

RESTATED
ARTICLES OF INCORPORATION
of
Albany Mutual Telephone Association

ARTICLE I.

SECTION 1. The name of this association shall be Albany Mutual Telephone Association.

SECTION 2. The principal place of transacting the business, and the post office address, of the association shall be 131 6th Street, in the City of Albany, ~~in the~~ County of Stearns, ~~and~~ State of Minnesota.

SECTION 3. The purpose for which the association is organized, and the general nature of its business, is to furnish, improve and expand telecommunications and information services on a cooperative basis and for any other lawful purpose.~~of this association shall be to conduct a telephone and other communications business on the cooperative plan. The general nature of the business of this association shall be to construct, purchase, lease, contract for or otherwise acquire, own, hold, mortgage, bond and otherwise encumber, and to maintain and operate, sell or assign, communication systems and related facilities, appurtenances, rights and franchises, and to pledge the same as security when necessary and convenient in carrying on the business of this association. This association shall have power and authority for itself or its individual members and patrons to do and perform every act and thing necessary and proper to the conduct of its business or the accomplishment of the purposes set forth herein or permitted by the act under which this association is incorporated.~~

SECTION 4. The period of duration of this association shall be perpetual.

ARTICLE II.

SECTION 1. This association shall be without capital stock and shall admit applicants to membership in the ~~a~~Association on such uniform conditions as may be prescribed by the Board of Directors of the association, or in its By-Laws. This association shall be operated on a cooperative basis for the benefit of its members, and membership shall be restricted to patrons.

SECTION 2. The voting rights of the members shall be equal and no member shall have more than one vote.

SECTION 3. A membership shall be transferable only with the consent and approval of the Board of Directors of the association.

ARTICLE III

In the furnishing of telephone and other communication services the cooperative association's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the cooperative association. In order to induce patronage and to assure that the cooperative association will operate on a non-profit basis, the cooperative association is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telephone and other communication services in excess of operating costs and expenses properly chargeable against the furnishing of telephone and other communication services. All such amounts in excess of operating costs and expenses at the moment of receipt by the cooperative association are received with the understanding that they are furnished by the patrons as capital. The cooperative association 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 association 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 association shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to this 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 association corresponding amount for capital.

All other amounts received by the cooperative association 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 patron on a patronage basis and any amounts so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

The patrons of the cooperative association, by dealing with the cooperative association, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the cooperative association and each patron, and both the cooperative association 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 shall be called to the attention of each patron of the cooperative association.

ARTICLE IV,

SECTION 1. The government of the association and the management of its affairs shall be vested in a board of seven (7) directors who shall be members, or duly elected or appointed representatives of members, of the association and who shall be elected at the regular annual meeting by the members for such terms and in such manner as the By-Laws of the association shall prescribe.

~~SECTION 2. The regular meeting of the members shall be held annually at such time as may be determined by the Board of Directors and at such place conveniently located within the area served by the association.~~

~~SECTION 3. Vacancies in the Board of Directors may be filled by the remaining members of the board, the person so appointed to hold office until the next regular annual meeting of the members and until their successors are elected and have qualified.~~

SECTION 42. Directors shall not be personally liable to the association or its members for monetary damages for breach of fiduciary duty, except: ~~as provided by the Laws of the State of Minnesota governing cooperative associations.~~

- 1) for a breach of the director's or former director's duty of loyalty to the association or its members;
- 2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- 3) for a transaction from which the director derived an improper personal benefit;
- 4) for an act or omission occurring prior to the date when this section was adopted by the members of the association.

ARTICLE V.

~~The officers of this association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, who shall be elected by and from the directors. The offices of the Secretary and Treasurer may be combined and when so combined, the person filling such office shall be termed Secretary-Treasurer.~~

ARTICLE VI.

The By-Laws of this association may define and fix the duties and responsibilities of the members, officers and directors and may also contain any other provision for the regulation of the business and affairs of the association not inconsistent with these Articles of Incorporation or the laws of the State of Minnesota.

ARTICLE VII.

The association reserves the right ~~from time to time~~ to amend, alter or repeal or to add any provisions to, these Articles in any manner ~~n-ow~~ or hereafter prescribed or permitted by law, ~~or any amendment thereto~~, and all rights conferred upon shareholders by these Articles, or any amendments thereto, are granted subject to this reservation.

