

# **THUMB ELECTRIC COOPERATIVE**

Owned By Those We Serve

## **BYLAWS AND MEMBERSHIP CERTIFICATE**

**Revised June 2023**

**THUMB ELECTRIC COOPERATIVE OF MICHIGAN**  
**BYLAWS AND MEMBERSHIP CERTIFICATE**  
**CURRENT THROUGH JUNE 2023**

**ARTICLE I**  
**MEMBERSHIP**

**SECTION 1. Requirements For Membership.**

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Thumb Electric Cooperative of Michigan, (hereinafter called the "Cooperative") upon receipt of electric and energy service from the Cooperative, provided that he, she or it has first:

- (a) Agreed to purchase from the Cooperative electric power and energy as hereinafter specified;
- (b) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board of directors, and
- (c) Paid the membership fee hereinafter specified and by making and signing a written application on such form as is provided therefor by the Cooperative. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

**SECTION 2. Joint Membership.**

A husband and wife may apply for a joint membership, or if one of them is already a member, may convert such membership into a joint membership by submitting a written request to the Cooperative and, subject to the requirements of Section 1 of this Article and other provisions of these bylaws, be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provision relating to the rights and liabilities of membership shall apply equally to 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 the presence of the member and shall constitute a waiver of notice of the meeting by both;
- (b) The vote of either separately or both jointly shall constitute one joint vote. There shall be no one-half votes;
- (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, withdrawal or termination of either shall terminate the membership;
- (f) Either, but not both may be elected or appointed as an officer or director provided 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 of membership set forth in these bylaws.

**SECTION 3. Membership Fees.**

The membership fee shall be \$5.00, the payment of which shall make the member eligible for service connections.

**SECTION 4. Purchase and Production of Electric Power and Energy.**

- (a) Each member shall, as soon as electric power and energy shall be available, purchase from the Cooperative all electric power purchased for use on the premises specified in his, hers or its application for membership, and such other available energy as the member may choose to purchase from the Cooperative, and shall pay therefore at rates which shall from time to time be fixed by the board of directors.

- (b) Production or use of electric power and energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.
- (c) It is expressly understood that amounts paid to the Cooperative for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these bylaws.
- (d) Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric power and energy consumed, as shall be fixed by the board of directors from time to time.
- (e) Each member shall also pay all amounts owed by him, her or it to the Cooperative as and when the same shall become due and payable.

#### **SECTION 5. Expulsion of Members.**

The board of directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof expel any member who shall have violated or refused to comply with any of these provisions of the articles of incorporation of the Cooperative or these bylaws or any rules or regulations adopted from time to time by the board of directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final. Any member so expelled shall not be entitled to receive any refund of his or its membership fee or the book value thereof.

#### **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. Upon any such withdrawal the member withdrawing shall not be entitled to receive any refund of his or its membership fee or the book value thereof.

#### **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 provided, and upon the death, cessation of existence, expulsion, or other withdrawal of a member, or when his, her or its electric service has been discontinued for a period of six months or longer, the membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liability of the 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 and compliance by such husband and wife jointly with the provisions of Sections 1 and 2 of this article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.
- (c) When a membership is held jointly by a husband and wife, 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 to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death on the books of the Cooperative the certificate may be reissued to and in the name of such survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.
- (d) A membership may be transferred to the surviving spouse of a deceased member, at the request of such survivor, in all cases where the survivor desires to purchase

- electric energy from the Cooperative; but the estate of the deceased member shall not be released from any membership debts or liabilities to the Cooperative. Prerequisite to such transfer, the membership certificate originally issued shall be surrendered and reissued to and in the name of such survivor.
- (e) Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint. Provided, that the other spouse shall not be released from any membership debts or liabilities to the Cooperative.

#### **SECTION 8. Indemnification.**

As requested by the board of directors, each member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities or damages, including reasonable legal fees and costs, incurred by the Cooperative or its directors, employees, representatives or contractors because of any property damage, personal injury, or death resulting from the member's negligence or failure to comply with bylaws, articles, rules or policies.

