the Secretary of Agriculture, the Rural Electrification Administration, or this organization, or all, a written complaint. Identity of complaints will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.

ARTICLE XIX. STATEMENT OF ORGANIZATION & PURPOSE

This corporation is a cooperative subject to the Consumer Cooperative Act (1984 P.A. 209) and was initially organized under the Michigan General Corporation Act (1931 P.A. 327). The purpose of becoming a member of a cooperative is to assure access to the goods, services, and facilities of the cooperative and not to gain profit.