



**BYLAWS of Pioneer Telephone Cooperative
as Adopted June 20, 2011**

and AS AMENDED

June 18, 2012

June 17, 2013

June 19, 2017

June 18, 2018

June 26, 2025

Table of Contents

Article I • MEMBERSHIP	1-3
Section 1. Eligibility	1
Section 2. Further Specifications.....	1-2
Section 3. Membership Fees.....	2
Section 4. Purchase of Services	2
Section 5. Termination of Membership	2-3
Article II • RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS	3
Section 1. Service Obligations	3
Section 2. Cooperation of the Members in the Extension of Services	3
Section 3. Non-liability for Debts of the Cooperative.....	3
Section 4. Property Interest of Members.....	3
Article III • MEETINGS OF MEMBERS	3-6
Section 1. Annual Meeting.....	4
Section 2. Special Meetings	4
Section 3. Notice of Members' Meeting.....	4
Section 4. Postponement of a Meeting of the Members	4
Section 5. Quorum	4
Section 6. Voting	4-5
Section 7. Order of Business.....	6
Article IV • BOARD OF DIRECTORS	6-10
Section 1. General Powers.....	6
Section 2. Election Process and Tenure of Office	6
Section 3. Qualifications to be Nominated, to Become, or Remain a Director	6-7
Section 4. Nominations	7-8
Section 5. Election of Directors	8-9
Section 6. Removal of Directors By Members and Resignations.....	9
Section 7. Vacancies	9
Section 8. Compensation	9-10
Section 9. Rules, Regulations, Rate Schedules and Contracts	10
Section 10. Accounting Systems and Reports	10
Article V • MEETINGS OF THE BOARD	10-11
Section 1. Regular Meetings	10
Section 2. Special Meetings	11
Section 3. Notice of Board Meetings.....	11
Section 4. Quorum	11
Section 5. Unanimous Consent in Writing.....	11
Article VI • OFFICERS	12-14
Section 1. Number and Titles	12

Section 2. Election and Term of Office12

Section 3. Removal of Officers and Agents by the Board12

Section 4. President12

Section 5. Vice President13

Section 6. Secretary13

Section 7. Treasurer13

Section 8. General Manager14

Section 9. Bonds14

Section 10. Others.....14

Section 11. Compensation14

**Article VII • INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES
AND AGENTS 14-15**

Section 1. Liability and Indemnification14

Section 2. Cost of Defense Indemnified14-15

Section 3. Insurance Coverage15

Article VIII • NON-PROFIT OPERATION 15-17

Section 1. Interest or Dividends on Capital Prohibited15

Section 2. Patronage Capital15-17

**Article IX • DISPOSITION AND PLEDGING OF PROPERTY DISSOLUTION
AND DISTRIBUTION OF SURPLUS ASSETS UPON DISSOLUTION... 17-19**

Section 1. Disposition and Pledging of Property17-19

Section 2. Dissolution.....19

Section 3. Distribution of Surplus Assets on Dissolution19

Article X • SEAL 19

Article XI • FINANCIAL TRANSACTIONS..... 19-20

Section 1. Contracts19

Section 2. Checks, Drafts, Etc.....19

Section 3. Deposits20

Article XII • MISCELLANEOUS 20

Section 1. Membership in Other Organizations.....20

Section 2. Waiver of Notice20

Section 3. Rules and Regulations20

Section 4. Amendments20

ARTICLE I

MEMBERSHIP

Section 1. Eligibility

Any person, firm, association, corporation, body politic, or subdivision thereof will become a member of Pioneer Telephone Cooperative (hereinafter called the "Cooperative") upon providing a continuing periodic revenue stream that benefits the Cooperative. The Board of Directors 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. Membership is automatic and instantaneous upon receipt of service; however, each member shall:

- (a) Make an application for membership for the Cooperative's records;
- (b) Agree to purchase services from the Cooperative in accordance with established tariffs or rate schedules;
- (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
- (d) Pay the membership fee.