**BYLAWS
OF
ALBANY MUTUAL TELEPHONE ASSOCIATION**

**ARTICLE I
MEMBERSHIP**

SECTION 1.1. *Eligibility.*

Any person who resides within, or any firm, association, corporation, legal entity or body politic, or subdivision thereof, that maintains a permanent place of business within, the geographical area of the districts of the Cooperative as they are defined by these bylaws, will become a member of Albany Mutual Telephone Association, (hereinafter called the "Cooperative"), upon receipt of telephone or other communication services or other services determined by the Board under rules of general application as sufficient to make the recipient eligible for membership, (hereinafter referred to simply as ("services")). Membership is automatic and instantaneous upon receipt of services. However, as a condition of such membership, each member shall:

- (a) Make a written application for membership for the Cooperative's records;
- (b) Agree to purchase services from the Cooperative in accordance with established rates, policies and procedures of the Cooperative, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect; and,
- (c) Agree 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; and

In the event that any additional geographical area is hereafter served by the Cooperative, the Board shall, at such time as the Board determines, in its discretion, is appropriate, present to the membership, at a regular or special meeting of the members, a proposed amendment to this section and to Section 4.2 of these bylaws which sets forth when, and under what conditions, any person or entity residing within, or maintaining a permanent place of business within, the newly added geographical area shall become a member of the Cooperative, the effective date of such membership and the plan for the equitable representation of the members in the added geographical area, and in the rest of the area served by the Cooperative, on the Board of Directors.

No purchaser of services from the Cooperative shall become a member as a result of such purchase if the services obtained are intended to be resold by the purchaser to another person or entity or combined with other elements for use in providing a communication service to another person or entity.

The status of all memberships shall be as reflected upon the books of the Cooperative and no membership certificates will be issued.

SECTION 1.2. *Definition and Classifications.*

- (a) Membership in the Cooperative is effected by procuring the Cooperative's central office dial tone, or by providing a continuing periodic revenue stream for the Cooperative. The Board will determine under rules of general application the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership.
- (b) No member may hold more than one membership in the Cooperative. No membership in the Cooperative shall be transferable, except on the books of the Cooperative and only with the consent and approval of the Board of Directors except as otherwise provided for in these Bylaws.
- (c) All memberships in the Cooperative are extended only to individual persons who, or entities which, meet the requirements of Section 1.1. Memberships formerly issued, to spouses, previously referred to as joint memberships and still registered on the books of the Cooperative, will be allowed to continue. However, no new joint memberships will be established. Individual memberships will be freely transferable on the books of the Cooperative between any persons in the same household or entity upon request in writing. Thus, the term "member" as used in these Bylaws shall refer to an individual but can, on a grandfathered basis, be deemed to include a husband and wife still holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:
 - 1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
 - 2) The vote of either separately or both jointly shall constitute one joint vote;
 - 3) A waiver of notice signed by either or both shall constitute a joint waiver;
 - 4) Notice to either shall constitute notice to both;
 - 5) Expulsion of either shall terminate the joint membership;
 - 6) Withdrawal of either shall terminate the joint membership;
 - 7) Either, but not both, may be elected or appointed as an officer or board member if individually qualified;
 - 8) Upon the death of either spouse who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 1.4. *Purchase of Services.*

Each applicant for membership shall, as soon as service is available, take service from the Cooperative. The member shall pay for services at rates in accordance with established tariffs as fixed by the Board, or, for the services rendered by other carriers, at the rates which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the Cooperative for all services in excess of cost are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. However, the Cooperative is not obligated to furnish such credits for goods or services which are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the above amounts owed by the member to the Cooperative as and when the same shall become due and payable.

SECTION 1.5. *Termination of Membership.*

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe.

The Board of Directors may, by the affirmative vote of not less than 2/3 of all of the members of the Board, expel any member if any of the following events occur:

- (a) The member fails to purchase services from the Cooperative within thirty (30) days after notification that service is available to the member or, the member ceases to purchase services from the Cooperative.
- (b) The member fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules and regulations adopted by the Board, but only if such member shall have been given notice by the Cooperative that such failure makes him/her/it subject to expulsion and such failure shall have continued for least ten days after such notice was given.
- (c) A member breaches any contract with the Cooperative, including remaining indebted to the cooperative for more than ninety (90) days after such indebtedness becomes payable.

When the Board takes action to terminate a membership the terminated member shall be notified by the Board, in writing, that his/her/it's membership is terminated and that the member no longer has the right to vote. The termination will be recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or his/her/it's estate, successors and/or assigns, from any debts due the Cooperative nor do unpaid bills release members from their obligations under these bylaws or rules and regulations approved by the Board. The Cooperative shall repay to the member the amount of any membership fee paid by him/her/it, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

Any expelled, or otherwise terminated, member may be reinstated by a vote of the Board or by vote of the members at any annual or special meeting of the members.

ARTICLE II RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

SECTION 2.1. *Nonliability For Debts of The Cooperative.*

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 2.2. *Service Obligations.*

The Cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual member.

Each member pledges to purchase services from the Cooperative to the extent that its services are able to meet the member's need and are competitively priced.

SECTION 2.3. *Property Interest of Members.*

Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative have been paid; and,
- (b) All capital furnished through patronage is retired as provided in these bylaws; and
- (c) All membership fees have been repaid,

the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member and former member bears to the total patronage of all such members and such former members on the date of dissolution, unless otherwise provided by law.

