

**ARTICLES OF INCORPORATION**  
**of**  
**CONSOLIDATED TELEPHONE COMPANY**  
**Brainerd, Minnesota**  
**Dated 1950, Amended 1952, 1953, 1957, 1964, 2004, 2005, 2006**

**ARTICLE I**

**Section 1.** The name of this cooperative shall be Consolidated Telephone Company.

**Section 2.** The conduct of the business of this Cooperative shall be upon the cooperative plan and the purposes for which it is formed are to sell, provide, deliver, furnish and/or distribute communication and other services to its members and patrons and for all other lawful purposes.

**Section 3.** This Cooperative has the authority, powers, rights, privileges and immunities now or which may hereafter be given or granted to a cooperative association under Minnesota Statutes Chapter 308A and, in addition, all other authority, powers, rights, privileges and immunities granted by the laws of the State of Minnesota to ordinary corporations except such as are inconsistent with the express provisions of Minnesota Statutes Chapter 308A.

**Section 4.** The registered office and principal place of business of the Cooperative shall be at 1102 Madison Street in the City of Brainerd, in the County of Crow Wing, and State of Minnesota.

**ARTICLE II**

The period of duration of this Cooperative shall be perpetual.

**ARTICLE III**

**Section 1.** This Cooperative shall be organized on a membership basis without capital stock. The Cooperative shall admit applicants to membership in the Cooperative on such uniform conditions as may be prescribed by the Board of Directors of the Cooperative, or by the Cooperative's By-Laws. Membership shall be restricted to retail patrons.

**Section 2.** Members shall have only one vote in the affairs of this Cooperative and membership in this Cooperative shall not be transferable except with the approval and consent of the Board of Directors of this Cooperative.

**ARTICLE IV**

**Section 1.** The government of the Cooperative and the management of its affairs shall be vested in a Board of Directors. The number of members of the Board of Directors, their qualifications, division into districts, terms of office, and manner of election shall be prescribed or determined in accordance with the By-Laws of the Cooperative.

**Section 2.** Regular meetings of the members shall be held annually in accordance with the By-Laws.

**Section 3.** Vacancies occurring on the Board of Directors shall be filled by the remaining members of the Board as allowed by law.

#### **ARTICLE V**

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

#### **ARTICLE VI**

This Cooperative reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

#### **ARTICLE VII**

A director of this Cooperative shall not be personally liable to the Cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for (i) liability based on a breach of the director's duty of loyalty to the Cooperative or its members; (ii) liability for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) liability for any transaction from which the director derived an improper personal benefit; or (iv) liability for an act or omission occurring prior to the date this Article VII becomes effective.

If Minnesota Statutes Chapter 308A is hereafter amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Cooperative, in addition to the limitation on personal liability provided herein, shall be eliminated or limited to the fullest extent permitted by the amended Minnesota Statutes Chapter 308A.

Any repeal or modification of this Article VII by the members of the Cooperative shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Cooperative existing at the time of such repeal or modification.

The provisions of this Article VII shall not be deemed to limit or preclude indemnification of a director by the Cooperative for any liability of a director which has not been eliminated by the provisions of this Article VII.

#### **ARTICLE VIII**

The net income of the Cooperative in excess of additions to reserves shall be distributed on the basis of patronage and the records of this Cooperative may show the interest of patrons, members and non members alike, in the reserves.

## ARTICLE IX

The Cooperative may not directly or indirectly sell, assign or otherwise dispose of all or any substantial portion of its property to, or merge or consolidate with, any other individual, corporation, cooperative, association, limited liability company, joint venture, partnership or other entity unless each such transaction is authorized at a meeting of the members of this Cooperative by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of the meeting states the purpose of the meeting and contains a short description of the terms and conditions of the transaction. Notwithstanding any provision of these Articles of Incorporation or the By-Laws of the Cooperative to the contrary, the provisions of this Article IX may be altered, amended or repealed only with the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative.

**By-Laws  
of  
CONSOLIDATED TELEPHONE COMPANY  
Dated 1950, amended 1964, 1997, 1998, 2004, 2005, 2006**

## ARTICLE I

### MEMBERSHIP

**Section 1. Requirements for Membership.** Any person, entity, firm, association, corporation or body politic or subdivision thereof will become a member of Consolidated Telephone Company (hereinafter called the "Cooperative") upon receipt of telephone or other communication services from the Cooperative, provided that they have first:

- (a) Made written application for membership therein;
- (b) Agreed to purchase services on a retail basis from the Cooperative at rates established by the Board of Directors from time-to-time;
- (c) Agreed to furnish to the Cooperative all right-of-way easements necessary to construct, operate, and maintain communication lines and systems necessary to furnish such services; and
- (d) Agreed to comply with and be bound to the Articles of Incorporation and By-Laws of the Cooperative and any rules and regulations adopted by the Board of Directors.

