

**BYLAWS  
OF  
RANDOLPH TELEPHONE MEMBERSHIP CORPORATION**

**ARTICLE I  
MEMBERSHIP**

**SECTION 1.1  
ELIGIBILITY**

Any person of eighteen (18) years or older, any emancipated minor, or any firm, association, corporation, limited liability company, partnership, limited liability partnership or body politic or subdivision thereof may become a member of Randolph Telephone Membership Corporation (hereinafter called the "Co-operative") upon the terms and conditions set forth within this section.

In order to become and remain a member of the Co-operative, natural persons must reside within one of the Co-operative's eight service districts, and business or governmental entities must have a place of operation within one of the eight of the Co-operative's geographical service districts; however, no business or governmental entity may hold more than one membership. Residency and business presence shall be determined by the existence of a valid E911 address physically located within the Co-operative's service area as authorized by the North Carolina Rural Electrification Authority. In addition, all persons and entities desiring membership in the Co-operative must:

- (a) Make a written or electronic application for membership for the Co-operative's records;
- (b) Agree to purchase telecommunications or information services from the Co-operative in accordance with established tariffs, and to pay other charges for services provided by the Co-operative which the Co-operative is obligated by law or contract to collect;
- (c) Agree to comply with, and be bound by, the Articles of Incorporation and Bylaws of the Co-operative and any policies, rules and regulations adopted by the Board; and
- (d) Pay any membership fees required by the Co-operative.

The status of all memberships shall be reflected upon the books of the Co-operative. It is understood that membership shall cease for all purposes upon the failure of the member to comply with any of the incidents of membership set forth herein.

Exchange and interexchange carriers who participate with the Co-operative in the provision of telecommunication or other services to Co-operative members shall not be deemed members of the Co-operative or patrons of the Co-operative by virtue of division of revenue or revenue contracts.

Purchasers of the Co-operative's services at wholesale or otherwise for the purpose of reselling said services shall not be eligible for membership in the Co-operative and shall not be entitled to

patronage credits with respect to such services.

Each time sharing or interval ownership premise shall be considered as a single corporate member. The owners of seasonal, recreational, or short-interval rental properties shall be deemed to hold the membership.

The Board of Directors shall determine the types and amounts of revenue streams which will confer the privileges and obligations of membership.

## **SECTION 1.2**

### MEMBERSHIP CLASSIFICATIONS

The Co-operative may have one or more classes of memberships to accommodate the various types of services and the definitions, types, qualifications, and rights of each class shall be determined by the Board of Directors as set forth in these Bylaws.

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

Memberships in the Co-operative shall be extended in two classifications, namely:

- (a) Individual residential memberships; and
- (b) Business memberships.

All memberships will be freely transferable on the books of the Co-operative between any persons of the same household in the case of individual residential members and between proper officials of the business entity in the case of business memberships.

## **SECTION 1.3**

### MEMBERSHIP FEES AND OTHER CHARGES

The Board, at its discretion, may require a membership fee which shall be uniform for each class of membership. Membership fees shall not be refundable.

Service connection charges shall be established in accordance with the rules, regulations, and policies of the Co-operative.

## **SECTION 1.4**

### PURCHASE OF SERVICES

Each member shall, as soon as service is available, take service from the Co-operative. The member shall pay at rates in accordance with either established tariffs as fixed by the Board, or, for the services rendered by other carriers or companies, at the rates which the Co-operative is obliged to bill and collect by contractual arrangements with other carriers or companies. It is expressly

understood that amounts received by the Co-operative for all services in excess of cost are furnished by members as capital from the moment of receipt, and each member shall be credited with the capital so furnished as provided in these Bylaws. However, the Co-operative is not obligated to furnish such credits for services which are not billed and collected by the Co-operative, even when such services are partially rendered over the facilities of the Co-operative. Each member shall also pay the above amounts owed by the member to the Co-operative as and when the same shall become due and payable.

## **SECTION 1.5**

### **TERMINATION OF MEMBERSHIP**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or policies, rules and regulations adopted by the Board, but only if such member shall have been given notice by the Co-operative that such failure makes the member 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 a majority vote of the Board or by majority 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 Co-operative. Termination of membership in any manner shall not release a member or a member's estate from any debts due the Co-operative, nor do unpaid bills release members from their obligations under these Bylaws or policies, rules and regulations approved by the Board.

## **SECTION 1.6**

### **ABOLITION OF JOINT MEMBERSHIPS**

- (a) Effective January 1, 2017, no applicant or applicants for membership in the Co-operative shall be allowed to obtain a joint membership or become a joint member of the Co-operative, and no membership which purports to have been created as a joint membership after said date shall be recognized as a joint membership.
- (b) Any and all joint memberships created before January 1, 2017 shall be recognized as joint memberships pursuant to the terms and conditions set out in these Bylaws as they existed prior to January 1, 2017 and the adoption of this Section.

