

**BY-LAWS  
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 "Cooperative") upon the terms and conditions set forth within this section.

In order to become and remain a member of the Cooperative, natural persons must reside within one of the Cooperative's eight service districts, and business or governmental entities must have a place of operation within one of the eight of the Cooperative'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 Cooperative's service area as authorized by the North Carolina Rural Electrification Authority. In addition, all persons and entities desiring membership in the Cooperative must:

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

The status of all memberships shall be reflected upon the books of the Cooperative. 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 Cooperative in the provision of telecommunication or other services to Cooperative members shall not be deemed members of the Cooperative or patrons of the Cooperative by virtue of division of revenue or revenue contracts.

Purchasers of the Cooperative's services at wholesale or otherwise for the purpose of reselling said services shall not be eligible for membership in the Cooperative 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 Cooperative 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 By-Laws.

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

Memberships in the Cooperative 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 Cooperative 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.

A husband and wife residing in the same abode may hold 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. The effect of the hereafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) 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;
- (b) A proxy executed by either or both shall constitute one proxy for voting purposes;
- (c) The vote of either separately or both jointly shall constitute one joint vote;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice to either shall constitute notice to both;
- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;
- (h) In cases of joint membership of husbands and wives, either, but not both, may be elected

- or appointed as an officer or Board member if individually qualified;
- (i) 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;
  - (j) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Certificate of Incorporation, By-Laws, and any rules and regulations adopted by the Board;
  - (k) Each shall be jointly and severally responsible for debts due the Cooperative, and an unpaid indebtedness of either shall bar further membership of both;
  - (l) Capital credits of the membership shall be divided equally between the holders.

### **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 Cooperative.

### **SECTION 1.4**

#### PURCHASE OF SERVICES

Each member shall, as soon as service is available, take service from the Cooperative. 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 Cooperative is obliged to bill and collect by contractual arrangements with other carriers or companies. It is expressly understood that amounts received by the Cooperative 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 By-Laws. 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 also pay the above amounts owed by the member 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 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, By-Laws, or

policies, rules and regulations adopted by the Board, but only if such member shall have been given notice by the Cooperative that such failure makes the member liable to expulsion, and such failure shall have continued for at least ten 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 Cooperative. Termination of membership in any manner shall not release a member or a member's estate from any debts due the Cooperative, nor do unpaid bills release members from their obligations under these By-Laws or policies, rules and regulations approved by the Board.

## **ARTICLE II**

### **RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS**

#### **SECTION 2.1**

##### **SERVICE OBLIGATIONS**

The Cooperative 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 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 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 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:

- (a) All debts and liabilities of the Cooperative shall have been paid; and
- (b) All capital furnished through patronage shall be retired as provided in these By-Laws, the remaining property and assets of the Cooperative 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 Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws of the Cooperative shall constitute and be a contract between the Cooperative and each member; and further, between all the members themselves individually. The members and the Cooperative 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 By-Laws shall be called to the attention of each member of the Cooperative by posting them in a conspicuous place in the Cooperative's business office or by publication of same distributed by the Cooperative 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 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 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 Cooperative 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 Cooperative, with postage thereon prepaid. The incidental or unintended failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action 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 By-Laws.

### **SECTION 3.5**

#### QUORUM

Business may not be transacted at any meeting of the members unless there are present in person one-half of one percent ( $\frac{1}{2}\%$ ) of the then total members of the Cooperative, 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 Cooperative, 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 By-Laws. 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 Cooperative, is registered with the Cooperative 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 the member's spouse, an adult close relative (18 years or older) residing in the same household as the member, or another member who is a natural person (except that the natural person holding the proxy of a member who is not a natural person need not himself be a member);
- (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,

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 five 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 Cooperative'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 Cooperative 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 Cooperative shall be managed by a Board of Directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these By-Laws 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 Cooperative 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 Cooperative who:

- (a) Is a bona fide citizen and full-time resident of the area served or to be served by the Cooperative;
- (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 Cooperative 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 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 the Director becomes a close relative of another incumbent Director or of a Cooperative 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 Cooperative 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 (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 Cooperative 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, if any, received at least ten (10) 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 By-Laws; 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 Cooperative 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.

#### **SECTION 4.7**

##### REMOVAL OF BOARD MEMBER BY MEMBERS AND RESIGNATIONS

- (a) Any member may bring charges, relating to the duties and responsibilities of a Director's position, against a Board member, and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent (10%) of the members, or by two hundred (200) members, whichever is the lesser, may request the removal of such Board member by reason thereof;
- (b) Such Board member shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel to present evidence in respect to the charges; and the person or persons bringing the charges against the Director shall have the same opportunity. The question of the removal of such Directors shall be considered and voted upon at the meeting of the members. No Director shall be removed from office except by a vote of two-thirds (2/3) of the members present;
- (c) 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; and
- (d) 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. A succeeding Director may be appointed prior to the effective date, but said Director shall not take office until the effective date.