Any two or more adult residents of the same household may jointly become a member and their application may be accepted in accordance with the foregoing provisions of this section, provided that they comply jointly with the above subdivisions (a), (b), (c) and (d). No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these By-Laws.

**Section 2. Purchase of Communication Services.** Each member shall purchase: telephone, Internet, digital television service, or any combination thereof, from the Cooperative to be used

on the premises specified in their application for membership, and shall pay therefore monthly rates which shall from time to time be fixed by the Board of Directors. It is expressly understood that amounts paid for communication service in excess of the cost of service are furnished by members as capital as provided in these By-Laws. Each member shall also pay all amounts owed by them to the Cooperative as and when the same shall become due and payable.

**Section 3. 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 communication 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, leased or controlled by said member for the furnishing of service to said member, or any other member, at no cost to the Cooperative. When requested by the Cooperative, the member agrees to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

## ARTICLE II

### MEETING OF MEMBERS

**Section 1. Annual Meeting.** Beginning with the year 2006, the annual meeting of the members shall be held on the date and time established by the Board of Directors between the months of June and October in the city of Brainerd, County of Crow Wing, State of Minnesota, or at any other place permitted by statute, for the purpose of electing directors, passing upon reports for the previous year and transacting such other business as may properly come before the meeting. It shall be the responsibility of the Board of Directors 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.

**Section 2. Notice of Annual Meeting.** Notice of the annual meeting shall be given by the Secretary by publication in a legal newspaper or newspapers published or circulated in the counties where the Cooperative operates and in the newspaper published in the County in which the Cooperative's principal place of business is located at least two (2) weeks prior to the date of such meeting, or by mailing notice thereof to each and every member personally not less than fifteen (15) days prior to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership, notice given to either member shall be deemed notice to both joint members. The failure of a member to receive notice of an annual meeting shall not invalidate any action taken by the members at that meeting. In lieu of publishing the notice of the annual meeting in a legal newspaper, the notice of the annual meeting may be published in a magazine, periodical or other publication of the Cooperative that is regularly published by or on behalf of the Cooperative and circulated generally among members so long as such publication occurs at least two (2) weeks before the date of the meeting.

**Section 3. Special Meetings.** Special meetings of the members may be called by a majority of the directors or upon a written petition signed by at least twenty percent (20%) of all of the members submitted to the President. Special meetings of the members may be held at the principal place of business or at any other place as specified in the notice of the meeting.

**Section 4. Notice of Special Meeting.** It shall be the duty of the President to cause the Secretary to give notice of the time, place and purpose of a special meeting in the manner provided in Section 2 of this Article II. Such notice shall be issued within ten (10) days from and after the date of the presentation of the written petition mentioned in Section 3 of this Article II, and such special meeting shall be held within thirty (30) days from and after the date of the presentation of such petition. The failure of any member to receive notice of any special meeting of the members shall not invalidate any action which may be taken by the members at such meeting. In case of a joint membership, notice given to either member shall be deemed notice to both joint members. The business transacted at a special meeting shall be limited to the purposes stated in the notice of the meeting. No business shall be transacted at a special meeting that is not included in those stated purposes.

**Section 5. Quorum.** As long as the total number of members does not exceed five hundred, ten per centum of the total number of members shall constitute a quorum. In case the total number of members shall exceed five hundred, fifty members shall constitute a quorum. In determining a quorum at any meeting on a question submitted to a vote by mail, members present in person or represented by mail ballot shall be counted. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time; provided that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 2 of this Article II. The quorum shall be established by a registration of the members of the Cooperative who are present at the meeting. This registration shall be verified by the President and Secretary of the Cooperative and shall be reported in the minutes of the meeting.

**Section 6. Voting.** Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. Whether the vote on questions submitted to the members shall be by hand or voice vote or secret ballot shall be determined by the Board of Directors, except that the election of all directors and amendments or additions to the Articles of Incorporation or By-Laws shall be secret ballot and in conformity with law. All issues with respect to voting shall be governed by such rules and regulations as may be adopted by the Board, 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 By-Laws. Multiple choice issues or determinations shall be decided by plurality vote. Voting by proxy shall not be permitted.