**ARTICLE II**  
**RIGHTS AND LIABILITIES OF THE CO-OPERATIVE AND THE MEMBERS**

**SECTION 2.1**

SERVICE OBLIGATIONS

The Co-operative will use its best efforts to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual member.

**SECTION 2.2**

COOPERATION OF THE MEMBERS IN THE EXTENSION OF SERVICES

The cooperation of members of the Co-operative is imperative to the successful, efficient and economical operation of the Co-operative. 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 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 telecommunications, information, or other services to said member, or any other member, at no cost to the Co-operative. When requested by the Co-operative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Co-operative.

**SECTION 2.3**

NONLIABILITY FOR DEBTS OF THE CO-OPERATIVE

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

**SECTION 2.4**

PROPERTY INTEREST OF MEMBERS

Upon dissolution, after:

- (a) All debts and liabilities of the Co-operative shall have been paid; and
- (b) All capital furnished through patronage shall be retired as provided in these Bylaws, the remaining property and assets of the Co-operative shall be distributed in accordance with the applicable provisions of law. (See Chapter 117 of the General Statutes of the State of North Carolina).

**SECTION 2.5**  
CONTRACTURAL RELATIONSHIP

The members of the Co-operative, by dealing with the Co-operative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws of the Co-operative shall constitute and be a contract between the Co-operative and each member; and further, between all the members themselves individually. The members and the Co-operative shall be bound by said contract as fully as though each member had individually signed a separate instrument containing the terms and provisions thereof. This Article and all of the Bylaws shall be called to the attention of each member of the Co-operative by posting them in a conspicuous place in the Co-operative's business office or by publication of same distributed by the Co-operative to its members.

**ARTICLE III**  
MEETINGS OF MEMBERS

**SECTION 3.1**  
ANNUAL MEETING

The annual meeting of the members shall be held at a date and place selected by the Board which shall be designated in the Notice of the Meeting for the purpose of electing Directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Co-operative 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 a majority of the Board, or by not less than ten percent (10%) of all 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 Co-operative as designated by the Board and shall be specified in the notice of the special meeting.

**SECTION 3.3**  
NOTICE OF MEMBERS' MEETINGS

Written 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 mailed with first-class postage not less than ten (10) days

nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the member at the address appearing on the records of the Co-operative, with postage thereon prepaid. The incidental or unintended failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action 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 postponed meeting shall be given by the President in any media of general circulation or broadcast serving the area. Thereafter, as soon as practicable, the President shall reschedule the meeting, and notice of the rescheduled meeting shall issue in accordance with the provisions in these Bylaws.

### **SECTION 3.5**

#### QUORUM

Business may not be transacted at any meeting of the members unless there are present in person or by proxy, one-fourth of one percent ( $\frac{1}{4}\%$ ) of the then total members of the Co-operative, except that, if less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date; 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 3.3. The minutes of each meeting shall contain a list of the members present in person and those represented by proxy.

### **SECTION 3.6**

#### VOTING

- (a) Each membership, whether individual or joint, shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. Cumulative voting shall not be permitted. All issues with respect to voting shall be governed according to the latest edition of Robert's Rules of Order 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 co-operative, at least 72 hours prior to each member meeting, satisfactory evidence entitling the person presenting the same to vote; and
- (b) All questions, except those involving multiple choice issues or determinations, shall be decided by a vote of a majority of the members voting thereon in person or by proxy except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Multiple choice issues or determinations shall be decided by a plurality vote. In the election of Directors, a voice vote may be permitted if there is no competition for the seat or seats to be filled.

**SECTION 3.7**  
**PROXIES**

At any meeting of the members or any adjournment thereof, any member, including members who are not natural persons, may vote by proxy, but only if such proxy:

- (a) Is registered with the Secretary or his duly designated Registrar at least 72 hours before the time of the meeting or any adjournment thereof, or, if such proxy is to be voted on any matter the carrying of which requires the affirmative vote of not less than a majority of the then-total members of the Co-operative, is registered with the Co-operative at its principal office during office hours on or before the third business day next proceeding the date of the meeting, or any adjournment thereof, as the case may be;
- (b) Is executed by the member in writing and designates the name holder thereof (and, if the member so desires an alternate name holder thereof and/or conferring upon the holder(s) full power of substitution), which holder(s) or (or substitutes(s), if any) shall be another member who is a natural person in good standing with the Co-operative;
- (c) Specifies the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than sixty (60) days prior to the date of such meeting or any adjournment thereof; provided, that any mailed proxy not otherwise dated shall be deemed dated as postmarked if the postmark is satisfactorily evidenced; and provided further, that any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the member at such adjournment;
- (d) A proxy may be unlimited as to the matters on which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited;
- (e) In the event a member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke all others; if such proxies carry the same date and are held by different persons, none of them will be valid or recognized;
- (f) The presence in person of a member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by member for such meeting or for such adjournment thereof,
  - a. as the case may be, and member shall be entitled to vote in the same manner and with the same effect as if member had not executed a proxy. However, to revoke a proxy by presence in person at a meeting, the member must register a revocation with the duly designated voting Registrar prior to the beginning of the meeting voting process. Failure to notify the Registrar prior to balloting prevents the member in attendance from voting; and

- (g) A person entitled under this section may vote as proxy for no more than ten other members on any matter, except in connection with an amendment of the Certificate of Incorporation or the mortgaging or otherwise encumbering any of the Co-operative's property to secure loans, the carrying of which, as provided by law, requires the affirmative votes of a majority of the then total members of the Co-operative and proxy voting is allowed.