### **ARTICLE II MEETING OF MEMBERS**

#### **SECTION 1. Annual Meeting.**

Beginning in the calendar year of 1999, the Annual Meeting of the Members shall be held 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 on a day and time and at a place within the area served by the Cooperative as shall be designated by the Board of Directors; and said day, time, and place shall be announced in the Notice of Members' Meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage member attendance at, the Annual Meeting. Failure to hold the Annual Meeting at the designated time and place 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 ten per centum (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 the members may be held at any place within the County of Huron, in the State of Michigan specified in the notice of the special meeting.

#### **SECTION 3. Notice of Members' Meetings.**

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 either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. Notice of an annual meeting shall be delivered not less than seven (7) days nor more than sixty (60) days before the date of the meeting. Notice of a special meeting shall be delivered not less than 120 days nor more than 150 days before the date of the 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 pre-paid. Publication in a newsletter mailed to each member's address as it appears on the records of the Cooperative is sufficient delivery for purposes of these bylaws. The failure of any member to receive notice of any 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) of the members present in person or who have voted by mail, electronic ballot, or any other method as described in Section 5 of this article shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person or represented by proxy 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 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, by mail-in ballot, by electronic ballot, or by other means as allowed by these ByLaws and established by the Cooperative as approved ways to vote. However, where more than two persons are being voted upon for a directorship, the election shall be decided by a plurality of those votes cast in that particular contest. A vote for a directorship shall also be decided by a vote of a majority of the members voting thereon in person, by mail-in ballot, by electronic ballot, or by other means as allowed by these ByLaws and established by the Cooperative as approved ways to vote. As provided within these ByLaws, if a husband and wife hold a joint membership, they shall be entitled to one vote, and no more, upon each matter submitted to a vote at a meeting of the members.

#### **SECTION 6. Credentials and Elections Committee.**

The board of directors shall provide for the attendance of legal counsel at each meeting of the members. Said legal counsel shall constitute the Credentials and Elections Committee. It shall be the responsibility of the Committee to establish or approve the qualifications and nominations for all candidates for election. It shall also be the responsibility of the Committee to decide all questions with respect to elections and voting which may arise at any meeting of the members. The Committee's decision on all matters shall be final.

#### **SECTION 7. Order of Business.**

The order of business of 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 or 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. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

## **ARTICLE III DIRECTORS**

### **SECTION 1. General Powers.**

The business and affairs of the Cooperative shall be managed by a board of nine (9) 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. Qualifications and Tenure.**

- (a) Any person who is a member of the Cooperative may seek membership on the Board of Directors if that person has the legal capacity to enter into a binding contract.
- (b) At the next annual meeting of the members of the Cooperative three (3) directors shall be elected to succeed the three (3) directors whose terms shall then have expired, to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified, and at each annual meeting of the members thereafter the successors of the directors whose terms shall expire that year shall be elected to hold office for the term of three (3) years or until their successors shall have been elected and shall have qualified, so that the term of office of one-third (1/3) of the directors shall expire in each year, as provided by these bylaws and subject to the provisions regarding the removal of directors.
- (c) No member shall be eligible to become or remain a director or to hold any position of trust in the area served by the Cooperative who is not a bona fide resident in the area served by the Cooperative, and at each such election of directors there shall be elected one director who is a bona fide resident of the County of Huron, one director who is a bona fide resident of the County of Sanilac, and one director who is a bona fide resident of the County of Tuscola; it being expressly provided that at each such election of directors no more than one resident of each of said counties shall be elected as a director.
- (d) No person shall hold any position of trust in the Cooperative or become or remain a director who is in any way employed by or financially interested in a competing enterprise or a business selling electrical energy or supplies to the Cooperative, or by a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative.
- (e) Nothing in this section contained shall, or shall be construed to, affect in any manner the validity of any action taken at any meeting of the board of directors.

### **SECTION 3. Nominations.**

Except as otherwise provided for herein, all nominations for directors shall be made by the filing of a nominating petition in the form prescribed by the Board. Petition forms shall be printed and available at the Cooperative's main office, and copies shall be furnished to any member in good standing upon request. To be eligible for nomination, a candidate must meet the qualifications for the office of director as set forth in these Bylaws. Members requesting a petition form shall be provided with information describing those qualifications and other requirements of a director position.

