

BY LAWS
OF THE
ONTONAGON COUNTY
**Rural
Electrification
Association**
ORGANIZED SEPTEMBER 30, 1937

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Rural Electrification Association
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Revised: November 10, 2017

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ARTICLE I

MEMBERS

Section 1. Qualifications and Obligations

Any person, firm, corporation or body politic may become a member in the Ontonagon County Rural Electrification Association (Cooperative) by:

1. Making and signing a written application on such form as provided therefore by the Cooperative; and

2. Paying any deposit, contribution, fee, charge or any combination, as required by the Cooperative and

3. 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. Any person, firm, corporation or body politic may receive service at more than one premise but shall only hold one (1) membership in the Cooperative. A husband and wife may jointly become a member and their application for joint membership may be accepted in accordance with the foregoing provisions of this section, providing the husband and wife comply jointly with the provisions of the above divisions.

4. Each entity shall designate its representative to the Cooperative on its stationery and file such designation with the Cooperative. This representative shall be eligible to vote on any matter if all other qualifications are met.

Section 2. Purchase of Electric Energy

(a) Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electricity used, and shall pay therefore rates which shall, from time to time, be fixed by the Board of Directors provided, however, that the Board of Directors may limit the amount of electricity which the Cooperative shall be required to furnish to any one member. Each member shall pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. Termination or withdrawal from membership by a member shall not relieve that member from payment in full of all debts and liabilities to the Cooperative.

(b) 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.

(c) The Cooperative may require a contract executed by a member for any particular classification of service.

Section 3. Withdrawal of Membership

(a) Any member who withdraws or terminates membership in any manner shall not be relieved of any debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe

(b) Membership in the Cooperative shall not be transferable except as otherwise provided in these Bylaws.

(c) Upon the dissolution for any reason of a partnership or upon the death, withdrawal or addition of any individual partner, the membership shall continue to be held by the remaining and/or new partner or partners as though the membership had never been held by different partners. Neither a withdrawing partner nor a withdrawing partner's estate shall be released from any debts then due the Cooperative.

Section 4. Transfer and Termination of Membership

(a) Membership in the Cooperative shall not be transferrable except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal, of a member, the membership of such member shall thereupon terminate. Terminations of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.

(b) A membership may be transferred by a member to himself or, herself and his or her spouse, as the case may be, jointly upon the written request of such member. Such transfer shall be made and recorded in the books of the Cooperative.

(c) In the event of death of a member or the survivor of a jointly held membership, said membership shall, on written request, be transferred to any parent, child, spouse, brother or sister of the deceased member who shall live on and occupy the premises served through the deceased member's membership.

(d) Membership in the Cooperative shall be automatically suspended one year after the last use of electrical service from the Cooperative. The Board of Directors may, however, reinstate a member so suspended upon terms as the Board of Directors may specify.

Section 5. Joint Membership

(a) If more than one person is listed on an account, those persons constitute a joint membership. Any provision relating to the rights and liabilities of membership shall apply equally to holders of a joint membership.

(b) The presence of any person in a joint membership at a meeting shall be regarded as the presence of the member.

(c) The presence of any person in a joint membership at a meeting shall constitute a waiver of notice of the meeting by the member.

(d) A person in a joint membership is entitled to only one vote in a joint membership.

(e) Notice of any person in a joint membership shall constitute notice to both.

(f) Any person in a joint membership shall be eligible to serve as a director for the Cooperative, but not more than one concurrently.

(g) Upon the death of any person, the membership shall continue to be held by the surviving joint members. Any surviving joint members shall not be released from any debts due the Cooperative. If all joint members are deceased, the estate remains responsible for any debts due the Cooperative.

(h) Upon legal separation or divorce, the membership shall continue to be held solely by the spouse who continues to occupy or use the premises. The spouse who does not occupy or use the premises covered by the membership shall not be released from any debts due the Cooperative.

Section 6. Member Responsibilities

(a) Each member shall cause all premises 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 or maintenance of such premises 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, 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 safely and without interference from any hostile source for meter reading, bill collecting, and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times.

(d) Each member shall not interfere with, impair the operation of or cause damage to such facilities, and shall use best efforts to prevent others from so doing.

(e) Each member shall also provide such protective devices, apparatus or meter base as the Cooperative shall require in order to protect the Cooperative's physical facilities and operation, 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 from, 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 error occurring in the Cooperative's billing procedures.

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

(g) Each member shall participate in any required program that may be established by the Cooperative to enhance load management, to more efficiently conserve electricity, or to conduct load research.

