Articles of Incorporation And Bylaws of



Chokio, Minnesota

Amended: June 11, 2026

ARTICLES
OF INCORPORATION
Of
Federated Telephone Cooperative

ARTICLE I
(Name and Place of Business)

SECTION 1. The name of this corporation shall be Federated Telephone Cooperative.

SECTION 2. The principal place of business and the post office address shall be East Highway 28, Post Office 156, City of Chokio, County of Stevens, State of Minnesota.

ARTICLE II
(Purpose)

The Purpose for which the association is organized and the general nature of its business is to furnish, improve and expand telephone service on a cooperative basis and for any other lawful purpose.

ARTICLE III
(Corporate Terms)

The period of duration of this Cooperative shall be perpetual.

ARTICLE IV
(Membership)

The Cooperative shall not have any capital stock. It shall be organized on a membership basis with each member entitled to one vote. Memberships shall be transferable only with the consent and approval of the Board.

ARTICLE V
(Board of Directors)

SECTION 1. The government of the association and the management of the affairs shall be vested in a Board of Directors consisting of not less than seven nor more than nine members of the Cooperative who shall be elected by ballot at the annual meeting of the members by the members for such terms as the Bylaws may prescribe.

SECTION 2. A Director of this Cooperative association shall not be personally liable to the Cooperative association or its members for monetary damages for breach of fiduciary duty as a Director excepting:

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

ARTICLE VI
(Capital Credits)

In the furnishing of telecommunications and information services the association's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the association. The association is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of the telecommunications and information services in excess of operating costs and expense properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses for telecommunications and information services at the moment of receipt by the association are received with the understanding that they are furnished by the patrons as capital. The association is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses derived from telecommunications and information services, provided that no credits shall be due to any patron with respect to the purchase of any service from the association that is resold by the purchaser or combined with other elements for use in providing a communications service to another person or entity. The books and records of the association shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by the patron for telecommunications and information services is clearly reflected and credited in an appropriate record to the capital account of each patron, and the association shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's account. 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 association corresponding amounts for capital.

In the event of dissolution or liquidation of the association, after all outstanding indebtedness of the association shall have been paid, outstanding capital credits shall be retired without priority and 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 association will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part.

Capital credited to the account of each patron shall be assignable only on the books of the association pursuant to written instruction from the assignor and only to successors in interest, or successors in occupancy, in all or a part of such patrons' premises served by the association 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 natural patron, if the legal representatives of his or her estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provision of these Articles, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patrons estate shall agree upon; provided, however, that the financial condition of the association will not be impaired thereby.

The patrons of the association, by dealing with the association, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the association and each patron, and both the association and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article shall be called to the attention of each patron of the association by posting in a conspicuous place in the association's office.

ARTICLE VII
(By-laws)

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

BYLAWS
Of
Federated Telephone Cooperative

ARTICLE I
MEMBERSHIP

SECTION 1.1. *Eligibility.*

Any person, trust, decedent's estate, firm, association, corporation or body politic, or subdivision thereof, residing within, or maintaining a permanent place of business within, the geographical area served by the following exchanges of the Cooperative: Appleton, Big Bend, Chokio-Alberta, Correll, Danvers, Hancock, Holloway, Milan, Morris, and Odessa, and also including all those parts of Big Stone, Swift and Kandiyohi Counties that are served by the Cooperative as a result of the Minnesota Border-to-Border Broadband Development Grant Program, will become a member of FEDERATED TELEPHONE COOPERATIVE (hereinafter called the "Cooperative") upon receipt of telecommunication or other services determined by the Board under rules of general application as sufficient to make the recipient eligible for membership, (hereinafter referred to simply as "Cooperative services") from the Cooperative. Membership is automatic and instantaneous upon receipt of service; however, each member shall:

1) Make a written application for membership for the Cooperative's records;
2) Agree to purchase Cooperative services from the Cooperative in accordance with established tariffs, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect;
3) Agree to comply with, and be bound by, the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board; and
4) Pay any membership fee as hereinafter may be specified.

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

No purchaser of Cooperative services from the Cooperative shall become a member as a result of such purchase if the Cooperative services obtained are resold by the purchaser or combined with other elements for use in providing a communication service to another person or entity. The status of all memberships shall be as reflected upon the books of the Cooperative and no membership certificates will be issued.

SECTION 1.2. *Definition And Classifications.*

a) Membership in the Cooperative is effected by:
    1. Procuring the Cooperative's central office dial tone, or
    2. Providing a continuing periodic revenue stream for the Cooperative through the purchase of one or more Cooperative services.