SECTION 2.4. *Cooperation of the Members in the Extension of Services.*

Members who are receiving services, and prospective members who have requested services, shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge telephone and/or communication lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, over, across and upon any real property or interest therein owned, leased or controlled by said member, for the furnishing of telephone or communication services to said member, or any other member, at no cost to the Cooperative. The member agrees, upon request of the Cooperative, to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

ARTICLE III MEETINGS OF MEMBERS

SECTION 3.1. Annual Meeting.

The annual meeting of the members shall be held **between June 1 and August 15 of** each year at such place within a City served by the Cooperative as selected by the Board for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting.

Unless prohibited by state law, any annual meeting of the members may be held through the use of a virtual on-line format selected by the Board. The time and place of the annual meeting, **or the time of, and instructions for attending, a meeting in virtual format,** shall be designated in the Notice of the Meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative nor affect the validity of any corporate action.

In the event of inclement weather or the occurrence of a catastrophic event, including, but not limited to, the declaration by the Governor of the State of Minnesota of a peacetime emergency, the Board may elect to hold any annual meeting electronically, virtually, or in any format it deems appropriate in which a member participating can hear or receive the information disseminated at the meeting. Such participation shall constitute attendance and presence of the member, in person, at the meeting. Notice of any change of format of any annual meeting shall, if made after the Notice of Members' Meeting sent to the members pursuant to Section 2 of this Article II, be given in any media of general circulation or broadcast serving the area.

SECTION 3.2. Special Meetings.

Special meetings of the members may be called by resolution of the Board, or upon a written request signed by a majority of the Board members, or by the President, or by twenty percent (20%) or more 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 area served by the Cooperative as designated by the Board, or virtually if not prohibited by state law, and the time and place of the special meeting, or the time of, and instructions for attending, a special meeting in virtual format, shall be specified in the Notice of the special meeting.

SECTION 3.3. Notice of Members' Meetings.

Notice stating the place, day and hour of the meeting and, if necessary the instructions for attending a meeting in virtual format, and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be given by the Secretary by publication in a legal newspaper published in the county in which the Cooperative's principal place of business is located, or circulated in the counties served by the Cooperative, at least

two (2) weeks previous to the date of the meeting, or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his, her or it's address as it appears on the records of the Cooperative, with postage thereon paid. Notice of special meetings shall be issued within ten (10) days from and after the date of the presentation of the written request mentioned in Section 3.2 of this Article III, and such special meeting shall be held within thirty (30) days from and after the date of the presentation of such request.

The Secretary shall execute a certificate setting forth a correct copy of any notice of an annual or special meeting of the Members, showing the date and method of the service thereof upon the Members and attesting that the same was served within the time, and in the manner, specified above. The incidental or unintended 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 3.4. *Postponement of a Meeting of The Members.*

In the event of inclement weather or the occurrence of a catastrophic event, the meeting of the members may be postponed by the President. Notice of the adjourned meeting shall be given by the President in any media of general circulation or broadcast serving the area.

SECTION 3.5. *Quorum.*

As long as the total number of members does not exceed 500, 10 percent of the total number of members present in person, **or virtually in the event of a meeting held in virtual format**, shall constitute a quorum. In case the total number of members shall exceed 500, 50 members present in person, **or virtually in the event of a meeting held in virtual format**, shall constitute a quorum. In determining a quorum at any meeting, on a question submitted to a vote by mail, members present in person or represented by mail vote or electronic vote shall be counted. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The fact of the attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members present at such meeting, which registration shall be verified by the President and Secretary of the Cooperative and shall be reported in the minutes of the meeting.

SECTION 3.6. *Voting.*

Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, by mail or, if permitted, electronically, except as otherwise provided by law, the articles of incorporation or these bylaws. No proxy voting shall be allowed except that any member's spouse who is in attendance at a meeting of the members may, if the member is not present at such meeting and has not given written notice to the Secretary that the spouse has no right to vote on behalf of the member, cast the vote of such absent member in the same manner as if a written proxy

had been given by said member to said spouse. Persons holding a joint membership shall jointly be entitled to one vote subject to the provisions of Section 1.2(c)

SECTION 3.7. *Voting By Mail.*

Any member who is absent from any annual or special meetings of the members may vote by mail on the ballot herein prescribed at any election of any director of the Cooperative and upon any motion, resolution or amendment which the Board of Directors may in its discretion submit to the members for vote by them. The ballot shall be in the form prescribed by the Board of Directors of the Cooperative and shall contain the exact text of the proposed motion, resolution or amendment to be acted upon at such meeting and the date of the meeting; and shall also contain spaces opposite the text of such motion, resolution or amendment in which such member may indicate his, her or it's affirmative or negative vote therein. Such member shall express his, her or it's choice by making an "x" in the appropriate space upon such ballot. Such ballot shall be enclosed in a sealed official envelope provided by the Cooperative, bearing the member's name and address, addressed to the secretary and deposited in the U.S. Mail, postage prepaid, and, when received by the secretary of the Cooperative prior to the start of the meeting of the members at which such vote will take place, shall be accepted and counted as the vote of the absent member at such meeting. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 3.8. *Electronic Voting.*

The Board of Directors of the Cooperative may, upon its own resolution, adopt and implement a system of electronic voting for use in elections of directors or upon other matters presented to the members for vote. No system of electronic voting shall be implemented unless the secrecy of each member's vote is adequately preserved, and the Cooperative is able to authenticate that it is a Cooperative member who is casting the vote. In the event that a system of electronic voting is implemented, voting by mail shall continue to be made available to each member as an alternative.