**Section 7. Mail Ballots.** Any member may vote by mail on the ballot herein prescribed, upon any motion, resolution or amendment to be acted upon at any annual or special 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 acted upon at such

meeting and the date of the meeting; and shall also contain spaces opposite the text of such motion, resolution, or amendment in which such member may indicate his affirmative or negative vote therein. Such member shall express his choice by making an 'X' in the appropriate space upon such ballot. Ballots may be returned by mail or by hand delivery to the Cooperative, but must be received by the Cooperative prior to the annual or special meeting to be counted. Ballots shall be enclosed in a sealed envelope marked "Ballot" and that sealed envelope shall be sealed inside of a second envelope bearing the member's name. When such ballot so enclosed is received from any member, it shall be accepted and counted as a vote of such member at such meeting. Members holding a joint membership shall jointly be entitled to vote by mail as provided in this section. Members may vote by electronic means authorized by the Board, provided the Cooperative is able to authenticate that it is the Cooperative member who is casting the vote.

**Section 8. Failure to Receive Notice.** Failure of any member to receive a copy of the notice of any meeting or of any proposed motions or resolutions shall not invalidate any action which may have been taken at any such meeting.

**Section 9. Order of Business.** The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by a majority vote of the members at such meetings:

1. Report on the number of members present in person and represented by mail ballot in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and taking of necessary action thereon, unless minutes presented for approval shall have been furnished by a timely mailing or have been distributed at the meeting to all active members present, in such case, the President may entertain a motion from the floor to dispense with the reading of such minutes.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of Directors.
6. Unfinished business.
7. New business.
8. 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 III

#### DIRECTORS

**Section 1. General Powers; Number.** The business and affairs of the Cooperative shall be managed by a Board of not less than seven (7) nor more than eleven (11) directors which shall exercise all of its powers of the Cooperative except as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the members. Prior to each annual meeting, the Board of Directors shall determine the number of directors to comprise the Board following the annual meeting and then until changed by further action of the Board. If such number of directors shall be less than the number of directors whose terms shall continue beyond the annual meeting, the Board shall determine the manner of reducing the number of directors then comprising the Board. The Board of Directors may also increase the number of directors at any time, subject to the maximum number of directors provided for herein.

**Section 2. Director Districts and Qualifications.**

(a) Director Districts. The geographic area within which the Cooperative provides service shall be divided into one or more director districts as determined by the Board of Directors from time to time. The Board of Directors shall, from time to time, determine the number of directors to be elected from each district.

(b) Qualifications. No person shall be eligible to become or remain a director of the Cooperative who:

1. is not a member of the Cooperative, receiving telephone service at the member's primary residence in the district from which the director is elected;
2. within five years preceding a director candidate's nomination was an employee of the Cooperative;
3. is or becomes, or at any time during the five (5) years preceding a director candidate's nomination shall have been, employed by a labor union which represents, or has represented, or has endeavored to represent any employees of the Cooperative;
4. is a grandparent, parent, spouse, brother, sister, cohabitant, child, or grandchild by blood or marriage of an employee of the Cooperative;
5. is a person that is a grandparent, parent, spouse, brother, sister, cohabitant, child, or grandchild by blood or marriage of an incumbent director that is not up for re-election at that time;
6. is in any way employed by or owns a controlling interest in an enterprise competing with this Cooperative or any business owned by this Cooperative.

7. is or becomes the full-time employee or agent of, or who is or becomes the full-time employer or principal of, another director or any entity controlled by another director;
8. is absent without being excused by the board from three (3) or more regular meetings of the board of directors during any twelve (12) month period; or
9. is not at least twenty-one (21) years of age.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

### **Section 3. Nominations and Elections.**

(a) Nominations by Committee. It shall be the duty of the Board of Directors to appoint, not less than one hundred twenty-five (125) days nor more than one hundred fifty (150) days before the date of meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members, who shall be selected so as to include at least one (1) member from each director district. No member of the Board of Directors may serve on such committee. After all such appointments are made by the Board and such committee has been established, the committee shall meet not less than eighty (80) days nor more than one hundred (100) days prior to the meeting of members at which directors are to be elected, at which committee meeting the committee shall select candidates for the Board positions to be filled at such next meeting of the members. The committee shall prepare and post at the principal office of the Cooperative, within five (5) days after such committee has elected their nominees, or as soon as administratively possible, whichever is less, but in all events not less than seventy-five (75) days prior to the meeting of the members, a list of nominations for district directors and general directors to fill each vacancy, naming for each such district having a vacancy, one or more members having their residences in such district, and naming one (1) or more members as candidates for the office of general director without regard to such nominee's residence.

