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# BYLAWS

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Revised June, 2006

Cherryland  
Electric  
Cooperative  
Grawn, MI

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## 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 the cooperative by:

- a) making application as is provided therefore by the Cooperative; and
- 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; and,
- c) agreeing to purchase from the Cooperative electric energy or other services provided by the Cooperative, including distribution of electric energy as hereinafter specified; and,
- 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 Board of Directors.
- 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. For other good cause as determined by the Board, an applicant may be refused membership in the Cooperative.

No person, firm, corporation 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 1 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 8 of Article II hereof, each joint member shall be eligible, excepting as otherwise proscribed in Section 8, for appointment and each joint member so appointed shall be considered as a separate member.
- 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 of Directors may in its discretion either require or not require membership of a governmental unit or agency as a condition to obtain service.

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

**SECTION 5: Purchase of Cooperative Services.**

- a) Each member shall, as soon as services shall be available, purchase from the Cooperative one or more of the services provided 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 of Directors, as approved by the Michigan Public Service Commission. It is expressly understood that the amounts paid for any service being provided by the Cooperative 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 , as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him 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 in accordance with the rules of the Michigan Public Service Commission.

**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 of Directors 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 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. 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. 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 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.

**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; and upon request from, and under reasonable terms and conditions determined by the Cooperative, 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 interest in any real or personal property in which the member possesses any legal right and which is reasonably necessary 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.

## **ARTICLE II: MEETINGS OF MEMBERS**

**SECTION 1: Annual Meeting.** The Annual Meeting of the members shall be held in June of each year on such day within the month of June as the Board of Directors 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 of Directors 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 work a forfeiture or dissolution of the Cooperative.

**SECTION 2: Special Meetings.** Special meetings of the members 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 meetings of the members may be held at such place in the area served by the Cooperative specified in the notice of the special meeting.

**SECTION 3: Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than seven (7) 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 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 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 registered to obtain a ballot by mail, 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 registered to obtain a ballot by mail, 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, or by mail, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or by 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.** Any member who intends to be absent from an Annual Meeting or special meeting of the members, may register and vote by mail 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 for the election of directors and upon any motion or resolution placed on the ballot by the Board of Directors. The Board of Directors 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 special meeting of the membership. The Board of Directors shall submit to the membership at an Annual Meeting any motion, resolution or proposition requested in writing by not less than six (6%) of the membership of the Cooperative by petition filed with the Secretary not later than seventy five (75) days preceding such Annual Meeting of the membership. 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 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 of Directors.

No member of the Cooperative who has voted by mail 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 ballot.

**SECTION 7: Election and Credentials Committee.** The Board of Directors shall, at least thirty (30) days before any meeting of the members, appoint an Election and Credentials Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15), who are not close 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 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 of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll
2. 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

3. Reading of unapproved minutes of previous meetings of the member and taking of necessary action thereon
4. Presentation and consideration of , and acting upon, reports of officers, directors and committees
5. Election of Directors
6. Unfinished business
7. New business
8. Adjournment

**SECTION 9: Record Date.** The Board may fix a date for determining the Total Membership and the Members entitled to (“Record Date”):

1. Receive a Member Written Ballot;
2. Notice of a Member Meeting; and
3. Vote at a Member Meeting.

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 Member Meeting.

Unless otherwise fixed by the Board, the Record Date for determining the Total Membership and the Members entitled to:

1. 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 (60<sup>th</sup>) day prior to the date by which the Cooperative must receive completed Member Written Ballots;
2. Notice of a Member Meeting is the closed of business on the business day preceding the day the Cooperative notifies Members of the Member Meeting; and
3. Vote at a Member Meeting is the date of the Member Meeting.

The Record Date for determining the Total Membership and the Members entitled to notice of, or to vote at, a Member Meeting is effective for any Member Meeting 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 Member Meeting.

