

## ARTICLE I MEMBERSHIP

### 1.1 Eligibility.

Any person, firm, association, corporation or body politic or subdivision thereof will become a member of Benton Cooperative Telephone Company (hereinafter called the "Cooperative") upon receipt of telecommunications and information services (hereinafter referred to simply as "services") from the Cooperative. Membership is automatic and instantaneous upon receipt of service; however, each member shall:

- 1.1.1 Make a written application for membership for the Cooperative records;
- 1.1.2 Agree to purchase services from the Cooperative in accordance with established tariffs, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect;
- 1.1.3 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
- 1.1.4 Pay any application fee as hereinafter may be specified.

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

### 1.2 Definition and Classifications.

- 1.2.1 Membership in the Cooperative is effected by:
  - 1.2.1.1 Procuring the Cooperative's central office dial tone, or
  - 1.2.1.2 Providing a continuing periodic telecommunications 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.

- 1.2.2 The Cooperative may have one or more classes of members to accommodate the various types of services. If the Cooperative has more than one class of membership, the definitions, the types, the qualifications and rights of each class shall be determined by the Board and set forth in these Bylaws.
- 1.2.3 Exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunications services to members are neither members nor patrons by virtue of division of revenue contracts or other contracts.
- 1.2.4 Each time sharing or interval ownership premise is considered as a single-corporate member. The corporation holding the seasonal, recreational and short-interval rental properties will be deemed to hold the membership.

No member may hold more than one membership of each class in the Cooperative. No membership in the Cooperative shall be transferrable, except on the books of the Cooperative and as provided for in these Bylaws.

- 1.2.5 Membership Number. Membership in the Cooperative will be evidenced by a Membership Number assigned to each member. A record of the numbers of all members shall be maintained by the Cooperative in a Register of Members at its principal office. Any member may request his/her current number designation at all reasonable times by directing an inquiry to the Cooperative offices. The Register of Members shall be deemed to be a corporate record.
- 1.2.6 Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include a husband and wife 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 or in respect of the holders of a joint membership shall be as follows:
  - 1.2.6.1 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;
  - 1.2.6.2 The vote of either separately or both jointly shall constitute one joint vote;
  - 1.2.6.3 A waiver of notice signed by either or both shall constitute a joint waiver;
  - 1.2.6.4 Notice to either shall constitute notice to both;
  - 1.2.6.5 Expulsion of either shall terminate the joint membership;
  - 1.2.6.6 Withdrawal of either shall terminate the joint membership;
  - 1.2.6.7 Either, but not both, may be elected or appointed as an officer or Board member if individually qualified;
  - 1.2.6.8 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.

### 1.3 Purchase of Services.

Each person who applies for service shall, as soon as service is available, take service from the Cooperative. The member shall pay therefor monthly at rates in accordance with either established tariffs as fixed by the Board, or, for the services rendered by other carriers, at the rates which the Cooperative is obligated 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 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 him to the Cooperative as and when the same shall become due and payable.

### 1.4 Termination of Membership.

- 1.4.1 Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, expel any member who 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 liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.

- 1.4.2 Upon the withdrawal, death, cessation of service or expulsion of a member, the membership of such member shall thereupon terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or his/her estate 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.

## ARTICLE II RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

### 2.1 Service Obligations.

- 2.1.1 The Cooperative will use reasonable diligence to furnish adequate and dependable services, but cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each Individual member.
- 2.1.2 The members pledge to purchase services from the Cooperative to the extent that its services are able to meet the members' needs and are competitively priced.

### 2.2 Cooperation of the Members in the Extension of Services.

The cooperation of the Cooperative is imperative to the successful, efficient, and economical operation of the Cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communication service to said member, or any other member, at no cost to the Cooperative. When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

### 2.3 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.

### 2.4 Property Interest of Members.

Upon dissolution, after:

- 2.4.1 All debts and liabilities of the Cooperative shall have been paid;
- 2.4.2 All capital furnished through patronage shall be retired as provided in these Bylaws; and
- 2.4.3 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.

## ARTICLE III MEETINGS OF MEMBERS

### 3.1 Annual Meeting.

The annual meeting of the members shall be held at a date and place within the State as selected by the Board, and shall be designated in the Notice of Meeting 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. 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.