   The Board will determine under rules of general application the types and amounts of revenue streams or the types and amounts of patronage that give rise to the right to membership and to the privileges and obligations of membership.
b) Exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunications services to members are neither members nor patrons by virtue of tariffs or division of revenue contracts.
c) 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.

No member may hold more than one membership in the Cooperative. No membership in the Cooperative shall be transferable, except on the books of the Cooperative and only with the consent and approval of the Board of Directors except as otherwise provided for in these Bylaws.

All memberships in the Cooperative are extended only to individual persons (natural or corporate) who meet the requirements of Section 1.1 of these Bylaws. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from the date of this current edition of Bylaws, no new joint memberships will be established. Individual memberships will be freely transferable on the books of the Cooperative between any persons in the same household or corporation upon request in writing. Thus, the term "member" as used in these Bylaws shall refer to an individual but can, on a grandfathered basis, be deemed to include a husband and wife still holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
2) The vote of either separately or both jointly shall constitute one joint vote;
3) A waiver of notice signed by either or both shall constitute a joint waiver;
4) Notice to either shall constitute notice to both;
5) Expulsion of either shall terminate the joint membership;
6) Withdrawal of either shall terminate the joint membership;
7) Either, but not both, may be elected or appointed as an officer or Board member if individually qualified;
8) Upon the death of either spouse who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 1.3. *Membership Fees.*

The membership fee, if any, shall be determined by the Board at a uniform amount. The Board may dispense with the initial payment of a membership fee, allowing the amount of such membership fee to be taken from the first capital credits accruing to the member's account; however, membership fees taken from accrued capital credits shall not be refunded upon termination of membership but will be paid out under the provisions of the cooperative's general and special capital credit retirement bylaws.

SECTION 1.4. *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 therefore monthly at rates in accordance with either established tariffs as fixed by the Board, or, for the services rendered by other carriers, at the rates which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the Cooperative for all services in excess of cost are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. However, the Cooperative is not obligated to furnish such credits for services which are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the above amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 1.5. *Termination Of Membership.*

a) Any member may withdraw from memberships upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than 2/3 of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules and regulations adopted by the Board, but only if such member shall have been given notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.
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 his/her estate from any debts due the Cooperative nor do unpaid bills release members from their obligations under these bylaws or rules and regulations approved by the Board.
c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of any membership fee credited to the member's account; provided however, that the Cooperative shall deduct, from the amount of the membership fee, the amount of any debts or obligations owed by the member to the Cooperative.
d) If a membership fee has been paid by a landlord on behalf of his tenants, upon removal of such tenant from the premises of the landlord, the membership of such tenant shall terminate.

ARTICLE II
RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

SECTION 2.1. *Service Obligations.*

1) 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.
2) The members pledge to purchase all services from the Cooperative to the extent that its services are able to meet the members' needs and are competitively priced.

SECTION 2.2. *Cooperative 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, or any other member, at no cost to the Cooperative. When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

SECTION 2.3. *Nonliability For Debts Of The Cooperative.*

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

SECTION 2.4. *Property Interest Of Members.*

Upon dissolution, after:

1) All debts and liabilities of the Cooperative shall have been paid;
2) All capital furnished through patronage shall be retired as provided in these bylaws; and
3) All membership fees shall have been repaid, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member

and former member bears to the total patronage of all such members and such former members on the date of dissolution unless otherwise provided by law.

ARTICLE III
MEETINGS OF MEMBERS

SECTION 3.1. *Annual Meeting.*

The annual meeting of the members shall be held at a date and place within the area served by the Cooperative as selected by the Board, and shall be designated in the Notice of the Meeting for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. In the event of inclement weather or the occurrence of a catastrophic event, including, but not limited to, the declaration by the Governor of the State of Minnesota of a peacetime emergency, the Board may elect to hold any annual meeting electronically, virtually, or in any format it deems appropriate in which a member participating can hear or receive the information disseminated at the meeting. Such participation shall constitute attendance and presence in person at the meeting of the member. Notice of any change of format of any annual meeting shall, if made after the Notice of Members' Meeting sent to the members pursuant to Section 3.3 of these Bylaws, be given in any media of general circulation or broadcast serving the area. 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 3.2. *Special Meetings.*

Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any four (4) Board members, by the President, or by ten percent (10%) or more of all the members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within 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 3.3. *Notice of Members' Meetings.*