Section 7. Right of Way Easements

(a) Each member shall, upon request, give to the Cooperative, without compensation, all easements or rights of way over, on and under such lands owned or leased 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 person who refuses to grant the Cooperative an easement or easements upon request shall pay the actual cost of any line changes made necessary by such refusal, including but not limited to attorney's fees and expenses.

Section 8. Petitions

Petitions by the membership authorized under these Bylaws shall be on forms prepared and available from the Cooperative.

(a) All members signing such petitions shall include their service address.

(b) Each member's signature appearing thereon shall be dated as of the date of signing.

(c) The person circulating the petition shall be a member of the Cooperative and shall include at the end of each petition sheet his or her service address and attest that he or she circulated the petition and is acquainted with the persons who signed the petition in his or her presence.

(d) A petition to remove a director is subject to Board approval as to form and clarity prior to circulation pursuant to Article III, Section 10.

ARTICLE II

MEETING OF MEMBERS AND ELECTION OF DIRECTORS

Section 1. Annual Meeting

(a) The annual meeting of the members of the Cooperative shall be held on a date and time, as may be designated by the Board and at a place in a county in the state of Michigan served by the Cooperative.

(b) The purpose of the annual meeting is to announce the results of the director elections and inform members of any substantive matters.

(c) 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 three (3) directors or upon a written request signed by at least ten percent (10%) 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 members may be held at any place within a county in the State of Michigan served by the Cooperative, as specified in the notice of the Special Meeting.

Section 3. Notice of Members' Meeting

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 fourteen (14) days nor more than thirty (30) days before the date of the meeting, either personally, electronically or by mail, by or at the direction of the Secretary, or by the persons calling this meeting, to each member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. Publication in a newsletter mailed to each member's address as it appears on the records of the Cooperative is sufficient delivery. In case of joint membership, notice given to any joint member shall be deemed notice to all joint members. 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

Fifty (50) members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members. In case of a joint membership, the presence of one joint member of a membership shall be regarded as the presence of the member. If less than a quorum is present, a majority of those present may adjourn the meeting, 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 the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws.

If a joint membership is at issue, the joint members shall jointly 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 Districts

The territory served or to be served by the Cooperative shall be divided into seven (7) Districts, each of which shall be represented by one (1) Director.

Not less than sixty (60) days before any meeting of the members at which directors are to be elected, the Board of Directors shall review the composition of the several districts and, if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the Board of Directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

Section 7. 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. Determination of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of the notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon reports of officers, directors and committees.
5. Unfinished Business.
6. New Business.
7. Adjournment.

ARTICLE III

DIRECTORS

Section 1. General Powers

The business and affairs of the Cooperative shall be managed by a Board of seven (7) Directors, which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

Section 2. Election of Directors

Directors shall be elected for three (3) year terms in the following manner:

- a) Any member seeking a term on the Board of Directors for a term due to expire shall contact the Cooperative's main office for a nominating petition for said District.
- b) The member shall have until the first Monday in May to return the petition to the main office of the Cooperative.
- c) When nominating petitions containing the signatures of five (5) members of the Cooperative residing in a given district, nominating a member, have been received, that member shall be deemed nominated, if he or she is a permanent, full time resident of that district, as evidenced by either driver's license, voter registration or homestead exemption within the district. In addition, no member shall be nominated unless he has attained the age of 21.
- d) After the close of nominations and no later than (30) days before the Annual Meeting, the Cooperative shall mail ballots to all members residing in districts electing directors. The ballot shall contain the names of all nominees from the districts in which the member resides.
- e) The ballots must be returned to the main office of the Cooperative no later than noon of the last Monday preceding the Annual Meeting.
- f) The person receiving a plurality of the votes in a district shall be declared elected.
- g) The Board of Directors shall appoint a committee of five (5) Members, none of whom shall be a director, to count the votes and declare the winner.
- h) If there is only one person nominated for the position of board member from a District, that person shall be deemed to be elected and mail ballots shall not be processed, mailed or tabulated for such District.

Section 3. Vacancies

Subject to the provisions of these Bylaws with respect to the removal of directors, 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 expiration of the term or until their successors shall have been elected and shall have qualified. The member elected as director to fill the vacancy must reside in the same district as the director to whose office he succeeds and meet the requirements set forth in Section 9 of this Article.