Nominating petitions shall be signed by not less than fifteen (15) members of the Cooperative in good standing from the county which the candidate seeks to represent. No signature shall be obtained before January 1 of the calendar year in which the election is to take place. Signatures provided by joint members shall be deemed to be one signature. Nominating petitions shall be submitted at the Cooperative's main office not later than 4:00 p.m. on the last business day of March immediately preceding the Annual Meeting at which such election is to take place.

The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and the names and addresses of the candidates properly nominated. In the event that no qualified candidate has been nominated as provided herein, the incumbent Board at its first meeting or within sixty (60) days thereafter shall elect, by a majority vote, sufficient directors to fill any vacancies. Directors thus elected shall serve until the next Annual Meeting or until their successors have been elected. Notwithstanding anything in this section, 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. 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 ten per centum (10%) of the members requesting the removal of the director in question. The removal shall be voted upon at the next regular or special meeting of the members; the director may be removed from office for cause by a majority vote 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 the 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 shall have the same opportunity. No more than one meeting of the members shall be held and vote recorded for the removal of an individual director during the term for which he is elected.

#### **SECTION 5. Vacancies.**

Subject to the provisions of these bylaws, 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 successors have been elected and shall have qualified.

#### **SECTION 6. Compensation.**

Directors shall not receive any salary for their services as such, but by resolution of the board of directors a fixed sum and expenses of attendance, if any, may be allowed for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs, or performing committee assignments when authorized by the board. If authorized by the board, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No director shall receive compensation for servicing the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for servicing the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the director or his close relative shall have been certified by the board as an emergency measure.

#### **SECTION 7. Rules and Regulations.**

The board of directors shall have power to make 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 8. Accounting System and Reports.**

The board of directors shall cause to be established and maintained a complete accounting system, which, among other things, and 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. The board of directors shall also, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting. A copy of the reports required by this Section shall be kept on file at the principal office of the Cooperative and shall be made available to for review during regular business hours.

#### **SECTION 9. Membership Lists and Mailings.**

A membership address list shall not be freely accessible to members, however, if a member requests a mailing to members which is reasonably related to the affairs of the membership, said mailing shall be made by the Cooperative at the expense of the requesting member.

#### **SECTION 10. Change 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 11. Director Indemnification.**

Each person who is or was a director or officer of this Cooperative, and each person who serves or has served at the request of this Cooperative as a director, officer, agent or committee member of any other cooperative, corporation, partnership, joint venture, trust or other enterprise, may be indemnified by the Cooperative to the fullest extent permitted by the cooperative and corporation laws of the State of Michigan as they may be in effect from time to time. The Cooperative may purchase and maintain insurance on behalf of any liability asserted against and incurred by such person in any such capacity or arising out of his or her status as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the laws of the State of Michigan.

### **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 and shall also be held monthly at such time and place in the Counties of Huron, Sanilac or Tuscola, Michigan, 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 Counties of Huron, Sanilac or Tuscola, Michigan) 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 three (3) days previous thereto, by written notice, delivered personally 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 a director at any meeting shall constitute 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 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 be 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.

### **ARTICLE V OFFICERS**

#### **SECTION 1. Number.**

The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer. The office 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 the first meeting of the board of directors following the next succeeding annual meeting of the members or 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 judgement, 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, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the board of directors, 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 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 be responsible for:

- (a) keeping the minutes of the members and the board of directors in one or more books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate records and of the seal of the Cooperative and seeing that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and 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) keeping a register of the post office address of each member, which shall be furnished, to the Secretary by such member;
- (e) signing with the President certificates of membership, the issuer of which shall have been authorized by resolution of the board of directors;
- (f) having general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keeping 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 any member upon request; and
- (h) in general performing 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.

### **SECTION 8. Treasurer.**

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of all receipts for all moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these bylaws; and
- (c) the general performance of all 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.