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

Section 2. Further Specifications

- (a) Purchasers of the Cooperative's services at wholesale or otherwise for resale shall not be eligible for membership with respect to such wholesale services.
- (b) Each time sharing or interval ownership premise is considered as a single corporate member. The owner of seasonal, recreational and short-interval rental properties will be deemed to hold the membership.
- (c) 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 as provided for in these Bylaws.
- (d) All memberships in the Cooperative are extended only to individuals (natural or corporate) who meet the requirements of this Article. Memberships formerly issued as joint memberships will be allowed to continue. However, from the date of the adoption of the Bylaws, approved April 27, 1991, no new joint memberships will be established. Thus, the term "member" as used in these Bylaws shall refer to an individual but shall, on a grandfathered basis, be deemed to include individuals continuing to hold a joint membership from prior to the enactment of these Bylaws 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 with 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 Director 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 to the Cooperative.

Section 3. Membership Fees

The membership fee shall be \$1.00 and is non-refundable.

Section 4. 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 or rate schedules as fixed by the Board. 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 to the Cooperative as and when the same shall become due and payable.

Section 5. Termination of Membership

- (a) 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 the member liable to expulsion and such failure shall have continued for at least ten (10) 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.
- (b) 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 a member's estate from any debts due to the Cooperative nor do unpaid bills release a member from obligations under these bylaws or rules and regulations approved by the Board. The Cooperative may apply any allocated capital credits to offset outstanding debts owed by the member.

ARTICLE II

RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

Section 1. 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.

Section 2. Cooperation of the Members in the Extension of Services

The cooperation of members 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 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.

Section 3. Non-liability 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 4. Property Interest of Members

Upon dissolution, the assets of the Cooperative will be distributed in accordance with the Articles of Incorporation.

ARTICLE III

MEETINGS OF MEMBERS

Section 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 which shall be designated in the Notice of

the Meeting for the purpose of electing Directors, 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.

Section 2. Special Meetings

Special meetings of the members may be called by resolution of the Board or upon a written request signed by any three (3) Directors, by the president, or by not less than two hundred (200) members, or by ten percent (10%) of all the members, whichever shall be the lesser, 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.

Section 3. Notice of Members' Meeting

Written or printed notice stating the place, day and hour of the meeting 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 delivered to each member not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally, or by U.S. mail, or through electronic transmission, at the direction of the secretary, or upon a default in duty by the secretary, by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the member at the address appearing on the records of the Cooperative, with postage thereon prepaid. 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 that may be taken by the members at any such meeting.

Section 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 5. Quorum

Those members present at any annual or special meetings of the Cooperative shall constitute a quorum.

Section 6. Voting

- (a) Each member shall be entitled to only one (1) 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 Roberts

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 of the members voting thereon, 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. The Board of Directors may require voting by ballot on any major question, including the contested election of directors and bylaw proposals, and may further require ballots to be submitted personally, by U.S. mail and/or through an approved electronic voting system.

- (b) Each member shall be entitled to one vote on each issue, except as otherwise provided by law or these Bylaws. The Secretary shall enclose with the notice of such meetings an exact copy of such motion or resolution to be acted upon in ballot form. The member may express their vote thereon by appropriately marking the affirmative or the negative in the space provided. For mail voting, the member shall enclose such marked ballot in a sealed envelope, which shall then be placed in a second envelope bearing their name, address, and signature addressed to the Secretary. When such ballot is received by the Secretary, it shall be accepted and counted as a vote from such member at such meeting, provided the vote is received prior to the stated time of such meeting. For electronic voting, the member may submit their vote through an electronic voting system designated and approved by the Board, ensuring authentication and security measures are in place. Ballots must be received by the Secretary or through the designated electronic voting system by the date and time stated in the ballot to be considered valid.
- (c) If permitted by the Board, members not voting by mail or through an electronic voting system who are present at the meeting may vote by delivering said ballot to said meeting or casting said ballot during said meeting.
- (d) The first ballot to be mailed, delivered, electronically submitted, or cast as set forth herein by said member shall be the official vote of said member. Voting by proxy shall not be permitted.
- (e) Any member may also vote by mail in the election of directors by ballot as hereinafter provided in these Bylaws.
- (f) If a joint membership is held, such membership shall jointly be entitled to a single vote as provided in this section. The failure of any such 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 7. Order of Business

The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members shall be conducted under the policies established by the Board.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. General Powers

The business and affairs of the Cooperative shall be governed by a board of members (the Board of Directors) which shall exercise all 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.

Section 2. Election Process and Tenure of Office

Directors shall be elected at each annual meeting. They shall be elected by and from the members to serve a three (3) year term, or until their successors shall have been elected and shall have qualified, and the terms of the directors shall be staggered to ensure continuity. If an election of directors shall not be held on the day designated herein for the annual meeting or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors at a reasonable time thereafter. Directors shall be nominated and elected as provided hereinafter.