(b) Nominations by Petition. Any one hundred (100) or more members acting together may make one nomination by petition filed with the Secretary not less than fifty-five (55) days nor more than seventy (70) days prior to the meeting of the members at which directors are to be elected and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted.

(c) Elections. Each member shall be permitted, and the ballot shall direct the member, to vote for one (1) district director nominee in each district wherein there shall be a vacancy and to vote for general director nominees sufficient to fill any vacancy in the offices of general directors. Election of directors shall be determined on the basis of a plurality of the votes properly cast. A ballot containing the names of all of the nominees so posted, alphabetically arranged and stating the residence of each shall be mailed with

the notice of the annual meeting. The Secretary shall also mail with the notice of the meeting, a statement of the number of directors to be elected, showing separately the nominations made by the committee on nominations and the nominations made by petition. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for directors as provided in this section. Any member may vote by mail for directors by marking on the ballot an "X" opposite the names of the number of candidates equal to the number of directors to be elected. Ballots may be returned by mail or by hand delivery to the Cooperative, but must be received by the Cooperative prior to the annual or special meeting to be counted. Ballots shall be enclosed in a sealed envelope marked "Ballot" and that sealed envelope shall be sealed inside of a second envelope bearing the member's name. When such ballot so enclosed is received from any member, it shall be accepted and counted as a vote of such member at such meeting. Members holding a joint membership shall jointly be entitled to vote by mail as provided in this Section. The failure to comply with any of the provisions of this section shall not affect in any manner whatsoever, the validity of any election of directors.

(d) Term of Office of Directors. Directors shall be elected as herein provided for five year terms.

**Section 4. Vacancies.** If the office of any director becomes vacant, the remaining directors may elect a successor. A director elected to fill a vacancy shall hold office until the next annual or special meeting of the members or until a successor shall have been elected and qualified. At the next annual or special members' meeting, the members must elect a director to fill the unexpired term of the vacant director's position.

**Section 5. Compensation.** Directors shall receive reasonable compensation for service to the Cooperative as determined by resolution of the Board of Directors.

**Section 6. Rules and Regulations.** The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the Articles of Incorporation of this Cooperative, these By-Laws or the laws of the State of Minnesota, as it may deem advisable for the management, administration and regulation of the business and affairs of this Cooperative.

**Section 7. Accounting Systems and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system which shall conform to generally accepted accounting principles. The Board of Directors shall arrange for a full and complete audit of the books, accounts, and financial condition of this Cooperative as of the end of each fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

## ARTICLE IV

### MEETINGS OF DIRECTORS

**Section 1. Regular Meetings.** A regular meeting of the Board of Directors may be held without notice, immediately after, and at the same place as the annual meeting of the members. Regular meetings of the Board of Directors may also be held at such time, place and frequency as the

Board of Directors may provide by resolution. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof.

**Section 2. Special Meetings.** Special meetings of the Board of Directors may be called by the President or by any three 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 the directors calling the meeting shall fix the time and place (which shall be in the City of Brainerd and/or Baxter) for the holding of the meeting.

**Section 3. Notice of Special Directors Meetings.** Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each director not less than five days prior thereto either personally or by mail by or at the discretion of the Secretary, or upon a default in duty of the Secretary, by the President or directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at their address as it appears on the records of the Cooperative, with postage thereon prepaid. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

**Section 4. Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; provided, that if less than a majority of the directors shall be present at said meeting, a majority of the directors 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 directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

**Section 5. Meetings by Means of Remote Communication.** 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. Such participation will constitute attendance in presence and person at the meeting of the person(s) so participating.

**Section 6. Unanimous Consent In Writing.** Unless otherwise prohibited by law, Board action 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 Board members entitled to vote.

## ARTICLE V

### OFFICERS

**Section 1. Number.** The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

**Section 2. Election and Term Office.** The officers shall be elected annually by the Board of Directors at the next meeting of the Board of Directors held after the annual meeting of the members. The President and Vice President must be a member of the Board of Directors. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his or her successor shall have been elected and shall have qualified. Except as otherwise provided in these By-Laws, a vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

**Section 3. Removal of Officers and Agents.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in their judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with the petition signed by ten (10) percent of the members or 200, whichever is the lesser, may request 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 meeting of the Board of Directors at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. In addition, the members may remove an officer at a members meeting for cause related to the duties of the position of the officer and fill the vacancy caused by the removal; provided, however, that no officer may be removed by the members unless the notice of the membership meeting specifically stated that the removal of the officer in question would be considered by the members at the meeting in question.

**Section 4. President.** The President shall:

- a) Be the principal executive officer of the Cooperative, and unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and Board of Directors;
- b) Sign any deeds, mortgages, deeds of trust, notes, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors by these By-Laws 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 the President and such other duties as may be prescribed by the Board of Directors from time to time.