Section 4. Compensation

Directors as such, shall not receive any salary for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular meeting of the Board of Directors and for attendance at any Board-approved functions related to the advancement of the Cooperative. Except in emergencies, no Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative unless such compensation for serving shall be specifically authorized by a vote of the Board of Directors.

Section 5. Close Relative Defined

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

Section 6. Rules and Regulations

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with 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 7. 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 Utilities Service of the United States of America, any successor thereto or other applicable authority. 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 reports shall be presented to the members at the following annual meeting.

Section 8. Changes in Rates

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America, any successor thereto or other applicable authority 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 become effective, if such notice is required by law or by an agreement or contract between the Cooperative and the Rural Utilities Service of the United States or its successors.

Section 9. Qualifications and Tenure

Directors to replace those whose terms have expired shall be elected to serve for three (3) years, and vacancies may be filled for the remainder of the term for which a former director whose seat is then vacant was elected. Directors shall serve until their successors shall have been elected and qualified, subject to the provisions of these Bylaws with respect to the removal of directors. In the event the Board reconstitutes its membership districts and as a result an existing director no longer reside within that district, it shall not affect the remaining term of that director in that district. 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 member of the particular District which he is to represent, as required by Section 2.c. of this Article, or who is in any way employed by or financially interested in a competing enterprise. When a membership is jointly held by a husband and wife, either one, 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.

Section 10. Removal of Directors

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 five percent (5%) 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 circulation. The Cooperative shall cause the signatures upon the petition

to be verified as to authenticity of signatures of membership. The removal shall be voted at the next regular or special meeting of the district in which the director in question resides. The director in question shall be informed in writing of the charges not less than thirty (30) days prior to the meeting and shall have the opportunity to be heard in person or by counsel after the person or persons bringing the charges against that director shall have had the same opportunity. The director in question shall be removed upon the affirmative vote of the majority of members voting at the district meeting at which a quorum is present.

ARTICLE IV

MEETING OF DIRECTORS

Section 1. Regular Meetings

The annual meeting of the Board shall be held at the first board meeting following the Annual Meeting of the Cooperative. The purpose of this meeting is to seat newly elected directors and to elect the officers of the Board. A minimum of ten regular meetings of the Board of Directors shall also be held at such times and place as the Board may determine by resolution. These meetings may be held without notice other than the resolution fixing the date, time and place, except when business to be transacted requires notice.

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 within a county in the State of Michigan served by the Cooperative.

Section 3. Notice

Notice of 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, electronically, or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. The attendance of the director at any 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 the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum

A majority of the full Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided however, that if less than a majority of the directors are 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

Except as otherwise provided in these Bylaws, 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. Proxy Voting

Proxy voting shall not be allowed at any meetings of the Board.

Section 7. Order of Business

The President of the Cooperative, or in his absence, the Vice President, shall preside at all meetings and establish the Order of Business.

Section 8. Contracts between the Cooperative and Directors

Any contract or other transaction between the Cooperative and any of its directors (or any firm of which any of its directors or their close relatives are interested as owners or employees) shall not be invalid or voidable solely because of such interest (i) if the fact of such director's or close relative's interest is made known to the Board, and (ii) the Board authorizes, approves and/or ratifies such contract or transaction by a majority vote of the disinterested directors.

ARTICLE V

OFFICERS
Section 1. Number

The officers of the Cooperative shall be President, Vice President, Secretary and Treasurer, and such officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office

The officers shall be elected, by ballot, annually by and from 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 his 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. Removal

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interest of the Cooperative will be served thereby.

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 (a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors, (b) shall sign any deed, 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; and (c) in general shall 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. Vice President

In the absence of the President, or in the event of his 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 him by the Board of Directors.

Section 7. 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, (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 assure that the Cooperative's website includes a copy of the Bylaws and of all amendments thereto, and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors. The Secretary, at his discretion, may delegate the duties of his office to another director or an employee of the Cooperative.

Section 8. 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 assigned to him by the Board of Directors. The Treasurer, at his discretion, may delegate the duties of his office to another director or an employee of the Cooperative.

Section 9. General Manager

The Board shall appoint a General Manager/Chief Executive Officer who may be a member of the Cooperative. The General Manager/Chief Executive Officer shall perform such duties as the Board may require of that officer and shall have the authority as the Board may vest in him. The General Manager/Chief Executive Officer may appoint managers and other staff as deemed appropriate to assist in the performance of assigned duties.

Section 10. Bonds of Officers

The Board of Directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such a 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 such surety as it shall determine.