### 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, by the President, or by not less than twenty percent (20%) of all of 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 one of the counties served by the Cooperative as designated by the Board and shall be specified in the Notice of the special meeting.

### 3.3 Notice of Members' Meetings.

- 3.3.1 Notice of Annual Meeting. The Secretary of the Association shall give notice of the annual meeting by publication in a legal newspaper published in the county of the principal place of business of the Cooperative, at least fifteen (15) days prior to the date of the meeting, or by mailing notice thereof to each and every member personally, or in the case of an association, to the Secretary thereof, at the member's last known post office address, not less than fifteen (15) days previous to the date of the meeting.
- 3.3.2 Notice of Special Meeting. It shall be the duty of the president to cause notice of the time, place and purpose of the special meeting in the manner provided in Section 3.3.1 above. The notice shall be issued within ten, (10) days from and after the date of the presentation of such petition, and such special meeting shall be held within thirty (30) days from and after the date of the presentation of the petition.

### 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.

### 3.5 Quorum.

As long as the total number of members of the Cooperative does not exceed five hundred (500), ten percent (10%) of the total number of members shall constitute a quorum. In the case the total number of members exceeds five hundred, fifty (50) members shall constitute a quorum. In determining a quorum at a meeting, on a question submitted to a vote by mail on a ballot approved by the Board of Directors, both members present at the meeting and those represented by a mail vote on that question shall be counted to constitute a quorum for purposes of deciding that matter. In determining a quorum at a meeting for matters which have not been submitted to a vote by mail, only those members present at the meeting shall be counted to constitute a quorum. Those members present at a meeting will be established by a registration of those members.

If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

### 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 issues with respect to voting shall be governed according to the latest edition of Rules of Order used by the Cooperative unless otherwise specified by law or the Articles of Incorporation. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to each member meeting, satisfactory evidence entitling the person presenting the same to vote. All questions, except

those involving multiple choice issues or determinations, shall be decided by a vote of a majority at the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Multiple choice issues or determinations shall be decided by a plurality vote. In the election of directors, a voice vote may be permitted if there is no competition for the seat or seats to be filled.

### 3.7 Voting by Mail.

Any member who is absent from any annual or special meeting of the members may vote by mail on the ballot herein prescribed, upon any motion, resolution or amendment to be acted upon at such meeting. 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 enacted 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 affirmative or negative vote thereon. Such member shall express his/her choice by making an "X" in the appropriate space upon such ballot. Such ballot shall be signed by the member, if an individual, or if a corporation, by the President or Secretary thereof, and when received by the Secretary of the Cooperative, shall be accepted and counted as the vote of the absent member at such meeting. If a husband and wife held a joint membership and are absent from any annual or special meeting of the members, they shall jointly be entitled to vote by mail as provided in this Section. 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.

### 3.8 Order of Business.

The order of business at the annual meeting of the members and, so far as possible at all other meetings of the members, shall be conducted under policies established by the Board and under an agenda essentially as follows, except as otherwise determined by the members at such meeting:

- 3.8.1 Report on the number of members present in person in order to determine the existence of a quorum.
- 3.8.2 Reading of the Notice of the Meeting and proof of the timely publication or mailing thereof, or the waiver or waivers of Notice of Meeting, as the case may be.
- 3.8.3 Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- 3.8.4 Audit report of outside auditors or a summary thereof.
- 3.8.5 Election of Board members.
- 3.8.6 Presentation and consideration of reports of officers, management or committees.
- 3.8.7 Unfinished business.
- 3.8.8 New business.
- 3.8.9 Adjournment.

Notwithstanding the foregoing, the Board or the members themselves may, from time-to-time, establish a different order of business for the purpose of assuring the earlier consideration of an action upon any item of business, the transaction of which is necessary or desirable in advance of any other item of business; provided that 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 BOARD MEMBERS

### 4.1 General Powers.

General Powers. The business and affairs of this Cooperative shall be managed by a board of directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members. There shall be five Directors. This number of directors shall be effective on the day of the Annual Meeting of the members to be held in the year 2014.

