

# WASHINGTON COUNTY RURAL TELEPHONE COOPERATIVE, INC.

## BYLAWS

### ARTICLE I - MEMBERSHIP

#### SECTION 1.1 Eligibility

Any person, firm, association or corporation will become a member of Washington County Rural Telephone Cooperative, Inc. (Hereinafter called the "Cooperative") upon receipt of telecommunications or information services (hereinafter referred to simply as "services") from the Cooperative. Membership is automatic and instantaneous upon receipt of service. However, each member shall:

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

The status of all memberships shall be as reflected upon the records of the Cooperative. No membership certificates will be issued.

#### SECTION 1.2 Definition And Classifications

Membership in the Cooperative is affected by procuring the Cooperative's telecommunication services.

The Board will determine under rules of general application the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership.

The Cooperative may have one or more classes of members to accommodate the various types of services. If the Cooperative has more than one class of membership, the definitions, types, qualifications and rights of each class shall be determined by the Board and set forth in these Bylaws.

Exchange carriers, interexchange carriers and other service providers who participate with the Cooperative in the provision of telecommunications services to members are neither members nor patrons by virtue of division of revenue contracts, settlement or access arrangements and other tariffed charges these carriers pay in the provision of services to their end users. The Board has the authority to determine all questions dealing with member or patron status as well as capital credit allocation issues for large users of the Cooperative's facilities.

Each time sharing or interval ownership premise is considered as a single corporate member. The corporation holding the seasonal, recreational and short-interval rental properties will be deemed to hold the membership.

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 records of the Cooperative and as provided for in these Bylaws.

All memberships in the Cooperative are extended only to individual persons (natural or corporate) who meet the requirements of Article 1, Section 1.1. Memberships formerly issued to multiple individuals such as husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from the date of this current edition of Bylaws, no new joint memberships will be established. Individual memberships will be freely transferable on the books of the Cooperative between any persons in the same household or corporation upon request in writing. Thus, the term "member" as used in these Bylaws shall refer

to an individual but can, on a grandfathered basis, be deemed to include patrons still holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter-specified actions by or in respect of the holders of a grandfathered 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. The vote of either separately or both jointly shall constitute one joint vote;
- c. A waiver of notice signed by either or both shall constitute a joint waiver;
- d. Notice of either shall constitute notice to both;
- e. Expulsion of either shall terminate the joint membership;
- f. Withdrawal of either shall terminate the joint membership;
- g. Either, but not both, may be elected or appointed as a Director if individually qualified; and
- h. Upon the death of either person, who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

### **SECTION 1.3 Membership Fees**

The membership fee, if any, shall be determined by the Board at a uniform amount and set for each class of membership.

### **SECTION 1.4 Purchase of Telephone Services**

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

### **SECTION 1.5 Termination of Membership**

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the majority vote of Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes such 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 majority vote of the Board or by majority vote of the members at any annual or special meeting.

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 records 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 Bylaws or rules and regulations approved by the Board.

In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member, the amount of any membership fee credited to the member's account provided, however, that the Cooperative shall deduct from the amount of the membership fee, the amount of any debts or obligations owed by the member to the Cooperative.

## **ARTICLE II - RIGHTS AND LIABILITIES OF THE COOPERATIVE AND MEMBERS**

### **SECTION 2.1 Service Obligations**

The Cooperative will use reasonable diligence to furnish adequate and dependable services but it cannot and does not guarantee uninterrupted services nor will it always be able to provide every service desired by each individual member.

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

### **SECTION 2.2 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 communication facilities, 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 communication 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 Non-Liability for Debts of the Cooperative**

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

### **SECTION 2.4 Property Interest of Members**

Upon dissolution, after (1) all debts and liabilities of the Cooperative shall have been paid, (2) all capital furnished through patronage shall have been retired as provided in these bylaws, and (3) all membership fees shall have been repaid, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member and former member bears to the total patronage of all such members and such former members on the date of dissolution unless otherwise provided by law.