SECTION 3.9. *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 conducted under an agenda and policies established by the Board except as otherwise determined by the members present and entitled to vote at such meeting. No business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

ARTICLE IV DIRECTORS

SECTION 4.1. *General Powers.*

The business and affairs of the Cooperative shall be managed by a Board of Directors, consisting of seven (7) directors, which shall exercise all of the powers of the

Cooperative, except as are by law, the Articles of Incorporation, or these Bylaws, conferred upon or reserved to the members.

SECTION 4.2. *Districts, Election and Tenure of Office.*

To ensure equitable representation, the entire area served by the Cooperative shall be divided into seven (7) districts. Each district shall be defined as follows:

DISTRICT 1: All the city of Freeport within the city limits.

DISTRICT 2: All areas served by the Cooperative described as follows: bounded on the east beginning at the point where the Minneapolis/St. Paul & Sault Ste. Marie Railway (Lake Wobegon Trail) intersects I-94 approximately 1 mile west of Albany, Minnesota (point of beginning), thence northeasterly along said railway until it intersects with MSH 238, thence north and west along MSH 238 to the intersection of 415th Street and continuing along easterly and northerly along the east border of the Cooperative until it intersects with the northern border of the cooperative; bounded on the north by the northern border of the Cooperative; bounded on the west by the westerly border of the cooperative extended south to the intersection of I-94; and bounded on the south by I-94 from the intersection of the westerly border of the Cooperative and I-94 extended southeasterly to the point of beginning, except the city of Freeport.

DISTRICT 3: All areas served by the Cooperative described as follows: beginning at a point where CSAH #10 intersects with I-94 west of CSAH #10 extended South and South of I-94 extended west, except within the Freeport City Limits.

DISTRICT 4: All areas served by the Cooperative described as follows: beginning at the point where CSAH #10 intersects with I-94, bounded on the west by CSAH #10 extended South, on the north by I-94 extended to the eastern boundary of the Cooperative.

DISTRICT 5: All areas served by the Cooperative described as follows: bounded on the west beginning at the point where the easterly line of Section 22, Township 125, Range 31 west intersects I-94 (point of beginning), thence Northerly running along said section line to the northeast corner of Section 15, Township 125, Range 31 west, thence westerly along said section line to the intersection of MSH 238, thence north and west along MSH 238 to the intersection of 410th Street; bounded on the north by the northern border of the Cooperative; bounded on the east by the easterly border of the Cooperative extended southerly to the intersection of the easterly border of the Cooperative and I-94; and bounded on the south from the intersection of the easterly border of the Cooperative and I-94, thence northwest along I-94 to the point of beginning.

DISTRICT 6: All areas served by the Cooperative described as follows: bounded by a line beginning where 6th Street intersects I-94, thence along I-94 easterly to the intersection of I 94 and the easterly section line of Section 22, Township 125, Range 31 west; then Westerly along said section line to the intersecting of 6th Street to the point of beginning.

DISTRICT 7: All areas served by the Cooperative described as follows: bounded by a line beginning at the intersecting point of the Minneapolis/St. Paul and Sault Ste. Marie Railway with I-94, approximately one mile west of Albany, Minnesota, bounded on the north and west by said railway extended north–easterly till said railway intersects 6th Street extended in Albany, Minnesota, bounded on the east by a line running southerly along said 6th Street to I-94 and bounded on the south by I-94 extended to the point of beginning.

Each director on the Board of Directors shall serve until the Board Reorganization Date, as provided in Section 4.3 below and until a successor has been duly elected and qualified as provided in the Bylaws, or until such director's earlier death, resignation, disqualification or removal.

SECTION 4.3. *Election and Tenure of Office*

Directors shall be elected by the members, as their current terms expire, by secret ballot at each annual meeting of the members. Directors shall be elected for a five-year term or until their successors have been elected and have qualified. If an election of directors is not held on the day designated for the annual meeting, or at any adjournment thereof, then a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members.

In the event that there is only one candidate for election to a Director position, either through filing or by nomination, the single candidate shall be deemed elected by acclamation as an unopposed candidate and no voting shall be required for such an uncontested Director election. The notice of the annual meeting of members shall state the name of the candidate elected by acclamation and a report of such election by acclamation shall be given to the members at the annual meeting of members.