### 4.2 Election Process and Term of Office.

Directors shall be elected by and from the members to serve a five year term, or, until their successors shall have been elected and shall have qualified, and that the terms of the directors shall be staggered to ensure continuity. Directors shall be elected by a secret ballot at each annual meeting when there is competition for the Board seat(s) to be filled. If the nomination for a Board seat names only one person and is uncontested, the election may be made by the casting of a single vote. There shall be one Director for each of the telephone exchanges in the Benton Cooperative Telephone Company system. The election of members of the Board of Directors shall be at the times as follows:

- Director of the Bock exchange in 2015;
- Director of the Ramey exchange in 2016;
- Director of the Rice exchange in 2017;
- Director of the Gilman exchange in 2018;
- Director of the Foreston exchange in 2019; and

Hereafter all Directors shall be elected in the sequence described above.

### 4.3 Qualifications to be Nominated, to Become, or Remain a Director.

Any member shall be eligible to be nominated, elected, and remain a Director of the Cooperative provided that he/she:

- 4.3.1 Resides in the geographic area from which he or she is elected, and has resided there for more than two hundred and forty (240) days during the last twelve (12) month period.
- 4.3.2 Is not an employee of the Cooperative, nor has been an employee of the Cooperative within five years prior to taking office as a Director, nor is in any way employed by, or financially interested in a competing enterprise, or a business selling telephone services or supplies to the Cooperative, or a business primarily engaged in the selling of telephone service or telephone supplies to the members of the Cooperative.
- 4.3.3 Is NOT 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 or she becomes a close relative of another incumbent Director or of a Cooperative employee because of a marriage to which he or she was not a party; neither shall an employee lose eligibility to continue in the employment of the Cooperative if he or she becomes a close relative of a Director because of a marriage to which he or she was not a party. In the event of a marriage between a Director and an employee, either party may resign, but if the employee does not resign, the Director is deemed to have resigned.

To remain a Director, the incumbent must attend two-thirds (2/3) or more of the regular meetings during each twelve (12) month period, beginning with the month of his/her election. Upon establishment of the fact that a Director or nominee is in violation of any of the provisions of this section, that office or nomination shall be deemed vacant.

Nothing in this section shall affect, in any manner whatsoever, the validity of any action taken at any meetings of the Board.

**4.4 Nominations.**

- 4.4.1 Any ten (10) or more members who reside in any one district may nominate an eligible member for a Director position for that district; any ten (10) or more members residing within the area served by the Cooperative nominate an eligible member to serve at large. Such nominations shall be in writing, signed by said members, and shall be delivered to the Secretary at least fifty-six (56) days before the Annual Meeting of the Cooperative. The Secretary shall cause to be posted such nominations in the main office of the Cooperative at least thirty (30) days before the Annual Meeting.
- 4.4.2 The Board may appoint, not less than forty-five (45) days or more than ninety (90) days before the date of a meeting of the members at which Board members are to be elected, a nominating committee consisting of not less than five (5), nor more than eleven (11) members who shall be selected from different geographic areas so as to ensure equitable representation. At least one member of the committee shall be selected from each exchange in the Cooperative. No member of the Board, close relative of a Board member, or employee of the Cooperative may serve on such committee.
  - 4.4.2.1 If the members in any district shall fail to nominate a nominee (or nominees) as provided in 4.4.1 above, then the nominating committee shall nominate one (1) or more members who reside in said district for director, or one or more members residing within the area served by the Cooperative for a director at large. This shall in no way limit the power of the committee to nominate a member, or members, to serve as a candidate for the position of director in any district or at large even if there are nominees presented as provided in 4.4.1.
  - 4.4.2.2 The committee, keeping in mind the principle of equitable representation, shall prepare and present to the Secretary of the Cooperative a list of nominations for the Board which shall include as many nominees for each Board position as the committee deems desirable. The Secretary shall cause to be posted at the principal office of the Cooperative at least thirty (30) days before the Annual Meeting a list of the committee nominations.
- 4.4.3 The Secretary shall be responsible for mailing with the Notice of the Meeting, or separately, but at least fifteen (15) days before the date of the member meeting, a statement of the number of Board members to be elected and the names and addresses of the candidates nominated by the members as provided in 4.4.1 or the committee on nominations as provided in 4.4.2.
- 4.4.4 No member may be elected as a Director unless nominated in the manner provided by 4.4.1, 4.4.2, or 4.4.2.1. No write-in ballots shall be accepted.