## **ARTICLE III - MEETINGS OF MEMBERS**

### **SECTION 3.1 Annual Meetings**

The annual meeting of the members shall be held at a date and place within the State as selected by the Board and 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 an annual meeting at the designated time shall not work as 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, upon a written request signed by any four (4) Directors, by the President, or by ten percent (10%) of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the Notice of the Special Meeting.

### **SECTION 3.3 Notice of Members' Meetings**

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than fifteen (15) days nor more than thirty (30) 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 United States mail, addressed to the member at the address as it appears 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 President may postpone the meeting of the members. The President in any media of general circulation or broadcast serving the area shall give notice of the adjourned meeting.

### **SECTION 3.5 Quorum**

Business may not be transacted at any meeting of the members unless there are present in person at least two percent (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 date, time and place of such adjourned meeting by delivering notice thereof as provided in Section 3.3. At all meetings of the members, whether a quorum be present or not, the Secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

### **SECTION 3.6 Voting**

Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. Cumulative voting is not permitted. All issues with respect to voting shall be governed according to the latest edition of Rules of Order used by the Cooperative unless otherwise specified by law or the Articles of Incorporation. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to each member meeting, satisfactory evidence entitling the person presenting the same to vote. All questions, except those involving multiple choice issues or determinations, shall be decided by a vote of a majority of the members voting thereon in person 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.

Notwithstanding the foregoing provisions of this Section, in the event of a member's absence from a meeting of the members any person of legal age currently residing in the member's household may vote on behalf of such member and participate in the meeting's activities to the same extent that such member could vote and participate if present in person.

### **SECTION 3.7 Order of Business**

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

- 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 such case, the President may entertain a motion from the floor to dispense with the reading of such minutes.
- d. Audit report of outside auditors, or, a summary thereof.
- e. Election of Directors
- f. Presentation and consideration of reports of officers, trustees, and committees.
- g. Unfinished business.
- h. New business.
- i. Adjournment.

Notwithstanding the foregoing, the Board or the members themselves may, from time to time, establish a different order of business for the purpose of assuring the earlier consideration of an action upon any item of business, the transaction of which is necessary or desirable in advance of any other item of business provided that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

## ARTICLE IV- DIRECTORS

### SECTION 4.1 General Powers

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

### SECTION 4.2 Election 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 three (3) year terms 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 is not held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Directors at a reasonable time thereafter. Directors shall be nominated and elected as provided hereinafter.

The Cooperative is divided into four (4) geographic service areas, as depicted on the Cooperative's district map, and from each shall be elected the designated number of Directors to the Board. The Board may from time to time modify the district boundaries in order to provide equitable member representation.

Members shall be eligible to vote for every Director. The director districts and number of Directors from each district are set forth as follows:

Geographic District 1	Borden Area	2 Directors
Geographic District 2	Chestnut Hill Area	2 Directors
Geographic District 3	Martinsburg Area	1 Director
Geographic District 4	Pekin Area	2 Directors

### SECTION 4.3 Qualifications To Be Nominated, Become or Remain a Director

Any member shall be eligible to be nominated, elected, and remain a Director of the Cooperative provided that he or she:

- a. Resides in the geographic area from which he or she is elected, and has resided there for more than two hundred and forty (240) days during the last twelve (12) months period.
- b. Has never been employed by the Cooperative or is not in any way financially interested in a competing enterprise or a business engaged in providing services or materials similar to those provided by the Cooperative. The Board may grant exceptions to this section regarding employment ineligibility or "de minimus" competing enterprises.
- c. Is not closely related to an incumbent Director or an employee of the Cooperative. As used here, "closely related" means a person who is related to the principal person by consanguinity or affinity, to the second degree or less (spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew, or niece, by blood or in law) of the principal. However, no incumbent Director shall lose eligibility to remain a Director or to be re-elected as a Director if he or she becomes a close relative of another incumbent Director or of a Cooperative employee because of a marriage to which he was not a party. Neither shall an employee lose eligibility to continue in the employment of the Cooperative if he or she becomes a close relative of a Director because of a marriage to which he or she was not a party. Notwithstanding the foregoing, the Cooperative shall adopt a written policy, which will govern the application in practice of this Bylaw section to assure no employee will suffer unjust or unreasonable discrimination because of marital status.