SECTION 4.4. *Qualifications to Become or to Remain a Director.*

No person shall be eligible to become or to remain a director of the Cooperative who:

- (a) Is not a natural person with the capacity to enter legally binding contracts; or,
- (b) Is not a member presently residing in the area served or to be served by the Cooperative; or
- (c) Is not a resident of the district which he or she will represent; or

- (d) Is presently, or within the previous five (5) years has been, an employee of the Cooperative or any of its affiliates or is, in any way, employed by or financially interested in a competing enterprise or a business engaged in selling telecommunication services or supplies, or constructing or maintaining telecommunication facilities other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephone, provided however, that the board may grant exceptions for a “de minimis” competing enterprise; or
- (e) Is closely related to an incumbent Director or an employee of the Cooperative. As used here, “closely related” means a person who is related to the principal person by consanguinity or affinity, to the second degree or less - that is, a person who is either a spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew, or niece, by blood or in law, of the principal. However, no incumbent Director shall lose eligibility to remain a Director or to be reelected as a Director if he/she becomes a close relative of another incumbent Director or of a Cooperative employee because of a marriage to which he/she was not a party; neither shall an employee lose eligibility to continue in the employment of the cooperative if he/she becomes a close relative of a Director because of a marriage to which he/she was not a party; In the event an employee dissolves their marriage, the former spouse and any direct or indirect in law(s) shall remain ineligible while the employee is still in the employ of the cooperative; or;
- (f) Is, or becomes, the full-time employer, employee, principal or agent of an incumbent director; or;
- (g) Is presently, or within the previous five (5) years has been, employed by a labor union which represents, or has represented, or has endeavored to represent, any employee of the Cooperative; or;
- (h) Unless excused by the board of directors for good cause, has not attended at least eighty percent (80%) of the meetings of the board of directors; or
- (i) Has, while a Director or during the five (5) years immediately prior to becoming a Director, been convicted of a felony.

If any Director, after being elected or appointed as a Director, is found to be not in compliance with any of the above-stated qualifications, then, unless otherwise determined by the Board for good cause, the Director is no longer eligible to serve as a Director and shall be removed from office.

SECTION 4.5. *Nominations.*

Any member meeting the qualifications of Section 4.4 of these Bylaws may become a candidate for election to the office of director by submitting, not less than seventy-five (75) days prior to the annual meeting of members at which the election will take place, a written petition for nomination, or the signatures of no less than fifteen (15) members. The board may also nominate one or more candidates for the office of director and, if the number of petitions received by the Cooperative is not sufficient to provide at least one candidate for each vacancy occurring on the Board of Directors, it shall nominate at least the number of candidates necessary to provide no less than one candidate for

each vacancy occurring on the Board of Directors. Nominations made by petition and by the Board, if any, shall be posted by the Secretary at least thirty (30) days prior to the annual meeting of members at which the election will take place. The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by petition and by the board. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail, or electronically if permitted, for directors as provided in these bylaws. If an election for a vacancy on the Board of Directors is contested, a ballot marked "Ballot for Directors" designating the districts concerned in numerical order, containing the names of all the nominees so posted, and stating the residence of each, shall be mailed with the notice of the meeting. Any member may vote by mail, or electronically if permitted, for directors by marking on the ballot an "x" opposite the names in each of the blocks designated for the candidates equal to no more than the total number of directors to be elected.

SECTION 4.6. *Conflict of Interest Certification.*

All candidates for the office of director must sign, and all directors must annually sign, a conflict of interest certification, in the form prescribed by the Board of Directors, by which the candidate or director certifies his or her compliance with the conflict of interest policies, rules and/or regulations of the Cooperative. The Board of Directors shall have the power to make, adopt and amend as necessary such conflict of interest policies, rules and/or regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable for the avoidance of director, officer or employee conflicts of interest with the Cooperative or its business.

SECTION 4.7. *Director Conduct, Censuring or Removal Of Director and Resignations.*

A Director shall discharge his or her duties, including duties as a Board Committee member:

- (a) In good faith;
- (b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances;
- (c) In a manner the Director reasonably believes to be in the Cooperative's best interests; and,
- (d) Consistent with established Board policies regarding Director Ethics and Code of Conduct.

The Board shall have the power to censure, in such form and to such degree as it deems appropriate, any Director who does not conform to the provisions of this Section in the discharge of his or her duties. Such censure may, in the discretion of the Board include a recommendation to the membership that the Director be removed from office.

Any member may bring charges against a director and, by filing with the Secretary, such charges in writing together with a petition signed by at least ten percent (10%) of the members of the Cooperative, or 200 members of the Cooperative, whichever is the lesser, may request the removal of such director from office by reason thereof. The

director so charged shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person, or by counsel, and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations. **Any person elected to replace a removed Director must meet the qualifications set forth in Section 4.4 of these bylaws.**

Any board member may, for cause, bring charges against, and request the removal of, another board member by delivering to each board member a notice, signed by at least two (2) members of the board, setting forth, with specificity, the charges against such other board member. The unanimous vote of all members of the board (except the member against whom charges are brought) shall be required in order to remove a board member pursuant to this paragraph. Any vacancy created by such removal by the board shall be filled in accordance with the provisions of Section 4.8 of these bylaws. For purposes of this paragraph, "Cause" shall mean a failure by a board member to meet the qualifications to remain a director as set forth in Section 4.4 of these Bylaws or any substantial failure of a board member to serve in accordance with, or violation by the board member of, any material term, condition, or provision of the Cooperative's Articles of Incorporation, Bylaws or board adopted policies, which failure or violation has a direct and material adverse effect on the business and affairs of the Cooperative. A board member against whom charges are brought pursuant to this paragraph shall be informed in writing of the charges at least ten days prior to the meeting of the board at which the charges are to be considered (which meeting shall be held on such date and at such time as the board may, in its discretion, determine) and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. No board member shall be removed from office pursuant to this paragraph unless the specific facts and circumstances constituting Cause are supported by clear and convincing evidence.