### **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 meetings:

- (a) Report on the number of members present in person in order to determine the existence of a quorum;
- (b) 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;
- (c) 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 any event, the President may entertain a motion from the floor to dispense with the reading of such minutes, and, if passed, the reading of the minutes may be waived;
- (d) Presentation and consideration of reports of officers, directors, and committees;
- (e) Election of Directors;
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

Notwithstanding the foregoing, the Board or the members themselves may, from time to time, establish a different order of business. Proposed changes to the agenda or resolutions desired by Directors or members shall be presented to the Board for its approval, not less than forty (40) days nor more than seventy (70) days before the date of the annual meeting, as well as requests to address the meeting; provided, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

## **ARTICLE IV BOARD MEMBERS**

### **SECTION 4.1**

#### GENERAL POWERS

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

### **SECTION 4.2**

#### ELECTION PROCESS AND TENURE OF OFFICE

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

### **SECTION 4.3**

#### BOARD ELECTION DISTRICTS

- (a) The Co-operative shall be divided into seven (7) geographic districts, and from each shall be elected one (1) Director by the entire membership, except as provided below regarding District 1.

The districts shall be as follows:

District 1. The Coleridge Exchange service area, including all members residing therein;

District 2. The Bennett Exchange service area, including all members residing therein;

District 3. The High Falls Exchange service area, including all members residing therein;

District 4. The Pisgah Exchange service area, including all members residing therein;

District 5. The Farmer-Jackson Creek Exchange service areas, including all members residing therein;

District 6. The Badin Lake Exchange service area, including all members residing therein.

District 7. The Liberty Exchange service area, including all members residing therein.

- (b) Districts 2, 3, 4, 5, 6, and 7 shall be represented by one (1) Director, elected as provided in these Bylaws. District 1 shall continue to be represented by (2) Directors, elected as provided in these Bylaws, until such time as a vacancy is created by the retirement, resignation, death, or removal of a current incumbent Director of District 1, in which case the vacancy shall not be filled, and thereafter District 1 shall be represented by a single Director.

#### **SECTION 4.4**

##### **QUALIFICATIONS TO BE NOMINATED, TO BECOME, OR REMAIN A DIRECTOR**

Any natural person who is a member or who is acting as a representative of a member who is not a natural person shall be eligible to be nominated, elected and remain a Director of the Co-operative who:

- (a) Is a bona fide citizen and full-time resident of the area served or to be served by the Co-operative;
- (b) Resides in the district from which the person is to be elected, and has resided there for more than one hundred and eighty (180) days during the last twelve (12) month period. (However, the person acting as representative of a member not a natural person need not be a resident)
- (c) Is NOT an employee, present or retired, of the Co-operative and is not in any way employed by or financially interested in a material way in a competing enterprise or a business engaged in selling communication services or communication supplies or constructing or maintaining communication facilities. The Board may, by general rule or in particular circumstances, determine which interests in a competing enterprise are material; and
- (d) Is NOT closely related to an incumbent Director or an employee of the Co-operative. 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 the Director becomes a close relative of another incumbent Director or of a Co-operative employee because of a marriage to which the Director was not a party; neither shall an employee lose eligibility to continue in the employment of the Co-operative if the employee becomes a close relative of a Director because of a marriage to which the employee was not a party.

To remain a Director, the incumbent must attend two-thirds ( $\frac{2}{3}$ ) or more of the regular meetings during each twelve-month period beginning with the month of the Director's election. Upon establishment of the fact that a Director or nominee is in violation of any of the provisions of this Section, that office or nomination may be deemed vacant; however, in the Board's discretion, the provision with reference to attendance may be waived in the case of illness only.

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

#### **SECTION 4.5**

##### **NOMINATIONS**

- (a) It shall be the duty of the Board to appoint, not more than ninety (90) days before the date of a meeting of the members at which Directors are to be elected, a committee on nominations

consisting of not less than seven (7) nor more than eleven (11) members who shall be selected from the seven (7) districts so as to ensure equitable representation. At least one (1) member of the committee shall be selected from each district where a Director is to be elected. No member of the Board, close relative of a Director or employee may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Co-operative at least twenty (20) days before the meeting, a list of nominations for Directors which shall include as many nominees for each Board position as the committee deems desirable;

- (b) The Secretary shall be responsible for mailing with a Notice of the Meeting, or separately, but at least ten (10) days before the date of the meeting, a statement of the number of Directors to be elected and the names and addresses of the candidates nominated by the committee on nominations;
- (c) Any fifty (50) or more members acting together may make other nominations by petition, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations may be made by petition no more than ninety (90) days and no less than sixty (60) days before the meeting and shall be included on the official ballot. Such ballot shall arrange the names of the candidates by district and shall also designate the candidates nominated by the committee and those nominated by petition. No member may nominate more than one candidate by petition, the seat for which the nomination is made must be specified, and the person so nominated must be in all respects eligible for service on the Board as set out in these Bylaws; and
- (d) All Directors must be nominated or re-nominated by the committee on nominations or by petition.