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 given by the Secretary by publication in a legal newspaper or newspapers published or circulated in the counties served by the Cooperative and in a newspaper published in the county in which the Cooperative's principal place of business is located at least two (2) weeks previous to the date of such meeting, or by mailing notice thereof to each and every member personally not less than fifteen (15) days previous to the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the records of the Cooperative, with postage thereon paid. Notice of special meetings shall be issued within ten (10) days from and after the date of the presentation of the written requested mentioned in Section 3.2 of this Article III, and such special meeting shall be held within thirty (30) days from and after the date of the presentation of such request. The incidental or unintended failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 3.4. *Postponement Of A Meeting Of The Members.*

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

SECTION 3.5. *Quorum.*

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

SECTION 3.6. *Voting.*

Each member shall be entitled to only one vote upon each matter submitted to a vote of the members for which the member is entitled to vote. All questions shall be decided by a vote of a majority of the members voting thereon by mail, or electronically if adopted pursuant to Section 3.9 hereof, except as otherwise provided by law, the articles of incorporation or these bylaws.

SECTION 3.7. *Voting By Mail*.

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

SECTION 3.8. *Order of Business.*

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

1) Report on the number of members present in person in order to determine the existence of a quorum.
2) Reading of the Notice of the Meeting and proof of the timely publication or mailing thereof, or the waiver or waivers of Notice of Meeting, as the case may be.
3) Reading of unapproved minutes of previous meetings of the members and the 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 if first established.

SECTION 3.9. *Electronic Voting.*

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

ARTICLE IV
DIRECTORS

SECTION 4.1. *General Powers.*

The business and affairs of the Cooperative shall be managed by a Board of seven (7) Directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members.

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

To ensure equitable representation, the entire area served by the Cooperative shall be divided into the following districts and each district shall be represented by one Director: District No. 1 shall consist of the area served by the Chokio-Alberta exchange. District No. 2 shall consist of the area served by the Odessa exchange and also all that part of Big Stone County that is served by the Cooperative as a result of the Minnesota Border-to-Border Broadband Development Grant Program. District No. 3 shall consist of the area served by the Correll & Appleton exchanges. District No. 4 shall consist of the area served by the Holloway & Danvers exchanges and also all that part of Swift County that is served by the Cooperative as a result of the Minnesota Border-to-Border Broadband Development Grant Program. District No. 5 shall consist of the area served by the Morris exchange. District No. 6 shall consist of the area served by the Milan & Big Bend exchanges, and also that part of Kandiyohi County that is served by the Cooperative as a result of the Minnesota Border-to-Border Broadband Development Grant Program. District No. 7 shall consist of the area served by the Hancock exchange.

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

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

SECTION 4.3. *Qualifications To Become Or Remain A Director.*

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

a) Is not a natural person; or

b) Does not have the capacity to enter legally binding contracts; or
c) Is not a member and is not presently residing in the area served or to be served by the Cooperative; or
d) Is presently, or within the previous ten (10) years has been an employee of the Cooperative, or any of its affiliates, or is in any way employed by or financially interested in a competing enterprise or a business engaged in selling telecommunication service or supplies, or constructing or maintaining telecommunication facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephone, provided, however, that the Board, in its discretion, may grant exceptions for a "de minimis" competing enterprise; or
e) Is not a resident of the district to be represented; or
f) Is closely related to an incumbent Director or an employee of the Cooperative. As used here, "closely related" means a person who is related to the principal person by consanguinity or affinity, to the second degree or less—that is, a person who is either a spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew, or niece, by blood or in law, of the principal. However, no incumbent Director shall lose eligibility to remain a Director or to be reelected as a Director if he or she becomes a close relative of another incumbent Director or of an employee of the Cooperative, 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. No person shall be ineligible to become, or to remain, a Director solely because he or she is closely related to an employee of any affiliate of the Cooperative and no prospective employee shall be ineligible for employment by any affiliate of the Cooperative solely because he or she is closely related to a Director of the Cooperative.