A director may resign at any time by written notice delivered to the Board of Directors, President or Secretary of the Cooperative. A resignation is effective when the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled before the effective date but the successor shall not take office until the effective date.

SECTION 4.8. *Vacancies.*

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term. If a vacancy is not filled by the board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such vacancy at a

meeting of the members without compliance with the foregoing provisions in respect of nominations.

SECTION 4.9. *Compensation.*

Board members shall, as determined by resolution of the Board, receive a fixed sum 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 law, the Articles of Incorporation, Bylaws, or resolution of the Board. If authorized by the Board, Board members 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 Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the Board. For purpose of this section, "close relative" includes grandparent, parent, husband, wife, child, grandchild, brother, sister, aunt, uncle, nephew, and niece, by blood, by marriage, or by adoption, and spouse of any of the foregoing.

SECTION 4.10. *Rules, Regulations, Rate Schedules, And Contracts.*

The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, contracts, security deposits or any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative, or cause such to be submitted for any appropriate governmental regulatory approval. Further, the Board of Directors may constitute itself into committees for the purpose of studying and making recommendations to the full Board in the course of its decisional processes.

ARTICLE V MEETINGS OF THE BOARD

SECTION 5.1. *Regular Meetings.*

A regular meeting of the Board shall be held monthly at such time and place in the area served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. Unless specifically prohibited by law, meetings, regular or special, may be conducted, **or if a Director is unable to attend a scheduled meeting in person, he or she may attend such meeting**, through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can reasonably and verifiably identify themselves and can communicate with each other during the meeting. Such participation will constitute attendance and presence in person at the meeting of the persons so participating. **The President may, by written notice delivered to each Director, in person or by mail or electronically, no less than two days prior to the scheduled meeting date, cancel a scheduled regular meeting of the Board if, in the**

discretion of the President, after consultation with the General Manager, there is no pressing business of the Cooperative for which a meeting of the Board is needed.

SECTION 5.2. *Special Meetings.*

Special meetings of the Board may be called by the President or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Directors calling the meeting shall fix the time and place (which shall be in the area served by the Cooperative) for the holding of the meeting. **A special meeting of the Board shall be conducted in the same manner as a regular meeting is conducted pursuant to Section 5.1 of these bylaws.**

SECTION 5.3. *Notice of Special Board Meetings.*

Written notice stating the place, day and hour of the meeting **and, if necessary, the instructions for attending a meeting in virtual format, and the purpose or purposes for which the meeting is called,** shall be delivered to each Director at least five days previous thereto personally, **electronically,** or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or one of the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Director at his or her address as it appears on the records of the Cooperative, with first-class postage thereon prepaid. **If delivered electronically, such notice shall be deemed to be delivered at the time that it is sent when supported by written proof of the time it was sent to the recipient's last known delivery address is available.**

SECTION 5.4. *Quorum.*

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the act of the Board.

SECTION 5.5. *Unanimous Consent In Writing.*

Unless otherwise prohibited by law, Board actions may be taken without a meeting and without a vote if unanimous consent of the board is obtained in writing setting forth the action taken in detail and the writing is signed by all Directors entitled to vote.

SECTION 5.6. *Electronic Voting.*

Any matter that has been presented to the Board at a regular or special meeting, or which has been verifiably presented to all members of the Board electronically, may, in the discretion of the President, be voted upon by the members of the Board electronically without any further meeting. Any vote of the Board conducted electronically in accordance with this Section shall be decided by a majority vote of the Board. For purposes of this Section, "Electronically" shall mean relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities and

shall include, but not be limited to, electronic mail or the Cooperative's intranet site designated for the dissemination of information to the members of the Board.

ARTICLE VI OFFICERS

SECTION 6.1. *Number and Titles.*

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

SECTION 6.2. *Election and Term of Office.*

The officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected annually by the Board at the first meeting of the Board held after the annual meeting of the members. The President, Vice President, Secretary and Treasurer must be members of the Board of Directors. 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 following the next succeeding annual meeting of the members, or until a successor has been elected and has qualified. Except as otherwise provided in these Bylaws, a vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 6.3. *Removal of Officers and Agents By The Board.*

Any officer or agent elected or appointed by the Board may be removed by the Board whenever, in its judgment, the best interests of the Cooperative will be served thereby. In addition, any member may bring charges against an officer and, by filing with the Secretary, such charges in writing together with a petition signed by at least ten percent (10%) of the members of the Cooperative, or 200 members of the Cooperative, whichever is the lesser, may request the removal of such officer from office by reason thereof. The officer whose removal is sought shall be informed in writing of the reasons therefor at least ten (10) days prior to the meeting of the Board at which the removal will be considered and shall have an opportunity at the meeting to be heard in person, or by counsel, and to present evidence in respect of the reasons for removal; and the Board or person or persons bringing the charges against him/her shall have the same opportunity. In the event that the Board of Directors does not vote to remove such officer the question of removal may be considered and voted upon at the next meeting of the members.