#### **SECTION 4.6**

##### **ELECTION OF DIRECTORS**

- (a) Contested elections of Directors shall be by a form of printed ballot;
- (b) The ballot shall list the names of the candidates nominated pursuant to Section 4.5 herein above with their names arranged by districts;
- (c) Each member of the Co-operative present in person at the meeting, or present through proxy, shall be entitled to vote for one (1) candidate from each district from which a Director is to be elected. The candidate from each district from which a Director is to be elected receiving the majority of votes cast for that office at such meeting shall be declared elected as a Director. Failure to elect a Director for any reason shall allow the incumbent Director whose directorship would have been voted on to hold over only until the next member meeting at which a quorum is present, at which time an election may be held; and
- (d) In the case on a contested election for the position of Director, the President or his delegate shall appoint an election and credentials committee consisting of no more than seven (7) nor fewer than three (3) persons whose duty it shall be to:

- i. Determine the qualifications of members to vote;
  - ii. Determine the validity of any proxy;
  - iii. Determine the validity of ballots;
  - iv. Count and canvass ballots; and
  - v. Report the results of the election to the President.
- (e) In the absence of a contested election, the Co-operative will dispense with balloting and the election shall be made by acclamation on motion and second of the Nominating Committee.

#### **SECTION 4.7**

##### **REMOVAL AND RESIGNATION OF DIRECTORS**

- (a) Any member in good standing may file a written complaint requesting the removal of a Director. The complaint must state grounds for the removal, and said grounds shall relate to the Director's official duties and responsibilities of office or to a Director's character and standing in the communities served by the Co-operative or its subsidiaries. The complaint shall be filed with the Co-operative's Secretary and shall be accompanied by a petition signed by at least ten percent (10%) of the Co-operative's members or two hundred (200) Co-operative members, whichever is the lesser.
- (b) The Director or Directors complained of shall be informed in writing of the complaint by the Secretary of the Co-operative at least 30 days prior to the meeting of the members at which the charges are to be considered. The member who filed the complaint shall be allowed to present evidence for the removal of the Director at the meeting, and the Director complained of shall also be allowed an equal amount of time to rebut the allegations in the complaint. Thereafter, the question of the removal of the director shall be called for a vote by the presiding officer, who shall not, under any circumstances, be a Director named in the member's complaint. No Director shall be removed from office under the terms of this provision except by the vote of two-thirds (2/3) or more of the members present at the meeting of the members.
- (c) Any vacancy created by the removal of a Director by the membership under the provisions set out in subsections (a) and (b), shall be filled at the meeting at which the Director was removed by the nomination by members from the floor and election by a majority vote of the members present at the meeting. In the event that the membership does not elect a Director to replace the removed Director at the meeting, the Board of Directors shall fill the vacancy pursuant to Section 4.8 of these Bylaws.

##### *Removal by the Board of Directors.*

- (d) A Director of the Co-operative may be removed or otherwise disciplined by the Board of Directors only for "cause". Cause shall be deemed to mean (i) conviction of a felony or a crime involving moral turpitude or a judicial determination thereof, (ii) failure to comply with the qualifications required of a Director as set out in these Bylaws, (iii) failure to attend the requisite board meetings pursuant to Section 4.4(d) of these Bylaws, (iv) operating, owning, or engaging in any business or enterprise which is in direct competition or in conflict with the activities and goals of the Co-operative or any of its subsidiaries, (v) engaging in conduct which would tend to damage or impair the reputation and good-standing of the Co-operative or any of its subsidiaries, or (vi) failure to competently and diligently perform the duties of the office of Director or Officer of the Co-operative.