**4.5 Election of Directors.**

Contested election of Directors shall be by a form of printed ballot approved by the Directors. Such ballots shall arrange the names of the candidates alphabetically by last name, and shall also indicate whether the nomination is for a particular exchange or at large. Further, the ballot shall also designate the candidates nominated by the committee and those nominated by members. Each member of the Cooperative present in person at the meeting, or voting by mail on a ballot approved by the Directors, shall be entitled to vote for one (1) candidate for each seat for which a Director is to be elected, or at large, or on any issue before the members at the meeting. The candidate for each seat for a Director to be elected who receives a plurality of votes cast for that office at such meeting shall be declared elected as a Director. Failure of an election for a given year shall allow the incumbent Directors who directorships would have been voted on to holdover only until the next member meeting at which a quorum is present.

**4.6 Removal of Board Member by members and Resignations.**

Any member may bring charges, relating to the duties and responsibilities of his/her position, against a Board member and, by filing with the secretary such charges in writing together with a petition signed by at least ten percent of the members, or two hundred, whichever is the lesser, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least ten 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 to present evidence in respect to the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members. No Director shall be removed from office unless by a vote of two-thirds (2/3) of the members present. Any vacancy created by such removal may be filled by vote of the members at such meeting, until the next meeting of the members, without compliance with the foregoing provisions with respect to nominations.

A Director may resign at any time by written notice delivered to the Board of Directors, the 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.

**4.7 Vacancies.**

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Board members by the members, a vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining Board members until the next regular or special meeting of the members, at which meeting the members must elect a director for the unexpired term, provided, however, that in the event the vacancy is not filled by the Board of Directors prior to the notice of the next meeting of the members, there shall be a nomination of a successor for the unexpired portion of the term in the same manner as provided for the election of directors in these bylaws. However, any successor, whether chosen by the Board or the members, must reside in the same exchange, if any, as the vacant directorship and have the same qualifications for office as set forth in Section 4.3. If a Board member duly elected by the membership moves his/her residence to another area of the Cooperative, he or she may continue to serve as Director for his/her former area until the next regular election for that area.

**4.8 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 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. Board members who elect to participate may be extended various forms of insurance as well as participation in benefits provided to employees, except for benefits based on salary. 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 members or the service by the Board member of his/her close relative shall have been certified by the Board as an emergency measure. 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.

**4.9 Rules, Regulations, Rate Schedules and Contracts.**

The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits or any other types of deposits, payments or charges including contributions in aid of construction, not inconsistent with law or the Certificate 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 process.

#### 4.10 Accounting Systems and Reports.

The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at, or prior to, the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

## ARTICLE V MEETINGS OF THE BOARD

### 5.1 Regular Meetings.

A regular meeting of the Board of Directors shall be held without notice immediately after, and at the same place as, the annual meeting of the members of the Cooperative if this is deemed convenient by a majority of the Board of Directors, as constituted after the annual meeting of the members. Regular meetings of the Board of Directors shall be held at a time and place designated by the Board of Directors, but at a minimum of ten times per year. Regular meetings so designated may be held without further notice. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other in real time. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

### 5.2 Special Meetings.

Special meetings of the Board may be called by the President or by any three (3) Board members, 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 Board members calling the meeting shall fix the time and place for the holding of the meeting.

### 5.3 Notice of Board Meetings.

Written notice of the time, place (or telecommunications conference event) and purpose of any special meeting of the Board shall be delivered to each Board member personally or by mail, or at the direction of the secretary, or upon the default in duty by the secretary, by the President or one of the Board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Board member at his/her address, as it appears on the records of the Cooperative, with first-class postage thereon prepaid, at least five (5) business days before the date set for the meeting.

### 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 Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present and voting at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws or by the parliamentary procedure or special rules adopted by the Cooperative. Board members may not vote by proxy at regular or special Board meetings.

### 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 detail is signed by all Board members entitled to vote.

## ARTICLE VI OFFICERS

### 6.1 Numbers and Titles.

The officers of the Corporation shall be President, Vice-President, Secretary, and 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. The officers shall be elected from the Board of Directors.

### 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 and from the Board at the meeting of the Board held immediately after the 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 following the next succeeding annual meeting of the members, or until a successor shall have been elected and shall have 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.