### **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 who 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 no 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 bona fide member receiving electric utility service from the cooperative and resident of the area 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 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 as a 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 of Directors. 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 of Directors, 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 1<sup>st</sup> 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 form prescribed by the Board of Directors. Nominating petitions shall set out the geographic service area for which the candidate is being nominated which shall be one of the following, viz:

- a) Benzie, Manistee and Wexford Counties
- b) Leelanau County
- c) Grand Traverse and Kalkaska Counties
- 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 (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 meeting of members 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, or Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective 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 of Directors 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 receiving electric utility service from 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 of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors, 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 of Directors 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 of Directors 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 Electrification Administration of the United States of America. All accounts of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors. The Board of Directors 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.** Written notice shall be given to the Administrator of the Rural Electrification Administration 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 of Directors 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.

The annual subscription therefore, which shall not be less than sixty cents (60 cents) nor more than one dollar fifty cents (\$1.50), shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

**SECTION 13: Director Indemnification.** Each person who is or was a director of this corporation, and each person who serves or has served at the request of this corporation as a director of any other corporation, partnership, joint venture, trust or other enterprise shall be indemnified by the corporation 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.

This corporation 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 corporation would have the power to indemnify such person against such liability under the laws of the State of Michigan.

**SECTION 14: Director Conduct.** 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 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 whom the Director reasonably believes are within the individual's professional or expert competence; and
  2. Legal counsel, public accountants, or other individuals regarding matters the Directory 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. Nor Director is deemed a trustee regarding the Cooperative or any property held or administered by the Cooperative, including without limit, property potentially subject to restrictions imposed by the property's donor or transferor.

**ARTICLE IV: MEETINGS OF DIRECTORS**

**SECTION 1: Regular Meetings.** A regular meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after, and at the same place as, the Annual Meeting of the members. At least one meeting of the Board of Directors shall also be held in each month at such time and place in the area served by the cooperative, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

**SECTION 2: Special Meetings.** Special meetings of the Board of Directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in the area served by the Cooperative) for the holding of any special meeting of the Board of Directors called by them.

**SECTION 3: Notice.** Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each director at last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United State 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 case a director shall attend a meeting for the express purpose of objecting to transaction of any business because the meeting shall not have been lawfully called or convened.

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

**SECTION 5: Manner of Acting.** The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

**SECTION 6: Conduct of Meetings.** All meetings shall be conducted pursuant to Roberts Rules of Order.

**SECTION 7: 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:

1. Taken by all Directors; and
2. Evidenced by one (1), or more, written consents (“Director Written consent”):
  - a) Describing the action taken;
  - b) Signed by each Director; and
  - c) 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 8: 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
  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, or this Bylaw, the Board may authorize a Board Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act, to:
- a. Retire and refund Capital Credits and Affiliated Capital Credits;
  - b. Approve the Cooperative's dissolution or merger, or the sale, pledge, or transfer of all, or substantially all, Cooperative Assets;
  - c. Elect appoint, or remove Directors, or fill any Board or Board Committee vacancy; or
  - d. Adopt, amend, or repeal these Bylaws.

**SECTION 9: Attendance by Conference Telephone.** 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 or by the similar communications equipment through which all persons participating in the meeting may communicate with the other participants.

## **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. The President, Senior Vice President, Secretary and Treasurer shall be members of the Board of Directors.

**SECTION 2: Election and Term of Office.** The Officers shall be elected, by ballot, annually by the Board of Directors at the first meeting of the Board of Directors held after each Annual Meeting of the members. 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 meeting of the Board of Directors 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 of Directors for the unexpired portion of the term.

**SECTION 5: President.** The President shall:

- a) be the chief executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;
- b) sign with the Secretary, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be

executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative or shall be required by law to be otherwise signed or executed;

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

**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 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 of Directors.

**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 of Directors are carried into effect;
- c) in general perform all duties incident to a chief operating officer as from time to time prescribed by the Board of Directors.

**SECTION 8: Secretary.** The Secretary shall:

- a) keep the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose.
- b) see that all notices are duly given in accordance with these 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 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 of Directors.

**SECTION 9: Treasurer.** The Treasurer shall:

- a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

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

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

**SECTION 11: Manager.** The Manager shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may have from time to time prescribe.

**SECTION 12: Bonds of Officers.** The Board of Directors shall require the Treasurer or any officer of the Cooperative charged with responsibility for the custody of any of the funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with surety as it shall determine.