**Section 5. Vice President.** In the absence of the President, or in the event of his or 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 the President 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 of Directors.

**Section 6. Secretary.** The Secretary shall:

- a) Be responsible for keeping the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;
- b) See that all notices are duly given in accordance with these By-Laws or as required by law;
- c) Be custodian of the corporate records and of the seal of the Cooperative and affix the seal for the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provision of these By-Laws;
- d) Keep a register of the names and post office address of all members;
- e) Have general charge of the books of the Cooperative;
- f) Keep on file at all times, a complete copy of the Articles of Incorporation and By-Laws of the Cooperative, containing all amendments thereto (which copy shall always be open to the inspection of any member) and, at the expense of the Cooperative, forward a copy of the By-Laws and of all amendments thereto to each member; and
- g) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors.

Upon the request of the Secretary, the Board of Directors shall authorize the Secretary to delegate any or all of the duties to responsible employees of the Cooperative.

**Section 7. Treasurer.** The Treasurer shall:

- (a) be responsible for all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; and
- (c) In general perform all duties incident to the office of Treasurer and other such duties as from time to time may be assigned to him or her by the Board of Directors.

Upon the request of the Treasurer, the Board of Directors shall authorize the Treasurer to delegate any or all of the duties to responsible employees of the Cooperative.

**Section 8. Manager.** The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him or her.

**Section 9. Bond of Officers.** The Treasurer and other officers or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum with such surety as the Board of Directors shall determine. The Board of Directors in its

discretion may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

**Section 10. Compensation.** The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors.

**Section 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 VI

### NON-PROFIT ORGRANIZATION

**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. Patron Capital in Connection with Patronage Income.** In the furnishing of communication and other services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishings of communication and other 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. 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 reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his or her account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other patronage income received by the Cooperative shall be allocated to all patrons in such manner as shall be determined at least annually by the Board of Directors of the Cooperative.

**Section 3. Patron Capital in Connection with Non-Patronage Income.** All non-patronage income received by the Cooperative in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current year or any prior fiscal year and (b) to the extent not needed for that purpose, (i) allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, or (ii) deemed retained capital at the discretion of the Board of Directors and used at such time and for such purpose as the Board of Directors shall determine.

**Section 4. Other Capital Issues.** 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. If at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patron's accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital.

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 a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

The Board of Directors, at its discretion, shall have the power at any time upon the death of any member, if the legal representatives of his or her estate shall request in writing that the capital credited to any such person be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws, to retire capital credited to any such member immediately upon such terms and conditions as the Board of Directors acting under policies of general application, and the legal representatives of such members' estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired hereby.

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 or their trustees in bankruptcy.

If credits to a joint members' equity account are held in the name of a husband and wife and such husband and wife are divorced, the Cooperative, unless otherwise notified in writing, shall be entitled to assume for all purposes under this Article VI that the parties to the divorce each had equal interests in such credits to the joint member's equity account.

Any indebtedness owned by a member to the Cooperative and not paid within one hundred eighty (180) days may be offset by the Cooperative against a member's equity account.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provision of the Articles of Incorporation, and these By-Laws including any and all amendments to either thereof shall constitute and be a contract between the Cooperative and each member, as fully as though the Cooperative and the member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-Laws 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 members.

## **ARTICLE VII**

### **AMENDMENTS**

These By-Laws may be altered, 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

alterations, amendment or repeal; provided further that this Article VII (relating to Amendment) of these By-Laws may be altered, amended, or repealed only by the affirmative vote of not less than two-thirds (2/3) of all members of the Cooperative.

## ARTICLE VIII

### INDEMNIFICATION OF OFFICERS, BOARD MEMBERS, EMPLOYEES AND AGENTS

**Section 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 any 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 other enterprise, against expenses (including attorney's fees) adjustments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement conviction, or upon pleas of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

**Section 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 interests of the Cooperative. No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or willful misconduct in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

**Section 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 1 and 2 of this Article VIII, in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

**Section 4. Amount of Indemnification.** Any indemnification under Sections 1 and 2 of this Article VIII (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the board member, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article VIII. Such determination shall be made:

- (a) 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
- (b) If such a quorum is not obtainable, or even if obtainable, a quorum of disinterested Board members so directs, by independent legal counsel in a written opinion; or
- (c) By the members.

**Section 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 an undertaking 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.

**Section 6. Rights Of Persons Indemnified.** The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested board members, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

**Section 7. 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.