The Cooperative shall be divided into geographic service areas, or districts, as approved by the Board of Directors, with one director to be elected from each district and with each member eligible to vote for a director from each district. There shall be a maximum of nine (9) and a minimum of five (5) districts.

The districts shall be shown on a master map on file at the headquarters office of the Cooperative.

Section 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 who:

- (a) Resides in the district 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.
- (b) Is NOT an employee or former employee of the Cooperative or is NOT in any material way financially interested in a competing enterprise or enterprise with which the Cooperative contracts for supplies, equipment, or services. The Board may by general rule or in particular circumstances, determine which interests in enterprises are material.

- (c) 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 re-elected 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.

To remain a director, the incumbent must attend two-thirds (2/3) or more of the regular meetings during each twelve-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.

Section 4. Nominations

It shall be the duty of the Board to appoint, not less than sixty (60) days before the date of a meeting of the members at which Directors are to be elected, a committee on nominations consisting of not less than two (2) nor more than three (3) members who shall be selected from different districts to ensure equitable representation. At least one (1) member of the committee shall be selected from each district where a director is to be elected. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least fifty-five (55) days before the meeting a list of nominations for Directors, which shall include as many nominees for each Board position as the committee deems desirable. Additional nominations may be made by written petition signed by not less than one percent (1%) of the total membership of the Cooperative as of the last day of the preceding month. All such petitions shall be filed in the office of the Cooperative not less than forty-five (45) days prior to the date of the annual meeting. Nominations made by petition shall be included on the official ballot and the secretary shall post such nominations not less than thirty-five (35) days before the meeting at the same place as the list of nominations made by the committee. The secretary shall be responsible for delivering along with a notice of meeting either personally, by U.S. mail or electronic transmission, at least ten (10) days before the date of the meeting, a statement of the number of Board members to be elected and the names and addresses of the candidates nominated by the committee on nominations and by petition. Such ballot shall arrange the names of the candidates by districts and shall also designate the candidates nominated by the committee

and those nominated by petition. Nominations shall not be allowed other than as set forth in this section. At the meeting, the secretary shall place in nomination the names of all candidates from each district for which directors are to be elected.

Section 5. Election of Directors

- (a) The Board may require voting by ballot on any major question, including the contested election of directors, and may further require ballots to be submitted personally, by U.S. mail and/or through an approved electronic voting system. The ballot shall list the names of candidates nominated by the committee and by petition, with such names arranged by districts.
- (b) Not less than ten (10) days before any annual or special meeting of the members at which directors are to be elected, the Secretary shall distribute a "Ballot for Directors" to each member, either by mail or electronically. The ballot shall include a statement of the number of directors to be elected, along with the names and addresses of the candidates. Nominations shall be clearly identified as those-made by the committee and those made by petition, if any, with said names to be arranged by voting districts. The Secretary shall include a statement informing members of the approved voting methods, as outlined in Article III Section 6b, along with a notice of the meeting.
- (c) Members may vote for directors by marking an "X" on the ballot opposite the name of one (1) candidate from each district from which a director is to be elected. For voting by mail, the member shall enclose the ballot in a sealed envelope, which shall then be placed in a second envelope bearing their name, address, and their signature, addressed to the Secretary. When such ballot is received by the Secretary, it shall be accepted and counted as a vote for directors by ballot from such member at such meeting, provided such vote is received prior to the stated time of such meeting. For electronic voting, the member may submit their vote through an electronic voting system designated and approved by the Board, ensuring authentication and security measures are in place. Ballots must be received by the Secretary or through the designated electronic voting system by the date and time stated in the ballot to be considered valid.
- (d) If permitted by the Board, members not voting by mail or through an electronic voting system who are present at the meeting may vote for one (1) candidate from each district from which a director is to be elected by delivering said ballot to said meeting or casting said ballot during said meeting.
- (e) The first ballot to be mailed, delivered, electronically submitted, or cast as set forth herein by said member shall be the official vote of said member. Voting by proxy shall not be permitted.
- (f) The candidate from each district from which a director is to be elected receiving the most 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, whose directorships would have been voted on, to hold over only until the next member meeting at which a quorum is present.