To remain a Director, the incumbent must attend two thirds (2/3) or more of the regular meetings during each twelve month period, beginning with the month of his or her election. Upon establishment of the fact that a Director or nominee is in violation of any of the provisions of this Section, that office or nomination shall be deemed vacant.

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

#### **SECTION 4.4 Nominations**

Incumbent Directors and all candidates for Director shall be nominated by a certified petition signed by fifteen (15) or more members of the Cooperative who reside in the district for which the nominee is being selected to run. For purposes of such petition, only one signature shall be permitted per membership number. To be legitimate, each petition must contain a certification by a member of the applicable district that he or she personally witnessed each signature affixed to said petition. No nominations may be made at the annual meeting. Forms of the required Certified Petition shall be provided by the Cooperative to any interested member. Multiple counterparts of the petition may be submitted providing they total at least fifteen (15) nominating signatures.

Said petition must be filed at the office of the Cooperative not less than forty (40) days nor more than ninety (90) days prior to the annual meeting of the members at which such election shall be held. The Secretary of the Cooperative shall certify within fifteen (15) days after the receipt of a petition whether or not the petition contains fifteen (15) or more names of members residing in the district to which the petition relates and shall post certified name(s) of nominee(s) at the principal office of the Cooperative. The Secretary shall be responsible for mailing, with the 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 nominees made by petition, if any.

#### **SECTION 4.5 Election of Directors**

Contested elections of Directors shall be by a form of printed ballot. The ballot shall arrange the names of the candidates nominated with such names arranged by districts.

Each member of the Cooperative present in person at the meeting shall be entitled to vote for one (1) candidate from each district from which a Director is to be elected or on any issue before the meeting. The candidate from each district from which a Director is to be elected receiving a plurality of votes cast for that office at such meeting shall be declared elected as a Director.

#### **SECTION 4.6 Removal of Directors by Members and Resignations**

Any member may bring charges relating to the duties and responsibilities of a Director against a Director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum (10%) of the membership, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges. The person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the members present. No Director shall be removed from office unless by a vote of two-thirds (2/3) of the members present.

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

#### **SECTION 4.7 Vacancies**

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal or failure to elect Directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs the members shall

have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect to nominations. However, any successor, whether chosen by the Board or the members must reside in the same district as the vacant directorship and have the same qualifications for the office as set forth in Section 4.3. If a Director duly elected by the membership at large (not individual district) moves his residence to another district of the Cooperative, he or she may continue to serve as Director for their former district until the next regular election for that district.

#### **SECTION 4.8 Compensation**

Directors shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs, or performing committee assignments when authorized by the Board. If authorized by the Board, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business, or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Directors who elect to participate may be extended various forms of liability and accident insurance as well as participation in benefits provided to employees except for benefits based on salary. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative unless the payment and amount of compensation shall have been specifically authorized by a vote of the members or the service by the Director or any close relative shall have been certified by the Board as an emergency measure. For purpose of this section, "close relative" includes grandparent, parent, husband, wife, child, grandchild, brother, sister, aunt, uncle, nephew, and niece, by blood, by marriage, or by adoption, and spouse of any of the foregoing. The written policy adopted by the Board on nepotism pursuant to Section 4.3 shall also govern here.