- (e) Any person holding the office of Director of the Co-operative may send a written complaint to the Co-operative's Secretary (or if the Secretary is the person complained of, to the Co-operative's Attorney) requesting the removal of another Director. The Director whose removal is sought shall be given notice of the complaint within five (5) business days after it is received. At the next regularly-scheduled Board meeting after receipt of the complaint, or at a special meeting of the Board, if a special meeting is called and scheduled prior to the next regularly-scheduled Board meeting, the President of the Board of Directors shall appoint a committee of three Directors, including himself and not including the Director who is the subject of the complaint, to investigate the allegations in the complaint. If the President is the Director who is the subject of the complaint, he shall recuse himself, and the Vice-President shall appoint the committee and shall serve as its chairman. The committee shall make a written report to the full Board within forty-five (45) days after its creation, and its report shall include its recommendations, which may be (i) to dismiss the complaint, (ii) to verbally reprimand the Director under investigation, (iii) to issue a written reprimand to the Director under investigation, or (iv) to remove from office the accused Director. The Director under investigation shall also be provided with a copy of the committee's report and recommendations within forty-five (45) days after the committee's creation, and shall be afforded an opportunity to respond in writing to the complaint and to the committee's recommendations within ten (10) days prior to the Board taking action on the committee's recommendations.
- (f) The matter of the removal of Director shall be considered by the Board of Directors at a regular or special meeting of the Board within forty-five (45) days after the committee's report is made under subsection (e) above, and the accused Director shall be given at least thirty (30) days notice of the meeting. The accused Director shall have an opportunity to be heard in person or by counsel on the issue of his removal at the meeting, but shall not be allowed to participate in the Board's discussion on the issue, and shall not be allowed to vote on any matter related to the issue of his or her removal. A director may be removed only for cause and only by a vote of at least two-thirds (2/3) or more of the remaining Directors.

#### *Resignations.*

- (g) A Director may resign at any time by giving written notice to the Secretary or to the President of the Co-operative. The resignation shall be deemed effective on the date it is received by the Secretary or the President, unless the notice specifies a future date. A successor Director may be appointed or selected prior to the effective date of the retiring Director's resignation, but shall not take office until on or after the effective date of the retiring Director's resignation.

### **SECTION 4.8**

#### **VACANCIES**

- (a) Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of a Director by the members, a vacancy occurring in the Board of Directors for any other reason, including resignation, shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term of the former Director; provided however, that in the event the vacancy is not filled by a vote of the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such

vacancy at a meeting of the membership called pursuant to Article III, Section 3.2 of these Bylaws and without the necessity of compliance with any provisions contained herein regarding nomination by committee or by petition. Nominations may be made from the floor at any such special meeting of the membership.

- (b) Any successor to a vacant directorship, however chosen as provided herein, must reside in the same District as the vacating Director and must be qualified for the office pursuant to Section 4.4 of this Article. Further, no successor elected by the Board to fill a vacancy on the Board of Directors shall be a “close relative” of the vacating Director, as that term is defined in Section 4.4 (d) of this Article.
- (c) In the event an incumbent Director ceases to reside in the District he or she was elected to represent and moves his or her residence to another District of the Co-operative, he or she may continue to serve as a Director for the former district until the expiration of his or her term.
- (d) Should two or more Districts be merged into and become a single District after the death, retirement, removal, or resignation of a Director, and said merger occurs fewer than sixty (60) days after the death, retirement, removal, or resignation of the Director, the incumbent and active Director who resides in the newly-created District may be appointed by the Board to represent the members of the newly-created District until such time as his or her successor might be elected and qualified; and in said event, no vacancy in a Directorship shall be deemed to have occurred which would require action pursuant to Paragraph (a) of this Section. Under this provision, any appointed incumbent Director’s term shall therefore expire three years from the date of his or her last election. No incumbent director appointed pursuant to this provision shall take part in the vote on his or her appointment.

#### **SECTION 4.9**

##### **COMPENSATION**

- (a) Directors shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Co-operative business. If authorized by the Board, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out Co-operative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting;
- (b) Directors who elect to participate may be extended various forms of insurance and may be extended benefits provided to employees, except for benefits based on salary;
- (c) No Director shall receive compensation for serving the Co-operative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Co-operative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Director or his close relative shall have been certified by the Board as an emergency measure. For purpose of this section, "close relative" includes grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, aunts, uncles, nephews and nieces by blood, by marriage or by adoption, as well as spouses of any of the foregoing; and

- (d) The written policy adopted by the Board on nepotism pursuant to Section 4.4(c) shall also govern here.

#### **SECTION 4.10**

##### **RULES, REGULATIONS, RATE SCHEDULES AND CONTRACTS**

The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such policies, rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Certificate of Incorporation or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Co-operative, or cause such to be submitted for any appropriate governmental/regulatory approval.

#### **SECTION 4.11**

##### **ACCOUNTING SYSTEMS AND REPORTS**

The Board of Directors shall cause to be established and maintained a complete accounting system of the Co-operative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Co-operative's accounts, books and records reflecting financial operations and financial condition during and at the end of such year. The Board may authorize special audits, complete or partial, at any time and for any specified period time.

### **ARTICLE V MEETINGS OF THE BOARD**

#### **SECTION 5.1**

##### **REGULAR MEETINGS**

- (a) A regular meeting of the Board shall be held without formal notice, immediately after, and at the same place as, the annual meeting of the members if this is deemed convenient by a majority of the Board as constituted after the annual meeting;
- (b) A minimum of at least ten (10) additional regular meetings shall be held each year at such time and place as designated by the Board. Such regular meeting may be held without notice other than by a resolution of the Board fixing the time and place thereof; and
- (c) Regular or special meetings may be conducted 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.