### **SECTION 9. Manager.**

The board of directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the board of directors may from time to time require of him and shall have such authority as the board of directors may from time to time vest in him.

### **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, be bonded in such sum 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 be bonded in such amount and with surety as it shall determine.

### **SECTION 11. 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, agents and employees shall be fixed 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 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 Michigan Corporation and Securities Commission in the month of July or August of each year. (Act No. 210 of the Public Acts of 1953 of the State of Michigan requires such report to be filed on or before the 15th day of May in each 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 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 as the board of directors may select.

### **ARTICLE VII MEMBERSHIP CERTIFICATES**

#### **SECTION 1. Certificates of Membership.**

Membership in the Cooperative shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the board of directors, not contrary to, or inconsistent with, the articles of incorporation of the Cooperative or these bylaws. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the Corporate Seal shall be affixed thereto.

#### **SECTION 2. Issue of Membership Certificates.**

No membership certificates shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been duly paid for in cash and such payment has been deposited with the Treasurer.

#### **SECTION 3. Lost Certificate.**

In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor 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 its 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 at the moment of receipt by the Cooperative are received with the understanding that they are 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 such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

If operating costs and expenses exceed the amounts received and receivable from the furnishing of electric energy, hereinafter referred to as "loss", then the Board shall have the authority, under accepted accounting practices, loan covenants, and federal cooperative tax law, to prescribe the manner in which such loss shall be handled in determining patronage capital.

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 shall be included as part of the Capital credited to the accounts 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. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired, provided, however, that beginning with the year 1983, cash made available for retirement in any year may be used to retire capital furnished by all patrons during the most recent fiscal year subject to the retirement that at least fifty per centum (50%) of such cash shall be applied to the retirement of the oldest outstanding capital credits as hereinabove provided.

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 successors in interest of 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 applications, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion and at any time after a patron's death or cessation of legal existence, may retire all or any portion of capital so credited to the patron, upon such terms and condition as the Board of Directors, acting under policies of general application to situations of like kind, and such patron's legal

representatives shall agree upon; provided, however, that the financial condition of the Cooperative will not be thereby impaired.

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 each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative in a conspicuous place in the Cooperative's office.

### **SECTION 3. Patronage Capital in Connection with Furnishing Other Goods or Services.**

In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom shall be retained by the Cooperative in amounts not in excess of the reasonable needs of the Cooperative or allocated to the Cooperative's Patrons as its Board of Directors may determine from time to time. Patronage capital allocated and retired pursuant to this Section 3 shall be made consistent with the following:

- (a) The Board of Directors shall determine to provide broadband internet services and to whom such services are provided on a Patronage basis. Accordingly, the term "Patron" may refer to members only;
- (b) The Board of Directors shall have the authority under accepted accounting practices, loan covenants and federal cooperative tax law to prescribe the manner in which losses derived from such broadband internet services may be handled;
- (c) The Retirement of capital credits allocated to members shall be considered and made by the Board of Directors from time to time subject to the same limitations and guidance of Section 2, except as otherwise provided for in policy; and
- (d) To the extent broadband internet services are provided on a non-patronage basis, the purchasers of which are not entitled to receive an allocation of capital credits, the net earnings of which shall be retained as part of the Cooperative's net savings.

### **SECTION 4. SECURITY INTEREST**

To secure payment of any amounts owed by a patron or former patron to the Cooperative or to a Corporation in which the Cooperative is a shareholder, including any reasonable interest and late payment fee as determined by the board, the Cooperative has a perfected security interest in the patronage capital of every patron and former patron and such amounts owed to the Cooperative or to a Corporation in which the Cooperative is a shareholder, may be paid from patronage capital in manner provided by Board policy.

## **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**

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sales, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than a majority of all members of the Cooperative and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the

Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all the property assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to United States of America or any instrumentality or agency thereof, or, to a national financing institution, organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings, in which the Cooperative holds a membership or any other financial institution under arrangements not objected to by the Michigan Public Service Commission or the REA Administrator.