Section 11. Compensation

The compensation, if any, of any director, officer, agent, or employee who is also a director or close relative of a director, shall be determined by the Board of Directors, as provided elsewhere in these Bylaws, and the powers, duties and a budget including compensation of any other officers, and employees shall also be approved by the Board of Directors.

Section 12. 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 close of such fiscal year.
- b) The officers or their designees shall provide members with an annual report detailing the financial condition of the Cooperative after the close of the fiscal year.

ARTICLE VI

CONTRACTS, CHECKS AND DEPOSITS

Section 1. Contracts

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into 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 financial institutions or secure investments as the Board of Directors may select.

ARTICLE VII

INDEMNIFICATION

The Cooperative shall indemnify directors, officers, and employees against liability to the extent that their acts or omissions constituting the grounds for the alleged liability were performed in their official capacity, and if actionable, were based upon good faith business judgments and the belief that the acts or omissions were in the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

ARTICLE VIII

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 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 Energy

In furnishing electric energy, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce the patronage and to assure that the Cooperative will operate on a non-profit basis to all its members, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses 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 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, furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital. An outstanding balance will be offset and applied prior to refund or return or any capitals credits.

Section 3. 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 of 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 member's accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority as determined appropriate by the Board of Directors. In no event, however, may any such capital be retired in violation of any borrowing or other binding agreements.

Section 4. Capital credit to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assigner and only to successors in interest or successors in occupancy in all or part of such member premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Section 5. Notwithstanding any other provisions of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time, upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credit to any such patron be retired to the time such capital would otherwise be retired under provisions of these Bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Section 6. The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of these Bylaws shall constitute and be a 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.

ARTICLE IX

UNCLAIMED FUNDS

Any capital credits, refunds, 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 members, shall be added to the general funds of the Cooperative and the member or former member shall not have claim to these funds.

ARTICLE X

DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or substantially all of its property unless such sale, 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 Directors, 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 there from all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative.

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 day of December of the same year.

ARTICLE XII

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 XIII

AMENDMENTS

These Bylaws may be altered, amended or repealed by the affirmative vote of two-thirds (2/3) of the members of the Cooperative voting at any annual or special meeting at which a quorum is present or by the affirmative vote of two-thirds (2/3) of the members of the Board at any regular or special meeting of the Board, provided that notice of the proposed alteration, amendment or repeal shall have been given with the notice of the member or board meeting at which the vote is taken. The Board shall not make or alter any provision fixing their qualifications, classifications, or terms of office. The Board shall not make, alter, amend or repeal any Bylaw provision adopted or repealed by the members of the Cooperative for a period of two (2) years after the effective date thereof.

STATEMENT OF NONDISCRIMINATION

The Ontonagon County Rural Electrification Association is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, The Age Discrimination Act of 1975, as amended, and the Rules and Regulations of the U.S. Department of Agriculture which provides that no person in the United States, on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's Nondiscrimination Compliance efforts is its General Manager. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statues and regulations listed above from and/or file a written complaint with this organization or the Secretary, U.S., Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural

Utilities Service, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

ONTONAGON COUNTY RURAL ELECTRIFICATION ASSOCIATION MEMBERSHIP CERTIFICATE

The Ontonagon County Rural Electrification Association is a consumer cooperative organized pursuant to the subject to the Consumer Cooperative Act, as amended, MCA450.3100 et. seq. The purpose of becoming a member of the Cooperative is to assure access to the goods and services and facilities of the Cooperative and not to gain a profit.

The voting rights of members and the right of members to notice of meeting are outlined in the Bylaws. The Cooperative's Bylaws are included on the Cooperative's website.

The qualifications for admission and retention of membership are outlined in the Bylaws.

The Cooperative may terminate membership pursuant to the terms outlined in the Bylaws. Membership in the Cooperative is not transferable.

The only right to redemption by members is upon the retirement of capital as outlined in the Bylaws.

Members have the rights to call a special meeting of the membership according to the procedures outlined in the Bylaws.

The Board of Directors may decide to present any questions to the members for consideration by mail ballot. Mail ballots must be submitted in accordance with the provisions contained in the Bylaws

Members are entitled to receive a copy of the annual report of the Cooperative and may request any additional material information concerning the Cooperative by making the request in writing to: Office of the General Manager, The Ontonagon County Rural Electrification Association, 500 J.K. Paul Street, Ontonagon, MI 49953.

This institution is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the [USDA Program Discrimination Complaint Form](#) (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.