#### **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 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 either personally or by mail, or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or one of the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the Director at his address as it appears on the records of the Co-operative, with first-class postage thereon prepaid, at least five (5) days before the date set for the meeting.

### **SECTION 5.4**

#### QUORUM

A majority of the Board shall constitute a quorum, provided, that if less than a 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 at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws. Directors may not vote by proxy at regular or special Board meetings.

### **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 provided the document is signed by all Directors entitled to vote.

## **ARTICLE VI OFFICERS**

### **SECTION 6.1**

#### NUMBER AND TITLES

The officers of the Co-operative 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

- (a) 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. Officers shall be elected annually by and from the Directors at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be; and

- (b) Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members, or until a successor shall have been elected and shall have qualified. Except as otherwise provided in these Bylaws, a vacancy in any office shall be filled by the Board for the unexpired portion of the term.

### **SECTION 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 for cause related to the officer's position whenever in its judgment the best interests of the Co-operative 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:

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

### **SECTION 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:

- (a) Keeping the minutes of the meetings of the members and of the Board in books prepared for that purpose;
- (b) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) The safekeeping of the corporate books and records and the Seal of the Co-operative and affixing the Seal of the Co-operative to all documents, the execution of which on behalf of the Co-operative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Co-operative containing all amendments thereto and furnishing a copy of these Bylaws and of all amendments thereto; and
- (f) In general performing all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to him by the Board; provided, however, that the Secretary shall have authority with the approval of the Board, to delegate to the CEO/General Manager the authority to appoint employees of the Co-operative to actually carry out the responsibilities set forth in this Section.

## **SECTION 6.7**

### **TREASURER**

The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Co-operative;
- (b) The receipt of and the issuance of receipts for all monies due and payable to the Co-operative and for the deposit of all such monies in the name of the Co-operative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; provided, however, that the Treasurer shall have authority, with the approval of the Board, to delegate to the CEO/General Manager the authority to appoint employees of the Co-operative to actually carry out the responsibilities set forth in this Section; and
- (c) The general performance of all the duties incident to the Office of Treasurer and such other duties as from time to time may be assigned to him by the Board; provided, however, with respect to the duties and responsibilities of the Treasurer, the Co-operative shall indemnify and hold the Treasurer harmless against any and all losses, claims and/or damages which may be asserted against the Treasurer, in his official capacity, unless such claim is a result of an act of malfeasance personally committed or omitted by the Treasurer resulting in loss to the Co-operative.

## **SECTION 6.8**

### **CEO/GENERAL MANAGER**

The Board shall appoint a CEO/General Manager, who may be, but who shall not be required to be, a member of the Co-operative. The CEO/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 Co-operative 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 Co-operative 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 Co-operative.

## **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 Section 4.9 of these Bylaws with respect to compensation of Directors.

## **SECTION 6.11**

### **REPORTS**

The officers of the Co-operative shall submit at each annual meeting of the members reports covering the business of the Co-operative for the previous calendar year. Such reports shall set forth the condition of the Co-operative at the close of such calendar year.

## **ARTICLE VII**

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

## **SECTION 7.1**

### **INDEMNIFICATION**

The Board of Directors may, from time to time, make and develop policies relating to the indemnification of officers, directors and employees who may be threatened with or who may be a party to litigation by reason of the fact that said officer, director or employee is or was acting in said officer's, director's or employee's capacity as such. Under no circumstances shall the Co-operative indemnify any person for any act of malfeasance or criminal misconduct.

## **ARTICLE VIII**

### **NONPROFIT OPERATION**

## **SECTION 8.1**

### **INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED**

The Co-operative shall at all times be operated on a Co-operative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Co-operative on any capital furnished by its members.

## **SECTION 8.2**

### **PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING TELECOMMUNICATIONS AND INFORMATION SERVICES**

- (a) In the furnishing of telecommunications, information, and other services, the Co-operative's operations shall be so conducted that all members will through, their patronage, furnish capital for the Co-operative. In order to induce patronage and to insure that the Co-operative will be operated on a nonprofit basis, the Co-operative is obligated to account on a patronage basis to all its members for all amounts billed from the furnishing of telecommunications, information 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 Co-operative are received with the understanding that they are furnished by the members as capital.
- (b) The Co-operative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the Co-operative 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 member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Co-operative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to his account; provided that individual notice of such amounts furnished by each member shall not be required if the Co-operative notifies all members of the aggregate amount of such excess and provides a clear explanation of how each member may compute and determine the specific amounts of capital so credited to the member's own account. All such amounts credited to the capital account of any member shall have the same status as though it had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Co-operative corresponding amounts of capital. In no event shall the patronage capital in any member's account be deemed vested until the capital funds credited to the account are actually received by the member.
- (c) All other non-operating income received by the Co-operative from its operations in excess of costs and expenses shall, insofar as permitted by law, be:
  - (1) Used to offset any losses incurred during the current or any prior fiscal year;
  - (2) To the extent not needed for that purpose, allocated to its members on a patronage basis, and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of members in an equitable manner as approved by the Board; or