SECTION 6.4. *President.*

The President shall:

- (1) Be the principal executive officer of the corporation and unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (2) Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof is expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative, or is required by law to be otherwise signed or executed; and,
- (3) In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 6.5. *Vice President.*

In the absence of the President, or in the event of his/her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as, from time to time, may be assigned to him or her by the Board.

SECTION 6.6. *Secretary.*

The Secretary shall be responsible for:

- (1) Keeping the minutes of the meetings of the members and of the board in one or more books provided for that purpose;
- (2) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (3) The safekeeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (4) Keeping a register of the names and post office addresses of all members;
- (5) Keeping on file at all times a complete copy of the Articles of Incorporation and 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, furnishing a copy of these Bylaws and of all amendments thereto to each member; and,
- (6) 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/her by the Board.

SECTION 6.7. *Treasurer.*

The Treasurer shall be responsible for:

- (1) Custody of all funds and securities of the Cooperative;
- (2) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws; provided, however, that the treasurer

- shall have authority, with the approval of the Board, to delegate to the general manager the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section; and
- (3) The general performance of all the duties incident to the Office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board.

SECTION 6.8. *General Manager.*

The Board shall appoint a General Manager, who may be, but who shall not be required to be, a member of the Cooperative. The General Manager shall perform such duties as the Board may from time to time require and shall have authority as the Board may from time to time vest in him/her.

SECTION 6.9. *Bonds.*

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

SECTION 6.10. *Compensation.*

The powers, duties and compensation of officers, agents and employees shall be fixed or approved by the Board, subject to the provisions of these Bylaws with respect to compensation for Directors and to close relatives of Directors.

SECTION 6.11. *Reports.*

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. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

**ARTICLE VII
INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS**

Section 7.1. *Scope of Indemnification.*

To the extent allowed by law and by the Articles of Incorporation, the Cooperative shall indemnify any person who was, or is, a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by, or in the name of the Cooperative) by reason of the fact that such person is or was a Board member, officer, employee, or agent of the Cooperative or who is or was serving at the request of the Cooperative as a Board member, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses, (including attorney's fees) adjustments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or

proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon pleas of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in

good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

Section 7.2. Indemnification For Good Faith Action.

To the extent allowed by law and by the Articles of Incorporation, the Cooperative shall indemnify any person who was, or is, a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit by, or in the name of, the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a Board member, officer, employee, or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a Board member, officer, employee or agent of another Cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative. No indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

Section 7.3. Cost of Defense Indemnified.

To the extent that a Board member, officer, employee, or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 7.1 and 7.2, in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

Section 7.4. Amount of Indemnification.

Any indemnification under Sections 7.1 and 7.2 (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the Board member, officer, employee, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 7.1 and 7.2. Such determination shall be made:

- (1) By the Board, by a majority vote of a quorum consisting of Board members

- who were not parties to such action, suit, or proceedings; or
- (2) If such a quorum is not obtainable, or, if obtainable, if a quorum of disinterested Board members so directs, by independent legal counsel in a written opinion; or
 - (3) By the members.

Section 7.5. Expenses Advanced.

Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit, or proceeding as authorized by the Board in specific case, upon receipt of a firm commitment by or on behalf of the Board member, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Cooperative as authorized in this Article.

Section 7.6. Rights of Persons Indemnified. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of members or disinterested Board members, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7.7. Insurance Coverage. The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Board member, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

ARTICLE VIII CAPITAL CREDITS

SECTION 8.1. 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 any capital furnished by its members.

SECTION 8.2. Patronage Capital in Connection With Cooperative Services.

In the furnishing of telephone and other communications services, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of telephone and other communications services in excess of operating costs and expenses properly chargeable against the furnishing of such

services. All such amounts in excess of operating costs and expenses for such services, 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 member, all such amounts in excess of operating costs and expenses derived from telecommunications and information services provided that no credits shall be due to any member with respect to the purchase of any service from the Cooperative that is resold by the purchaser or combined with other elements for use in providing service to another person or entity. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by the member for services is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to the member's account; provided that individual notice of such amounts furnished by each member shall not be required if the Cooperative notifies all members of the aggregate amount of such excess from services and provides a clear explanation of how each member may compute and determine the specific amounts of capital so credited to the member's account. All such amounts credited to the capital account of any member shall have the same status as though it has been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital. All nonpatronage margins shall, insofar as permitted by law, and at the discretion of the Board of Directors, be used to offset any losses during the current or any prior fiscal year and, to the extent not needed for that purpose, either;

- (1) Allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the members in an equitable manner as approved by the board, or
- (2) Used to establish and maintain a nonpatronage margin reserve not assignable to members prior to dissolution of the cooperative, or
- (3) Used for such purpose or purposes as the Board of Directors may from time to time determine.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative has 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 determines that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution. In no event may any such capital be retired unless, after the proposed retirement, the remaining capital of the Cooperative shall equal at least the minimum capital requirements imposed upon the Cooperative either by law, by the terms of its contractual obligations, or by its Articles of Incorporation or Bylaws.