SECTION 4.4. *Nominations And Elections.*

Any member meeting the qualifications of Section 4.3 of these Bylaws may become a candidate for election to the office of Director by submitting, not less than forty (40) days prior to the annual meeting of members at which the election will take place, a written petition for nomination, over the signatures of no less than fifteen (15) members who are residents of the district for which election is being held. The Board may also nominate one or more candidates for the office of Director and, if the number of petitions received by the Cooperative is not sufficient to provide at least one candidate for each vacancy occurring on the Board of Directors, it shall nominate at least the number of candidates necessary to provide no less than one candidate for each vacancy occurring on the Board of Directors. Nominations made by petition and by the Board, if any, shall be posted by the Secretary at least thirty (30) days prior to the annual meeting of members at which the election will take place. The Secretary shall mail with the notice of the meeting a statement of the number of Directors to be elected and showing separately the nominations made by petition and by the Board. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for Directors as provided in this section. A ballot marked "Ballot for Directors" designating the districts concerned in numerical order, containing the names of all the nominees so posted, alphabetically arranged by district, and stating the residence of each, shall be mailed with the notice of the meeting. Any member who is absent from any such meeting may vote by mail for Directors by marking on the ballot an "x" opposite the names in each of the blocks designated for the candidates in the several districts equal to the number of Directors to be elected from the district, voting in all for the number of candidates equal to the number of Directors to be elected, and enclosing the ballot in a sealed envelope bearing his or her name, addressed to the Secretary. When such ballot so enclosed is received by mail from any absent members it shall be accepted and counted as a vote for Directors by ballot of such absent members of such meeting. If a husband and wife hold a joint membership and are absent from any such meeting they may vote by mail for Directors by jointly marking and enclosing the ballot hereinabove provided for.

SECTION 4.5. *Removal Of Director By Members And Resignations*.

Any member may bring charges against a Director and, by filing with the Secretary, such charges in writing together with a petition signed by at least 20 per centum of the members, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, but such Directors so elected must reside in the particular district in which the vacancy has occurred.

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

SECTION 4.6. *Vacancies.*

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within sixty days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect of nominations, but such Directors so elected must reside in the particular district in which the vacancy has occurred.

SECTION 4.7. *Compensation.*

Board members shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs, or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business, or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Board members who elect to participate may be extended various forms of liability and accident insurance as well as participation in benefits provided to employees, except for benefits based on salary. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the Board. For purpose of this section, "close relative" includes grandparent, parent, husband, wife, child, grandchild, brother, sister, aunt, uncle, nephew, and niece, by blood, by marriage, or by adoption, and spouse of any of the foregoing.

SECTION 4.8. *Rules, Regulations, Rate Schedules, And Contracts*.

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

ARTICLE V
MEETINGS OF THE BOARD

SECTION 5.1. *Regular Meetings.*

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

SECTION 5.2. *Special Meetings.*

Special meetings of the Board may be called by the President or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Directors calling the meeting shall fix the time and place (which shall be in the counties served by the Cooperative) for the holding of the meeting.

SECTION 5.3. *Notice Of Board Meetings.*

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

SECTION 5.4. *Quorum.*

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

SECTION 5.5. *Unanimous Consent In Writing.*

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

SECTION 5.6. Electronic Voting.

Any matter that has been presented to the Board at a regular or special meeting, or which has been verifiably presented to all members of the Board electronically, may, in the discretion of the President, be voted upon by the members of the Board electronically without any further meeting. Any vote of the Board conducted electronically in accordance with this Section shall be decided by a majority vote of the Board. For purposes of this Section, "Electronically" shall mean relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities and shall include, but not be limited to, electronic mail or the Cooperative's intranet site designated for the dissemination of information to the members of the Board.

ARTICLE VI
OFFICERS

SECTION 6.1. *Number and Titles.*

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

SECTION 6.2. *Election And Term Of Office.*

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

SECTION 6.3. *Removal Of Officers And Agents By The Board.*

Any officer or agent elected or appointed by the Board may be removed by the Board or by the members for cause related to 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 him shall have the same opportunity.

SECTION 6.4. *President.*

The President shall:

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

SECTION 6.5. *Vice President.*

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

SECTION 6.6. *Secretary.*

The Secretary shall be responsible for:

1) Keeping the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;
2) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
3) The safekeeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
4) Keeping a register of the names and post office addresses of all members;
5) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member or preferred stockholder) and at the expense of the Cooperative, furnishing a copy of these Bylaws and of all amendments thereto to each member; and,
6) In general performing all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to him or her by the Board.

SECTION 6.7. *Treasurer.*

The Treasurer shall be responsible for:

1) Custody of all funds and securities of the Cooperative;
2) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws; provided, however, that the treasurer shall have authority, with the approval of the Board, to delegate to the general manager the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section; and
3) The general performance of all the duties incident to the Office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 6.8. *General Manager.*

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

SECTION 6.9. *Bonds.*

The Board shall require the Treasurer and any other officer, agent, or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board 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 6.10. *Compensation.*

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

SECTION 6.11. *Reports.*

The officers of the Cooperative shall submit, at each annual meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII
CAPITAL CREDITS

SECTION 7.1. *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 any capital furnished by its patrons.