#### **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 MEMBERSHIP IN OTHER ORGANIZATIONS**

The Cooperative may become a member of, or purchase stock in, any other organization which will benefit the Cooperative and promote the purposes for which the Cooperative was created and exists upon the authorization of the board of directors at any regular or special meeting called as provided in these Bylaws.

#### **ARTICLE XIII SEAL**

The 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 PARLIAMENTARY PROCEDURE**

All meetings, whether they be regular or special and whether of the members or board of directors, shall be governed by rules of parliamentary procedure as same are defined within the latest edition of Robert's Rules of Order and the Cooperative's legal counsel shall act as the parliamentarian at such meetings.

#### **ARTICLE XV AMENDMENTS**

These bylaws may be altered, amended or repealed by the members of the Cooperative or by the affirmative vote of two-thirds (2/3) of the board of directors, at any regular or special meeting of the members or of the board of directors respectively, of which meeting notice shall have been given, provided that notice of such proposed alteration, amendment or repeal shall have been contained in the notice of such meeting; and provided further, that the board of directors shall not make, alter, amend or repeal any bylaws fixing their qualifications, classifications or terms of office. Any alteration, amendment or repeal by the board of directors shall be submitted for consideration at the next meeting of the members of the Cooperative, provided that notice of the proposed submission shall have been given with the notice of the meeting and any action then taken by the members with respect to such alterations, amendment or repeal shall be binding on

the board of directors.

## ARTICLE XVI NON-DISCRIMINATION POLICY

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

Any person who believes himself, or any specific class of individuals, to be subjected by this Organization to discrimination prohibited by Title VI of the Act and the Rules and Regulations issued thereunder may be himself/herself or a representative, file with the Secretary of Agriculture, the Rural Electrification Administration, or this organization, or all, a written complaint. Identity of complaints will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.

## CERTIFICATE OF SECRETARY

STATE OF MICHIGAN

COUNTY OF HURON



CURRENT THROUGH JUNE 2023

I, Mike Briolat, do hereby certify that I am duly elected, qualified and acting secretary of Thumb Electric Cooperative of Michigan, and the keeper of its records and seal; that the within and foregoing is a true copy of the bylaws of said Thumb Electric Cooperative of Michigan, adopted at the Annual Meeting of the members of said Cooperative held on the twenty-fifth day of January, 1939, and as last amended by the members of the said Cooperative at the Annual Meeting of the Board of Directors held on the tenth day of June, 2023, and that I have compared the within and foregoing copy of said bylaws as amended, with the original record of the bylaws of said Cooperative as heretofore amended, and that it is a true and correct and complete copy of the bylaws of said Thumb Electric Cooperative of Michigan as amended and now in force.

In Witness Whereof, I have hereunto set my hand and affixed the Cooperative Seal of Thumb Electric Cooperative of Michigan, this 18th day of July, 2023.

MIKE BRIOLAT, Secretary

## **CERTIFICATE OF MEMBERSHIP**

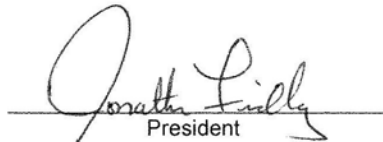
This Certifies that  
the person(s)/business who receives electric service  
is a member of the  
**Thumb Electric Cooperative of Michigan.**

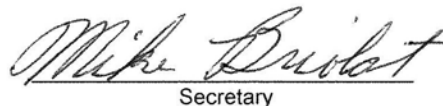
This certificate and the membership evidenced hereby are not transferable and such membership may be terminated as provided in the Bylaws of the Corporation. Upon termination of the membership of the holder hereof by death, cessation of existence, expulsion or withdrawal, this certificate shall thereupon be surrendered to the Corporation. Each member of the Corporation shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members of the Corporation.

This certificate and the membership evidenced hereby are subject to all terms, conditions, and limitations of the Articles of Incorporation and Bylaws of the Corporation and all amendments thereto and to the application of the holder for a membership in the Corporation.

IN WITNESS HEREOF the Corporation has caused this certificate to be signed by its President and Secretary and its corporate seal to be affixed the date of receipt of membership payment.



  
Jonathan Lilly  
President

  
Mike Brubaker  
Secretary