**SECTION 13: Compensation.** The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these Bylaws, and the powers, duties and compensation of any other officer, agent and employees shall be fixed by the Board of Directors.

**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: Mailings and Availability of Membership List.**

- a) Membership lists shall not be accessible to members.
- b) Any mailing reasonably related to the affairs of the membership, in the sole discretion of the Board of Directors, shall be made by the Cooperative at the request and expense of the member. Payment of the expense as determined by the Cooperative shall be made by the member in advance of the mailing. Expense shall include but not be limited to printing, addresses, stuffing, postage and mailing.

**SECTION 16: Officer Standard of Conduct.** Every Officer shall discharge the Officer's duties:

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 Officer reasonably believes to be in the Cooperative's best interests.

## ARTICLE VI: CONTRACTS, CHECKS AND DEPOSITS

**SECTION 1: Contracts.** Except as otherwise provided in these bylaws, the Board of Directors 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 of Directors.

**SECTION 3: Deposits.** All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

## ARTICLE VII: MEMBERSHIP CERTIFICATES

**SECTION 1: Certificates of Membership.** The board of Directors 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 of Directors 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 of Directors may prescribe.

## ARTICLE VIII: NON-PROFIT OPERATION

**SECTION 1: Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative, non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by the patrons.

**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 patrons 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 patrons 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 patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron 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 patron is clearly reflected and credited in an appropriate record to the capital account of each patron and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his 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 any losses incurred during the current or any prior fiscal year and
- b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the account of patrons, as herein provided.

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 of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. After June 16, 1984, the Board of Directors 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 patron 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 patron's premises served by the Cooperative unless the Board of Directors acting under policies of general application, shall determine otherwise. Provided further, however, on and after January 1, 1980, the following procedures shall apply for the separate retirement of the power supply portion of capital credited to the accounts of patrons 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 patron 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 patrons,
- c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts.

Notwithstanding any other provision in these Bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of an individual or co-owner patron, (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 patron immediately upon such terms and conditions as the Board of Directors 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 of Directors; and provided further, that, if said limitation prevents the retirement in one year of all the capital credits due said deceased patron or

patrons, that said deficit shall be paid the next succeeding year before any other retirements are made. In the event of the death of a co-owner, one half (1/2) of the total capital credited to the co-ownership shall be considered as having accrued to the deceased co-owner patron. The Cooperative shall retain the right to set off any capital credit payable to any patron to the Cooperative.

The patrons 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 a contract between the Cooperative and such patron and both the Cooperative and the patrons a bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. Each patron of the Cooperative assumes the continuing responsibility to keep the Cooperative advised as to changes in such patron'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 patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

**SECTION 3: Patronage 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 there from 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 patrons from whom such amounts were obtained.

**SECTION 4: Minimum Amount of Capital Credits.** Notwithstanding any other provision in these Bylaws, the Board of Directors 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 patron. Capital credits less than the minimum amount established by the Board shall not be allocated to, redeemed by or paid to any patron for that fiscal year. \*This change is contingent upon it not affecting the Cooperative's tax-exempt status.

## **ARTICLE IX: WAIVER OF NOTICE**

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

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

**SECTION 1: Dispositions Permitted.** 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 of Directors 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, Merger, Consolidation, 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 merge or consolidate with another entity nor may it dissolve unless the same shall be authorized by the affirmative vote of the majority of members of the Cooperative entitled to vote thereon and unless such action is taken in the manner provided by law.

**SECTION 3: Borrowing Money.** The Board of Directors, 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 member's 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 encumbrancing 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 of Directors 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 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 of Directors 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 of Directors 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 of Directors 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 of directors 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 of Directors.

### **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: 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 3: 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 4: 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 5: Entire Agreement.** Between the Cooperative and any Member, the Governing documents:

1. Constitute the entire agreement; and
2. Supersede and replace any prior or contemporaneous oral or written communication or representation.

**SECTION 6: Successors and Assigns.** To the extent allowed by Law:

1. 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
2. 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 7: 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.