Section 6. Removal of Directors By Members and Resignations

Any member may bring charges against a Director that shall specify malfeasance or nonfeasance of the duties and responsibilities of his/her position and may request the removal of such Director by reason thereof. Such charges shall be in writing and filed with the secretary together with a petition signed by at least ten percent (10%) of the members or two hundred (200), whichever is the lesser. Such Director 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 to present evidence in respect to the charges, and the person or persons bringing the charges against such Director 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. 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 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 the 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 7. Vacancies

A vacancy occurring on the Board, except for a vacancy occurring due to removal of a Director by the membership, shall be filled by the majority vote of the remaining Directors for the unexpired term unless the majority of the remaining Directors vote to reduce the district boundaries.

Section 8. Compensation

Directors 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, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Directors who elect to participate may be extended various forms of liability and accident insurance, as well as participation in benefits provided to employees, except for benefits based on salary. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close

relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Director or his/her close relative shall have been certified by the Board. For the purpose of this section, close relatives include grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, aunts, uncles, nephews and nieces, by blood, by marriage or by adoption, and spouses of any of the foregoing.

Section 9. Rules, Regulations, Rate Schedules and Contracts

The Board of Directors shall have the power to make, adopt, amend, abolish, and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits, and 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 during its decisional processes.

Section 10. Accounting Systems and Reports

The Board of Directors shall cause to be established and maintain 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

Section 1. Regular Meetings

A regular meeting of the Board shall be held without notice immediately after and at the same place as the annual meeting of the members. A regular meeting of the Board shall also be held monthly, not less than ten (10) months per year, at such time and place as designated by the Board. Such regular monthly meetings 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 using of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

Section 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 for the holding of the meeting.

Section 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 Director either personally, electronically, or by mail, 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 U.S. Mail, addressed to the Director at his/her address as it appears on the records of the Cooperative, with first-class postage thereon prepaid, at least five (5) days before the date set for the meeting. If sent via facsimile, such notice shall be deemed to be delivered when the notice sender receives back a report that the message was transmitted successfully. If sent by electronic transmission, such notice shall be deemed to be delivered unless the sender receives a notice that the electronic transmission was not delivered.

Section 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, except as otherwise provided in these Bylaws or by the parliamentary procedure or special rules adopted by the Cooperative. Directors may not vote by proxy at regular or special Board meetings.

Section 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 document is signed by all Directors entitled to vote. A facsimile, email or other electronic transmission of such signature shall be sufficient evidence of said consent.

ARTICLE VI

OFFICERS

Section 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 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 meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at this meeting, such election shall be held as soon thereafter as convenient. All four (4) of the offices mentioned in Article VI, Section 1, must be filled by a Director of the Cooperative. 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.

Section 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 for cause related to said position whenever in its judgment the best interests of the Cooperative will be served thereby. 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 meeting 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 such officer shall have the same opportunity.

Section 4. President

The president shall:

- (a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (b) 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
- (c) 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 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 by the Board.

Section 6. Secretary

The secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) The safekeeping of the corporate 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;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) 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
- (f) In general, performing all duties incident to the office of secretary and such other duties as from time to time may be assigned by the Board.

Section 7. Treasurer

The treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) The receipt of and the issuance of 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 bank or banks 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
- (c) 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 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, as otherwise specified in these Bylaws.

Section 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 or her.

Section 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 shall determine. 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 shall determine. The costs of all such bonds shall be borne by the Cooperative.

Section 10. Others

The Board may also designate members or nonmembers as agents, counsel, and auditors.

Section 11. 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 close relatives of directors.

ARTICLE VII

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 1. Liability and Indemnification

Liability of all officers, directors, employees, and agents shall be limited to the full extent provided by law. The Cooperative may indemnify any officer, director, employee, or agent of the Cooperative who was or is a party or threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding against any claim, damages, losses and expenses, including attorney's fees, actually and necessarily incurred or to be incurred by said person by reason of the fact that said person is or was a director, officer, employee, or agent of the Cooperative or who is or was serving at the request of the Cooperative as a director, officer, partner, trustee, employee, or agent of another foreign or domestic cooperative, corporation, partnership, joint venture, trust, employee benefit plan or other enterprise to the full extent authorized or permitted by law.

Section 2. Cost of Defense Indemnified

To the extent that a director, officer, employee or agent of the Cooperative has been wholly successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Article VII, Section 1, such person shall be

indemnified by the Cooperative against reasonable expenses, including attorney's fees, incurred in connection with that proceeding.