SECTION 7.2. *Patronage Capital In Connection With Furnishing Telecommunications And Information Services.*

In the furnishing of telecommunications and information services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order 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 telecommunications and information services in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses for telecommunications and information services at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses derived from telecommunications and information services provided that no credits shall be due to any patron with respect to the purchase of any service from the Cooperative that is resold by the purchaser or combined with other elements for use in providing a communications service to another person or entity. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by the patron for telecommunications and information services is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's account; provided that individual notice of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess from telecommunications and information services and provides a clear explanation of how each patron may compute and determine the specific amounts of capital so credited to the patron's account. All such amounts credited to the capital account of any patron shall have the same status as though it has 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 nonpatronage margins except those derived from furnishing goods and services other than telecommunications and information services, shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year and, to the extent not needed for that purpose, either;

1) Allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner as approved by the Board, or
2) Used to establish and maintain a nonpatronage margin reserve not assignable to patrons prior to dissolution of the Cooperative.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution. In no event may any such capital be retired unless, after the proposed retirement, the remaining capital of the Cooperative shall equal at least the minimum capital requirements imposed upon the Cooperative either by law, by the terms of its contractual obligations, or by its Articles of Incorporation or Bylaws.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest, or successors in occupancy, in all or in a part of such patrons' premises served by the Cooperative, unless the Board, acting under policies of general application, shall authorize other types of assignments. Patrons at any time may assign their capital credits back to the Cooperative and the Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.

Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any natural patron, if the legal representative of his or her estate shall request in writing, that the capital credited to any such patron be retired prior to the time such capital would be retired in a general retirement under provisions of these Bylaws, to retire capital credited to any such

patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract both between the Cooperative and each patron, and further, between all the patrons themselves individually. Both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such term and provisions with the Cooperative and each of its patrons. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its patrons.

ARTICLE VIII
DISPOSITION AND PLEDGING OF PROPERTY

The Cooperative may at any meeting of its Board of Directors sell, mortgage, lease, or exchange all or any substantial portion in excess of ten percent (10%) of its total assets; merge with or consolidate into another entity that is not a rural telephone or electric cooperative association; dissolve the Cooperative; or file for bankruptcy with the United States Bankruptcy Court upon such terms and conditions as the Board of Directors deems expedient and for the best interests of the Cooperative when and as authorized by the affirmative vote of at least two-thirds (2/3) of the total members of the Cooperative cast in person, or by mail, at a meeting of the members notice of which includes a clear explanation of the action to be voted upon, and authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative. Notwithstanding anything herein contained the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof or from any banking or financial institution or corporation established under the authority of the United States of America for financing rural telephone cooperatives and systems and in connection with such borrowing to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing of any or all the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors may determine. For purposes of this article, a merger with or consolidation into another rural telephone cooperative association shall not be deemed a sale, mortgage lease or exchange. OTHER PROVISIONS OF THESE BYLAWS NOTWITHSTANDING, ANY REPEAL, AMENDMENT, OR ALTERATION OF THIS ARTICLE THAT WOULD RESULT IN A CHANGE IN THE MEMBER APPROVAL REQUIREMENTS FOR ACTS DESCRIBED HEREIN, MUST BE APPROVED BY A TWO-THIRDS (2/3) VOTE OF ALL OF THE MEMBERS OF THE COOPERATIVE.

ARTICLE IX
SEAL

The Corporate Seal of the Cooperative shall be in the form of a circle, and shall have inscribed thereon the name of the Cooperative and the words, "Corporate Seal".

ARTICLE X
FINANCIAL TRANSACTIONS

SECTION 10.1. *Contracts.*

Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 10.2. *Checks, Drafts, Etc.*

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

SECTON 10.3. *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.

SECTION 10.4. *Fiscal Year.*

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

ARTICLE XI
MISCELLANEOUS

SECTION 11.1. *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 11.2. *Waiver Of Notice.*

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

SECTION 11.3. *Rules and Regulations.*

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

SECTION 11.4. *Accounting System And Reports.*

The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of REA of the United States of America. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

SECTION 11.5. *Area Coverage.*

The Board shall make diligent efforts to see that telephone service is provided to all unserved persons within the Cooperative service area who:

a) Desire such service;
b) Meet all reasonable requirements established by the Cooperative as a condition of such a service.

ARTICLE XII
AMENDMENTS

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