### 6.3 Removal of Officers and Agents.

Any officer as defined in 6.1 above or an agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against such officer by filing with the Secretary such charges, in writing, together with a petition signed by ten percent (10%) of the members or 200, whichever is fewer, requesting the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board of Directors meeting at which the charges are to be considered. The officer shall have an opportunity, at the meeting, to be heard in person or by counsel and to present evidence in respect of the charges against him/her; and the person or persons bringing the charges shall have the same opportunity. In the event the Board of Directors does not remove such officer, the members may seek to remove that officer for cause related to the duties of that position at the next meeting of members called for that purpose.

### 6.4 President.

The President shall:

- 6.4.1 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.
- 6.4.2 Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- 6.4.3 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.

### 6.5 Vice President

In the absence of the President, or in the event of his/her disability 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.

**6.6 Secretary.**

The secretary shall be responsible and provide for:

- 6.6.1 Keeping the minutes of the meetings of the members and of the Board in books prepared for that purpose;
- 6.6.2 Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- 6.6.3 The safekeeping of the corporate books and records and the Seat 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;
- 6.6.4 Keeping a register of the names and post office addresses of all members;
- 6.6.5 Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto and at the expense of the Cooperative, furnishing a copy of these Bylaws and of all amendments thereto to each member; and
- 6.6.6 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 or her by the Board.

**6.7 Treasurer.**

The treasurer shall be responsible and provide for:

- 6.7.1 Custody of all funds and securities of the Cooperative;
- 6.7.2 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
- 6.7.3 The general performance of all the duties incident to the Office of the Treasurer and such other duties as from time-to-time may be assigned by him or her by the Board; provided, however, with respect to the duties and responsibilities of the treasurer, the Cooperative shall indemnify and hold the treasurer harmless against any and all losses, claims and/or damages which may be asserted against the treasurer, in his/her official capacity, unless such claim is a result of an act personally committed or omitted by the treasurer, resulting in loss to the Cooperative.

**6.8 Chief Executive/General Manager.**

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

**6.9 Bonds.**

The Board may require the treasurer and any other officer, agent, or employee of the Cooperative when 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 shall determine. The Board, in its discretion, may also require any other officer, agent, or employee or the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

**6.10 Compensation.**

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

**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, BOARD MEMBERS,**  
**EMPLOYEES AND AGENTS**

**7.1 Scope of Indemnification.**

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to a threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by, or in the right 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 the 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.

**7.2 Indemnification for Good Faith Action.**

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 right 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 interest 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.

**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.



**7.4 Amount of Indemnification.**

Any indemnification under Sections 7.1 and 7.2 (unless ordered by the 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 Section 7.1 and 7.2. Such determination shall be made:

- 7.4.1 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
- 7.4.2 If such a quorum is not obtainable, if a quorum of disinterested Board members so directs, by independent legal counsel in a written opinion; or
- 7.4.3 By the members.

**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 the 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 or she is entitled to be indemnified by the Cooperative as authorized in this Article.

**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 and Bylaws, agreements, vote of members or disinterested Board members, or otherwise, both as to action in his/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.

**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  
NON-PROFIT OPERATION**

**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 patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**8.2 Patronage Capital In Connection with Furnishing Telecommunications and Information Services.**

In the furnishing of telecommunications and information services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. The term "patron" as used in these bylaws refers only to an end consumer of services provided by the Cooperative and expressly excludes any person, persons, or other entity reselling the local service provided by the Cooperative. In order to induce patronage and to assure that the Cooperative will be operated 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 telecommunications and information 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 telecommunications and information services 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 derived from telecommunications and information services. 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 for telecommunications and information services 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 the patron's account; provided that individual notice of such amounts furnished by each patron shall not be required if the cooperative notifies all patrons of the aggregate amount of such excess from telecommunications and information services and provides a clear explanation of how each patron may compute and determine the specific amounts of capital so credited to the patron's account. All such amounts credited to the capital account of any patron shall have the same status as though it had been paid to the patron in cash in pursuance of legal obligation to do so and the patron had then furnished the cooperative corresponding amounts for capital.