- (3) Used to establish and maintain a non-operating margin reserve not assignable to members prior to dissolution of the Co-operative;
- (d) In the event of dissolution or liquidation of the Co-operative, after all outstanding indebtedness of the Co-operative 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;
- (e) If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Co-operative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement;
- (f) Capital credited to the account of each member shall be assignable only on the books of the Co-operative, 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 members' premises served by the Co-operative unless the Board, acting under policies of general application, shall authorize other types of assignments. Members at any time may assign their capital credits back to the Co-operative;
- (g) In the event a member fails to pay when due to the Co-operative any monies owed for services or goods provided by the Co-operative or owed to the Co-operative as agent for the collection for the provision of goods and services, the Co-operative shall have the right to attach any capital credited to the delinquent member's account and apply said funds as payment, in whole or in part, to satisfy the member's debt or delinquency;
- (h) 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 member, if the legal representative of his estate shall request in writing that the capital credited to any such member be retired prior to the time such capital could be retired in a general retirement under provisions of these Bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such member's estate shall agree upon; provided, however, that the financial condition of the Co-operative will not be impaired thereby;
- (i) When a credit balance of telephone accounts receivable of any member no longer receiving service from the Co-operative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other members is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over;
- (j) All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the capital credits allocation process

may be held and used by the Co-operative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws;

- (k) The obligation of the Co-operative to account for and make allocations of capital furnished by members is established in this Section and Section 8.3, following, and shall apply only to the furnishing of retail services to end user members.

### **SECTION 8.3**

#### **PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING OTHER SERVICES**

In the event that the Co-operative should engage in the business of furnishing goods or services other than telecommunications and information services, all amounts received therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those members from whom such amounts were obtained at such time and in such order of priority as the Board shall determine.

### **SECTION 8.4**

#### **EARLY RETIREMENT OF CAPITAL CREDITS**

The Co-operative may, from time to time, cause the capital credited to a member's account to be retired early, so long as the financial condition of the Co-operative is not thereby impaired. Any such early retirement of patronage capital shall be discounted at the rate of interest as published on the North Carolina Department of Revenue's website that applies to refunds and assessments and a discount period equal to the number of years of patronage capital then outstanding. All amounts of capital allocated to members but retained by the Co-operative after retirement on a discounted basis shall be considered a contribution of capital to the Co-operative and part of the net savings of the Co-operative which shall not be reallocated as excess margins to any former or current member, but shall be deemed the permanent equity of the Co-operative.

## **ARTICLE IX**

### **DISPOSITION AND PLEDGING OF PROPERTY/DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS UPON DISSOLUTION**

#### **SECTION 9.1**

##### **DISPOSITION AND PLEDGING OF PROPERTY**

- (a) The Co-operative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion in excess of ten percent (10%) of its total assets unless such sale, mortgage, lease or other disposition or encumbrance is:
  - (1) Authorized at a meeting of the then-total members by the affirmative vote cast in person, without proxies, of at least two-thirds (2/3) of the total members of the Co-operative;
  - (2) Authorized by the holders of at least seventy-five percent (75%) of the outstanding

indebtedness of the Co-operative; and

- (3) Preceded by a notice of meeting at which such sale, mortgage, lease or other disposition or encumbrance is to be voted on.
- (b) Notwithstanding the foregoing provisions of this Section, the members of the Co-operative may, by the affirmative majority of votes cast in person or by proxy at any meeting of the members, delegate to the Board the power and authority:
- (1) To borrow monies from any source and in any such amounts as the Board may from time to time determine are needed in pursuit of the Co-operative's business purposes;
  - (2) To mortgage or otherwise pledge or encumber any and all of the Co-operative's property or assets as security therefore; and
  - (3) With respect to other Co-operative organizations only, to sell and lease back any of the Co-operative's property or assets.
- (c) Supplementary to the foregoing paragraphs of this Section and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition within a single calendar year, of physical plant of the Co-operative with net value in excess of ten percent (10%) of the Co-operative's total assets, based upon the most recent audit of the Co-operative, shall be authorized except in conformity with the following:
- (1) If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent nonaffiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Co-operative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition, and as to any other terms and conditions which should be considered. The three (3) independent appraisers shall be designated by a district court resident judge for the judicial district in which the Co-operative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board;
  - (2) If the Board, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposals should be submitted for consideration by members, it shall first give by notice in appropriate publications other Co-operatively organized entities an opportunity to submit competing proposals. Any interested Co-operatively organized entity shall be sent copies of any proposals which the Co-operative has already received and copies of the respective reports of the three (3) appraisers. Such other interested Co-operatively organized entities shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them;
  - (3) If the Board then determines that favorable consideration should be given to the initial

or any subsequent proposal, which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) nor more than thirty (30) days after giving the Notice thereof to the members; provided that consideration and action by the members may be given at the next annual meeting if the Board so determines and if such annual meeting is held not less than ten (10) nor more than thirty (30) days after the giving of notice of such meeting; and

(4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Co-operative, with the cost to be borne by the Co-operative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

(d) The provisions of 1, 2, 3, and 4 above shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more telephone co-operatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more telephone co-operatives.