#### **SECTION 4.9 Rules, Regulations, Rate Schedules and Contracts**

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

#### **SECTION 4.10 Accounting Systems And Reports**

The Board 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 during and financial condition as of the end of such year. A full and accurate summary of such audit reports shall be submitted to the members at, or prior to, the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

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

### **SECTION 5.1 Regular Meetings**

A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members if this is deemed convenient by a majority of the Board as constituted after the annual meeting. A regular meeting of the Board shall also be held monthly at such time and place as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. A minimum of at least ten (10) regular meetings shall be held each year. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the 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 four (4) 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 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 four (4) Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to each Director at his or her address as it appears on the records of the Cooperative, with first class postage thereon prepaid at least five (5) business 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 such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time, and provided further that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the act of the Board except as otherwise provided in these Bylaws or by the parliamentary procedure or special rules adopted by the Cooperative. Directors may not vote by proxy at regular or special Board meetings.

### **SECTION 5.5 Unanimous Consent in Writing**

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

## **ARTICLE VI - OFFICERS**

### **SECTION 6.1 Number and Titles**

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

### **SECTION 6.2 Election and Term of Office**

The officers shall be elected by ballot if contested, and if not, by voice vote or any other method designated by the person presiding. They shall be elected annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If election of officers shall not be held at such meeting such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the 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 expired 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 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. 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 Cooperative and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- b. Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c. In general, perform all duties incident to the office of President and such other duties as from time to time may be prescribed by the Board.

### **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 prescribed 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 provided for that purpose;
- b. Seeing that all notices are duly given in accordance with these Bylaws or as required by law.

- c. The safekeeping of the corporate books, records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- d. Keeping a register of the names and post office addresses of all members;
- e. Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto and at the expense of the Cooperative, furnishing a copy of the Bylaws and all amendments thereto to each member; and
- f. In general, performing all duties incident to the Office of Secretary and such other duties as from time to time may be prescribed by the Board.

#### **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 moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws provided, however, that the treasurer shall have authority, with the approval of the Board, to delegate to the general manager the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section; and
- 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 prescribed by the Board. 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 personally committed or omitted by the Treasurer resulting in loss to the Cooperative.

#### **SECTION 6.8 General Manager**

The Board may appoint a General Manager who may be, but who shall not be required to be, a member of the Cooperative. The General Manager shall perform such duties as may be required by the Board and shall have authority as the Board may prescribe.

#### **SECTION 6.9 Bonds**

The Board shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board shall determine. The Board, in its discretion, may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

#### **SECTION 6.10 Compensation**

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

#### **SECTION 6.11 Reports**

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

## **ARTICLE VII - INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS**

### **SECTION 7.1 Scope of Indemnification**

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is or was a Director, officer, employee, or agent of the Cooperative or who is or was serving, at the request of the Cooperative, as a Director, officer, employee or agent of another Cooperative, association, corporation, partnership, joint venture, trust or other enterprise against expenses, (including attorney's fees) adjustments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon pleas of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

### **SECTION 7.2 Indemnification For Good Faith Action**

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending or completed action or suit by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a Director, officer, employee or agent of the Cooperative or is, or was, serving at the request of the Cooperative as a Director, officer, employee or agent of another Cooperative association, corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative. No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

### **SECTION 7.3 Cost Of Defense Indemnified**

To the extent that a Director, officer, employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 7.1 and 7.2 in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

### **SECTION 7.4 Amount of Indemnification**

Any indemnification under Sections 7.1 and 7.2 (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 7.1 and 7.2. Such determination shall be made:

- a. By the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceedings; or
- b. By independent legal counsel in a written opinion if such a quorum is not obtainable; or
- c. By the members.

### **SECTION 7.5 Expenses Advanced**

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding, as authorized by the Board in the specific case upon receipt of a firm commitment by or on behalf of the Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Cooperative as authorized in this Article.