All nonoperating margins except those derived from furnishing goods and services other than telecommunications and information services, shall, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year and, to the extent not needed for the purpose, either:

- 8.2.1 Allocated to its patrons 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 various classes of patrons in an equitable manner as approved by the Board, or
- 8.2.2 Used to establish and maintain a nonoperating margin reserve not assignable to patrons prior to dissolution of the Cooperative. So long as the cooperative does not have a tax exempt status, all non patronage margins, prior to dissolution of the cooperative, shall be retained to establish reserves in a manner which is consistent with the provisions of S308A.701 of the Minnesota Statutes, which provides that a capital reserve may be established, and in addition, the board may (1) set aside an amount not to exceed five percent of the annual net income of the cooperative for promoting and encouraging cooperative organization; and, (2) establish and accumulate reserves for new buildings, machinery and equipment, depreciation, losses and other purposes.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' 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 (Amended April 1995).

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/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 provision 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 applications, 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.

When the capital credits of any patron no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other patrons is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year, when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over. All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the Capital credits allocation process may be held and used by the Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws.

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 terms 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; DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS UPON DISSOLUTION.

### 9.1 Disposition and Pledging of Property.

The Cooperative may not sell, lease or otherwise dispose of or encumber all or any substantial portion in excess of ten percent of its total assets unless such sale, mortgage, lease or other disposition or encumbrance is:

- 9.1.1 Authorized at a meeting of the then total members by the affirmative vote cast in person of at least two-thirds of the total members of the Cooperative, and
- 9.1.2 Authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative, and
- 9.1.3 Preceded by a notice of meeting at which such sale, mortgage, lease or other disposition or encumbrance is to be voted on.

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 of 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 the United States of America, any instrumentality or agency thereof, the Rural Telephone Bank, or other lending institutions; provided further, that the Board of Directors may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.

Supplementary to the foregoing paragraphs of this Section and any other applicable provision of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer, or other disposition within a single calendar year, of physical plant of the Cooperative with net value in excess of ten percent of the Cooperative's total assets, based upon the most recent audit of the cooperative, shall be authorized except in conformity with the following:

- 9.1.4 If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange transfer, or other disposition, it shall first cause three (3) independent nonaffiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer, or other disposition, and as to any other terms and conditions which should be considered. The three (3) independent appraisers shall be designated by a District Court resident Judge for the Judicial District in which the Cooperative's headquarters are located. If such Judge refuses to make such designations, they shall be made by the Board.
- 9.1.5 If the Board, after receiving such appraisals (and other terms and conditions which are submitted, if any) determines that the proposals should be submitted for consideration by members, it shall first give, by notice in appropriate publications, other Cooperatively organized entities an opportunity to submit competing proposals. Any interested cooperatively organized entity shall be sent copies of any proposals which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such other interested cooperatively organized entities shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- 9.1.6 If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) nor more than thirty (30) days after giving the Notice thereof to the members: provided that consideration and action by the members may be given at the next annual meeting if the Board so determines and if such annual meeting is held not less than ten nor more than thirty (30) days after the giving of notice of such meeting.
- 9.1.7 Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of 9.1.7 through 9.1.10 above shall not apply to a sale, lease, lease-sale, exchange, transfer, or the disposition to one or more telephone or electric Cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more telephone or electric Cooperatives.

### 9.2 Dissolution.

Dissolution of this Cooperative may be made at any regular or special meeting of the members, when approved by a two-thirds (2/3) vote of all of the members voting, when a quorum is present in person or by mail vote. Dissolution proceedings shall then be commenced as a voluntary dissolution pursuant to the provisions of Chapter 308A of the laws of the State of Minnesota.

### 9.3 Distribution of Surplus Assets on Dissolution.

Any assets remaining after all debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provisions of Section 2.4 above; provided, however, that if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate or provide for the donation of such surplus to one or more nonprofit, charitable or educational organizations that are exempt from federal income taxation.



**ARTICLE X  
SEAL**

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Minnesota."

**ARTICLE XI  
FINANCIAL TRANSACTIONS**

**11.1 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.

**11.2 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.

**11.3 Deposits.**

All the funds of the Cooperative shall be deposited from time-to-time to the credit of the Cooperative in such institutions as the Board may select.

**ARTICLE XII  
MISCELLANEOUS**

**12.1 Membership in other Organizations.**

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

**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 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.

**12.3 Rules and Regulations.**

The Board shall have power to make and adopt such 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.

**ARTICLE XIII  
AMENDMENTS**

These Bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided that notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof; provided further, that Sections 3.6 and 3.7 (relating to voting members), Article 9 (relating to disposition of property), and Article XII (relating to amendment) of the Bylaws may be altered, amended or repealed only by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative voting in person or by mail.