## **SECTION 9.2**

### **DISSOLUTION**

(a) The Co-operative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of Telephone Membership Corporation" and shall state:

(1) The name of the Co-operative, and if such Co-operative is a corporation resulting from a consolidation as herein provided, the names of all the original corporations or Co-operatives;

(2) The date of filing of Certificate of Incorporation, and if such Co-operative is a Co-operative resulting from a consolidation as herein provided, the dates on which the Certificates of Incorporation of the original corporations were filed;

(3) That the Co-operative elects to dissolve; and

(4) The name and post office address of each of its directors, and the name, title and post office address of each of its officers;

(b) Such Certificate shall be subscribed and acknowledged in the same manner as an original Certificate of Incorporation by the President or a Vice President, and the Secretary or an Assistant Secretary, who shall make and annex an affidavit, stating that they have been authorized to execute and file such certificate by the votes cast in person of at least two-thirds (2/3) of its total membership voting without proxies and that the dissolution has been

authorized by at least seventy-five percent (75%) of the holders of the indebtedness of the Co-operative;

- (c) A Certificate of Dissolution and a certified copy or copies thereof shall be filed in the same place as the original Certificate of Incorporation and thereupon the Co-operative shall be deemed to be dissolved; and
- (d) Such Co-operative shall continue for the purpose of paying, satisfying and discharging any existing liabilities or obligations and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its corporate name.

### **SECTION 9.3**

#### **DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION**

Any assets remaining after all debts and liabilities of the Co-operative shall have been paid shall be disposed of pursuant to the provisions of Section 2.4 above.

## **ARTICLE X SEAL**

The Corporate Seal of the Co-operative shall be in the form of a circle and shall have inscribed thereon the name of the Co-operative and the words, "SEAL," "ASHEBORO, N.C."

## **ARTICLE XI FINANCIAL TRANSACTIONS**

### **SECTION 11.1**

#### **CONTRACTS**

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

### **SECTION 11.2**

#### **CHECKS, DRAFTS, ETC.**

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

### **SECTION 11.3**

#### **DEPOSITS**

All funds of the Co-operative shall be deposited from time to time to the credit of the Co-operative in

such bank or banks as the Board may select. The CEO/General Manager shall have authority to make deposits and investments for and on behalf of the Co-operative. If practicable, the CEO/General Manager shall obtain prior approval of the Board of Directors before investing Co-operative assets or transferring Co-operative assets from one account or fund to another.

## **ARTICLE XII MISCELLANEOUS**

### **SECTION 12.1**

#### **MEMBERSHIP IN OTHER ORGANIZATIONS**

The Co-operative 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. Revenue generated and received from such enterprises shall not be subject to capital credit allocation or distribution.

### **SECTION 12.2**

#### **WAIVER OF NOTICE**

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

### **SECTION 12.3**

#### **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 Co-operative.

### **SECTION 12.4**

#### **ACCOUNTING SYSTEMS AND RECORDS**

The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to the applicable rules and regulations of any regulatory body, shall conform to such accounting systems as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America or required by other institutions providing financing to the Co-operative. The Board shall also, after the close of each calendar year, cause to be made a full and complete audit of the accounts, books and financial condition of the Co-operative as of the end of such calendar year.

**SECTION 12.5**  
GENDER USAGE

When used herein in these Bylaws, the masculine gender shall be deemed and construed to include the feminine gender and vice-versa.

**ARTICLE XIII**  
AMENDMENTS

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than a majority of the Directors in office, at any regular or special Board 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; provided, however, that the provisions of Section 9.1 relating to a major disposition of the Co-operative's property, and Section 9.2 relating to the dissolution of the Co-operative, may be altered, amended or repealed only by the affirmative vote of not less than two-thirds (2/3) of all current members of the Co-operative voting in person and without proxies.

Latest revision reflected herein:	Board action of August 12, 2000
Latest revision reflected herein:	Board action of February 28, 2001
Latest revision reflected herein:	Board action of August 10, 2002
Latest revision reflected herein:	Board action of June 28, 2006
Latest revision reflected herein:	Board action of September 23, 2009
Latest revision reflected herein:	Board action of June 28, 2011
Latest revision reflected herein:	Board action of December 27, 2011
Latest revision reflected herein:	Board action of October 30, 2012
Latest revision reflected herein:	Board action of December 18, 2012
Latest revision reflected herein:	Board action of November 25, 2014
Latest revision reflected herein:	Board action of August 8, 2015
Latest revision reflected herein:	Board action of December 20, 2016
Latest revision reflected herein:	Board action of March 21, 2017
Latest revision reflected herein:	Board action of February 25, 2020
Latest revision reflected herein:	Board action of June 23, 2020
Latest revision reflected herein:	Board action of April 27, 2021
Latest revision reflected herein:	Board action of May 24, 2022