Notwithstanding any other provision of these bylaws, the Cooperative may, before retiring or refunding any capital credited to any member, or former member, deduct therefrom any amounts owed to the Cooperative by such member or former member, including any reasonable interest and/or late payment fee determined by the Board and as allowed by law.

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, or successors in occupancy, in all or in a part of such patrons' premises served by the Cooperative, unless the Board, acting under policies of general application, shall authorize other types of assignments. Patrons at any time may assign their capital credits back to the Cooperative and the Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.

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

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 both between the Cooperative and each patron, and further, between all the patrons themselves individually. 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 term and provisions with the Cooperative and each of its patrons. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its patrons.

ARTICLE IX DISPOSITION AND PLEDGING OF PROPERTY

The Cooperative may, at any meeting of its Board of Directors, sell, mortgage, lease, or exchange all or any substantial portion **in excess of ten percent (10%)** of its total assets, **or merge with, or consolidate into, another entity that is not a cooperative association, or dissolve the Cooperative, or file for bankruptcy with the United States Bankruptcy Court upon such terms and conditions as the Board of Directors deems expedient and for the best interests of the Cooperative** only when authorized by the affirmative vote of at least two-thirds (2/3) of the total members of the Cooperative cast in person, by mail or, if permitted, electronically at a meeting of the members, notice of which includes a clear

explanation of the action to be voted upon, **and authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative.**

Notwithstanding anything herein contained the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof or from any banking or financial institution or corporation established under the authority of the United States of America for financing cooperatives and systems and in connection with such borrowing 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, all upon such terms and conditions as the Board of Directors may determine. For purposes of this article, a merger with or consolidation into another cooperative association shall not be deemed a sale, mortgage lease or exchange. **OTHER PROVISIONS OF THESE BYLAWS NOTWITHSTANDING, ANY REPEAL, AMENDMENT, OR ALTERATION OF THIS ARTICLE THAT WOULD RESULT IN A CHANGE IN THE MEMBER APPROVAL REQUIREMENTS FOR ACTS DESCRIBED HEREIN, MUST BE APPROVED BY A TWO-THIRDS (2/3) VOTE OF ALL OF THE MEMBERS OF THE COOPERATIVE.**

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 10.1. *Contracts.*

Except as otherwise provided in these Bylaws, the Board 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 10.2. *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(s), agent(s), or employee(s) of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board.

SECTION 10.3. *Deposits.*

All the funds, other than petty cash, of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such institutions as the Board may select.

SECTION 10.4. *Fiscal Year.*

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

ARTICLE XI CORPORATE 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".

ARTICLE XII MISCELLANEOUS

SECTION 12.1. *Membership In Other Organizations.*

The Cooperative, upon authorization of the Board of Directors, may become a member, or purchase stock, of other profit or nonprofit organizations, associations, partnerships, or joint ventures when the Board finds that the general or long-term interests of its membership will be served by such investments or participation.

SECTION 12.2. *Waiver of Notice.*

Any member or Director may waive, in writing, any notice of a meeting required to be given by these Bylaws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in a case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business, on the grounds that the meeting has not been lawfully called or convened.

SECTION 12.3. *Policies, Rules and Regulations.*

The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management of the business and the affairs of the Cooperative.

SECTION 12.4. *Accounting System and Reports.*

The Board 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 RUS of the United States of America. The Board shall also, after the close of each fiscal year, cause to be made, a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

SECTION 12.5. *Area Coverage.*

The Board of Directors shall make diligent effort to see that telephone and other communications services are extended to all unserved persons within the Cooperative serve area who (a) desire such services and (b) meet all reasonable requirements established by the Cooperative as a condition of such services.

SECTION 12.6. *Service By Employees, Officers and Directors On Other Boards*

No employee, officer or director of the Cooperative shall serve as a director or member of a board or committee of an entity other than the Cooperative (an "Unrelated Entity") without the prior consent of the Board of Directors of the Cooperative. As a condition to granting such consent the Board of Directors may require that the employee, officer or director request and obtain appropriate directors' and officers' liability insurance from the Unrelated Entity.

ARTICLE XIII AMENDMENTS

Except as provided in Article IX hereof, these Bylaws may be altered, amended, or repealed by the members, at any regular or special meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal, or an accurate summary explanation thereof.