#### **SECTION 7.6 Rights Of Persons Indemnified**

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of members, disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

#### **SECTION 7.7 Insurance Coverage**

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Director, officer, employee or agent of another Cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

## **ARTICLE VIII - NON-PROFIT OPERATION**

### **SECTION 8.1 Interest or Dividends on Capital Prohibited**

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

### **SECTION 8.2 Patronage Capital in Connection with Furnishing Telecommunications And Information Services**

In the furnishing of telecommunications and information services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account, on a patronage basis to all its patrons, for all amounts received and receivable from the furnishing of telecommunications and information services in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses for telecommunications and information services at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses derived from telecommunications and information services. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by the patron for telecommunications and information services is clearly reflected and credited in an appropriate record to the capital account of each patron and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's account provided that individual notice of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess from telecommunications and information services and provides a clear explanation of how each patron may compute and determine the specific amounts of capital so credited to the patron's account. All such amounts credited to the capital account of any patron shall have the same status as though it had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All non-operating margins, except those derived from furnishing goods and services other than telecommunications and information services, shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year and to the extent not needed for that purpose either.

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

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby the capital then credited to patrons' accounts may be retired in full or in part. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method and type of assignment and distribution.

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

Notwithstanding any other provision of these Bylaws the Board, at its discretion, shall have the power at any time upon the death of any natural patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would be retired in a general retirement under provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon, provided, however, that the financial condition of the Cooperative will not be impaired thereby.

When the capital credits of any patron 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 general retirement to other patrons 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 un-retired 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. 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 Bylaws.

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

### **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 and receivable there from 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 patrons from whom such amounts were obtained at such time in such order of priority as the Board shall determine.

**ARTICLE IX - DISPOSITION AND PLEDGING OF PROPERTY DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS UPON DISSOLUTION**

**SECTION 9.1 Disposition And Pledging of Property**

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:

- a. Authorized at a meeting of the then total members by the affirmative vote case in person, without proxies, of at least two-thirds (2/3) of the total members of the Cooperative; and
- b. Authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative; and
- c. Proceeded by a notice of meeting at which such sale, mortgage, lease or other disposition or encumbrance is to be voted on.

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.

- a. To borrow moneys from any source and in any such amounts as the Board may from time to time determine are needed in pursuit of the Cooperative's business purposes; and
- b. To mortgage or otherwise pledge or encumber any and all of the Cooperative's property or assets as security therefore; and
- c. With respect to other Cooperative organizations only, to sell and lease back all of the Cooperative's property or assets.

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 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:

- a. 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 non-affiliated 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 headquarters are located. If such judge refuses to make such designations they shall be made by the Board.
- b. 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.
- c. If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted 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. Said 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.

- d. 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.

The provisions of (a), (b), (c) and (d) 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**

The Cooperative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of Washington County Rural Telephone Cooperative, Inc.," and shall state:

- a. 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.
- b. 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.
- c. That the Cooperative elects to dissolve.
- d. The name and post office address of each of its Directors and the name, title and post office address of each of its officers.

Such Certificate shall be subscribed and acknowledged in the same manner as an original Certificate of Incorporation by the President or 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.

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.

Such Cooperative shall continue for the purpose of paying, satisfying and discharging any existing liabilities or obligations, 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 have been paid shall be disposed of pursuant to the provisions of Section 2.4 above; provided, however, that if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution the Board may, in lieu thereof, donate or provide for the donation of such surplus to one or more non-profit, charitable or educational organizations that are exempt from federal income taxation.

## **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 "Indiana".

## **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 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(s), agent(s) or employee(s) of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

### **SECTION 11.3 Deposits**

All the funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such institutions as the Board may select.

## **ARTICLE XII - MISCELLANEOUS**

### **SECTION 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.

### **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 Cooperative.

### **ARTICLE XIII - AMENDMENTS**

These Bylaws may be altered, amended, repealed or rewritten 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, 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. When the Board effects Bylaw changes or revisions for Sections other than 9.1 and 9.2 the specific changes or revisions become effective 30 days after they are promulgated to the membership at large.

Amended **September 21, 1995**

Amended **January 18, 2007**