#### **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 Cooperative, 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 Cooperative business. If authorized by the Board, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative 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 Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Director or his 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 By-Laws, 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.

## **SECTION 4.11**

### **ACCOUNTING SYSTEMS AND REPORTS**

The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations 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 Cooperative, 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 By-Laws. 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 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

- (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 By-Laws, 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 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:

- (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 By-Laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) In general perform all duties incident to the Office of 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 By-Laws or as required by law;
- (c) The safekeeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws;
- (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 By-Laws of the Cooperative containing all amendments thereto and furnishing a copy of these By-Laws 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 Cooperative 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 Cooperative;
- (b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; 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 Cooperative to actually carry out the responsibilities set forth in this Section; and
- (c) The general performance of all the duties incident to the Office of Treasurer and such other duties as from time to time may be assigned to him by the Board; provided, however, with respect to the duties and responsibilities of the Treasurer, the Cooperative shall indemnify and hold the Treasurer harmless against any and all losses, claims and/or damages which may be asserted against the Treasurer, in his 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 Cooperative.

**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 Cooperative. 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 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 Section 4.9 of these By-Laws with respect to compensation 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 calendar year. Such reports shall set forth the condition of the Cooperative 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 Cooperative 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 Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative 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 Cooperative's operations shall be so conducted that all members will through, their patronage, furnish capital for the Cooperative. In order to induce patronage and to insure that the Cooperative will be operated on a nonprofit basis, the Cooperative 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 Cooperative are received with the understanding that they are furnished by the members as capital.
- (b) The Cooperative 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 Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative 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 Cooperative 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 Cooperative 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 Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be:
  - (1) Used to offset any losses incurred during the current or any prior fiscal year;
  - (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 Cooperative;
- (d) 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;
- (e) 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 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 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 members' premises served by the Cooperative 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 Cooperative;
- (g) In the event a member fails to pay when due to the Cooperative any monies owed for services or goods provided by the Cooperative or owed to the Cooperative as agent for the collection for the provision of goods and services, the Cooperative 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 By-Laws, 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 By-Laws, 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 Cooperative will not be impaired thereby;
- (i) When a credit balance of telephone accounts receivable of any member no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other 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 Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these By-Laws;

- (k) The obligation of the Cooperative 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 Cooperative 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 Cooperative 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 Cooperative 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 Cooperative after retirement on a discounted basis shall be considered a contribution of capital to the Cooperative and part of the net savings of the Cooperative which shall not be reallocated as excess margins to any former or current member, but shall be deemed the permanent equity of the Cooperative.

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

indebtedness of the Cooperative; and

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

(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 cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more telephone cooperatives.

## **SECTION 9.2**

### **DISSOLUTION**

(a) The Cooperative 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 Cooperative, and if such Cooperative is a corporation resulting from a consolidation as herein provided, the names of all the original corporations or cooperatives;

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

(3) That the Cooperative 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 Cooperative;

(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 Cooperative shall be deemed to be dissolved; and

(d) Such Cooperative 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 Cooperative 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 Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, "SEAL," "ASHEBORO, N.C."

## **ARTICLE XI FINANCIAL TRANSACTIONS**

### **SECTION 11.1**

#### **CONTRACTS**

Except as otherwise provided in these By-Laws, 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 11.2**

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

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

### **SECTION 11.3**

#### **DEPOSITS**

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative 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 Cooperative. If practicable, the CEO/General Manager shall obtain prior approval of the Board of Directors before investing Cooperative assets or transferring Cooperative assets from one account or fund to another.

## **ARTICLE XII** **MISCELLANEOUS**

### **SECTION 12.1**

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

The Cooperative may become a member or purchase stock in other profit or nonprofit organizations, associations, partnerships or joint ventures when the Board finds that the general or long-term 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 By-Laws. 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 By-Laws, as it may deem advisable for the management of the business and the affairs of the Cooperative.

### **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 Cooperative. 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 Cooperative as of the end of such calendar year.

**SECTION 12.5**

**GENDER USAGE**

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

**ARTICLE XIII  
AMENDMENTS**

These By-Laws 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 Cooperative's property, and Section 9.2 relating to the dissolution of the Cooperative, 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 Cooperative 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