Section 3. Insurance Coverage

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person or incurred by such person in any such capacity, or arising out of the status of such person as such.

ARTICLE VIII

NON-PROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited

The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 2. Patronage Capital

- (a) In the furnishing of services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. Purchasers of the Cooperative's services at wholesale or otherwise for resale shall not be eligible for patronage credits with respect to such services. To induce patronage and to ensure 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 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 at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. Such patronage capital shall be non-transferrable, except as expressly authorized by the Board of Directors. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his/her account; provided that individual notice of such amounts

furnished by each patron shall not be required if the Cooperative notified all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself or herself the specific amounts of capital so credited to him or her. 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 a legal obligation to do so, and the patron had then furnished the Cooperative corresponding amounts for capital.

- (b) All non-operating income received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be:
 - (1) Used to offset any losses incurred during the current or any prior fiscal year, and
 - (2) To the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner as approved by the Board.
- (c) 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.
- (d) 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.
- (e) Capital credited to the account of each patron shall be assignable only on the books of the Cooperative if 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.
- (f) 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 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 representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.
- (g) If credits to patron's capital account are held in the names of a husband

and wife and such husband and wife are divorced, the Cooperative, unless otherwise notified in writing, by both parties or by court order, shall be entitled to assume for all purposes under this Article VIII that the parties to the divorce each had equal interest in such credits to patron's capital account and the Cooperative may make distributions accordingly without liability.

- (h) Notwithstanding any other provisions herein to the contrary, any unclaimed distributions of net margins or other sums forfeited by the Board in accordance with ORS 62.425 shall be deemed retained capital.

ARTICLE IX

DISPOSITION AND PLEDGING OF PROPERTY DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS UPON DISSOLUTION

Section 1. Disposition and Pledging of Property

- (a) The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion in excess of ten percent (10%) of its total assets unless such sale, mortgage, lease or other disposition or encumbrance is:
 - (1) Authorized at a meeting of the then members by the affirmative vote cast in person, without proxies, of at least two-thirds (2/3) of the total members of the Cooperative, and
 - (2) Authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative, and
 - (3) Preceded by a notice of meeting at which such sale, mortgage, lease or other disposition or encumbrance is to be voted on.
- (b) Notwithstanding the foregoing provisions of this section, the members of the Cooperative may, by the affirmative majority of votes cast in person at any meeting of the members, delegate to the Board the power and authority:
 - (1) To borrow monies from any source and in any such amounts as the Board may from time to time determine are needed in pursuit of the Cooperative's business purposes; and
 - (2) To mortgage or otherwise pledge or encumber any and all of the Cooperative's property or assets as security therefor, and
 - (3) With respect to other cooperative organizations only, to sell and lease back any of the Cooperative's property or assets.
- (c) Supplementary to the foregoing paragraphs of this section and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition within a single calendar year of the physical plant of the Cooperative with net value in excess of ten percent (10%) of the Cooperative's total assets, based upon the most recent audit of the Cooperative, shall be authorized, except in conformity with the following:

- (1) 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 circuit 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.
- (2) 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 and give other cooperatively organized entities an opportunity to submit competing proposals. Any interested cooperatively organized entity shall be sent copies of any proposals that 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.
- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal that 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 (10) nor more than thirty (30) days after the giving of notice of such meeting.
- (4) 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 submit 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.
- (5) The provisions of (1), (2), (3) and (4) above shall not apply to a sale, lease, lease-sale, exchange, transfer or other 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.

- (d) Notwithstanding anything contained in this article, the Board, 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 shall determine, to secure any indebtedness of the Cooperative.

Section 2. Dissolution

Procedures and processes for the voluntary dissolution of the Cooperative shall be in accordance with Oregon Revised Statute 62.

Section 3. Distribution of Surplus Assets on Dissolution

Any assets remaining after all debts and liabilities of the Cooperative shall have been paid shall be disposed of pursuant to the Articles of Incorporation.

ARTICLE X

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 State of Oregon."

ARTICLE XI

FINANCIAL TRANSACTIONS

Section 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 2. Checks, Drafts, Etc.

All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

Section 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**

Section 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 interests of its membership will be served by such investments or participation.

Section 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.

Section 3. Rules and Regulations

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

Section 4. Amendments

These Bylaws may be amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed amendment or repeal.

