



SkyLine

membership corp.

Established as a member-owned cooperative in 1951, SkyLine Telephone Membership Corporation provides telecommunications services to residents of Alleghany, Ashe, Avery and Watauga counties in North Carolina and Johnson County in east Tennessee.



SkyLine

membership corp.

Corporate Offices

1200 NC Highway 194 North
Post Office Box 759
West Jefferson, NC 28694
(336) 877-3111
(800) 759-2226

West Jefferson Call Center

1079 NC Highway 194 North
West Jefferson, NC 28694
(336) 877-1350

West Jefferson Smart Home

1060 Mount Jefferson Road
West Jefferson, NC 28694
(336) 877-1350

Banner Elk Customer Service Center

20 High Country Square Hwy 184
Banner Elk, NC 28604
(828) 898-1350

Boone Customer Service Center

217 Wilson Drive
Boone, NC 28607
(828) 963-1350
(828) 865-1350

Sparta Customer Service Center

199 Grayson Street
Sparta, NC 28675
(336) 372-1350

www.skybest.com

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ARTICLE I Membership

Section 1.1 – Eligibility

Any person, who is eighteen (18) years of age or more or is an emancipated minor, firm, association, corporation, or body politic or subdivision thereof will become a member of Skyline Telephone Membership Corporation (hereinafter called the “Cooperative”) upon receipt of telecommunications and/or information services from the Cooperative. Membership is automatic and instantaneous upon receipt of service; however, each member shall first:

1. Make an application for membership for the Cooperative’s records;
2. Agree to purchase telecommunication services and/or information services (all hereinafter referred to as “services”) from the Cooperative in accordance with established tariffs, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect;
3. Agree to comply with, and be bound by, the Articles of Incorporation and By-Laws of the Cooperative and any rules and regulations adopted by the Board; and
4. Sign a membership agreement and pay any membership fee as hereinafter may be specified.

The status of all memberships shall be reflected upon the books of the Cooperative and no membership certificates will be issued subsequent to the adoption of these By-Laws. It is understood that membership shall cease for all purposes upon the cessation of services.

Section 1.2 – Definition and Classifications

- a. Membership in the Cooperative is effected by purchasing telecommunications services and/or information services from the cooperative.
- b. 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 and 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.
- c. Exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunications services to members are neither members nor patrons by virtue of division of revenue contracts.
- d. Joint Membership: Two or more persons jointly holding a residential or business membership.
- e. Co-member: One of the persons that hold a joint membership.

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Memberships in the Cooperative shall be extended in two classifications, namely:

- a. Residential memberships; and
- b. Business memberships.

Residential memberships are extended only to individual persons and for services to a place of abode. Business memberships are extended to corporations, partnerships, associations, societies, individual proprietorships, and any other organization or group conducting any type of business, civic or church activity whatsoever. All memberships will be freely transferable on the books of the Cooperative between any persons of the same household in the case of residential members and between proper officials of the business entity in the case of a business membership.

All residential memberships and business memberships may be jointly held by two or more persons if desired 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:

1. Notice to one shall constitute notice to all;
2. Expulsion of one shall terminate the joint membership;
3. Withdrawal of one shall terminate the joint membership;
4. In cases of joint membership, only one co-member may be elected or appointed as an officer or board member if individually qualified;
5. Upon the death of either co-member 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;
6. Each co-member shall be jointly and severally responsible for debts due the Cooperative;
7. Capital credits of the joint membership shall be divided equally among the co-members upon dissolution of the membership.

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 Services

Each member shall, as soon as service is available, take service from the Cooperative. The member shall pay therefore monthly at rates in accordance with either established tariffs as fixed by the Board, or, for the services rendered by other carriers, at the rates which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the Cooperative for all services in excess of cost are furnished by members as capital, 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 him/her to the Cooperative as and when the same shall become due and payable.

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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 all 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 rules and regulations adopted by the Board, but only if such member shall have been given notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.
- b. Upon the withdrawal, death, cessation of service or expulsion of a member, the membership of such member shall thereupon terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or member's estate from any debts due the Cooperative.
- c. In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of any membership fee credited to the member's account, provided, however, that the Cooperative shall deduct from the amount of the membership fee, the amount of any debts or obligations owed by the member to the Cooperative.

ARTICLE II Rights and Liabilities of the Cooperative and the Members

Section 2.1 – Service Obligations

- a. 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.
- b. 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 telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member, for the furnishing of telephone or communication service to said member, or any other member, at no cost to the Cooperative. When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

Section 2.3 – Non-liability for Debts of the Cooperative

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

Section 2.4 – Property Interest of Members

Upon dissolution, after:

1. All debts and liabilities of the Cooperative shall have been paid;
2. All capital furnished through patronage shall be retired as provided in these By-Laws; and
3. All membership fees (if applicable) shall have been repaid, 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).

ARTICLE III Meetings of Members

Section 3.1 – Annual Meeting

The annual meeting of the members shall be held at a date and place as selected by the Board and which shall be designated in the Notice of the Meeting for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. 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 one thousand (1,000) members or by five percent (5%) of all members, whichever shall be the lesser, 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 annual meeting of members, shall be mailed with first-class postage not less than twenty (20) days nor more than sixty (60) days before the date of the annual meeting, either personally or by mail, or by e-mail for members who have signed up for electronic billing, by or at the direction of the secretary, to each member evidenced in the billing cycle for the mailing of the September billing invoices. Written or printed notice stating the place, day and hour, and the purpose of a special, a postponed or an adjourned member meeting, shall be mailed first class postage not less than twenty (20) nor more than sixty (60) days before the date of the meeting, either personally or by mail, or by e-mail for members who have signed up for electronic billing, by or at the direction of the secretary, or upon default in duty by the

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secretary, by the person calling the meeting to each member of record ten (10) days before the mailing of the notice.

If mailed, such notice of any meeting 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 adjourned meeting shall be given by the president in any media of general circulation or broadcast serving the area.

Section 3.5 – Quorum

Business may not be transacted at any meeting of the members unless, there are at least fifty (50) members or one-half of one percent of the then total members of the Cooperative registered for the meeting, whichever is greater, except that, if less than a quorum is registered 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.

Each member registered to vote at any designated polling place, at designated polling times, shall be counted present for the purpose of determining a quorum for the annual meeting of members.

Section 3.6 – Credentials and Election Committee

The Board of Directors shall, in the month of June of each year beginning June 2021, appoint a credentials and election committee consisting of an uneven number of Cooperative members – not less than five (5), nor more than eleven (11) who are not existing or former Cooperative employees, agents, officers, directors or current candidates for director, and who are not close relatives (as hereinafter defined) or members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the geographic areas served by the Cooperative. The Committee may elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot voting, to rule on all questions that may arise with respect to the registration of members, to count all ballots to rule upon the effect of any ballots or other vote irregularity or indecisively marked or cast ballot, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualification of candidates and the regularity of the nomination and election of directors), and to rule upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee may delegate registration and ballot voting duties to company employees and/or a third-party vendor. In the event a protest or an objection is filed concerning any election, such protest or objection must be filed in writing, during, or within three (3) business days following the adjournment of, the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such

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evidence as presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time, but no later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to nullify the election. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this section shall be final.

Section 3.7 – Voting

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. The person authorized to cast that one vote shall be:

- a. Named member;
- b. Corporate membership may be voted by an officer of the corporation;
- c. Memberships in the name of any organization, club or church may be voted by any officer of the organization, club or church;
- d. Membership in the name of a public or private school may be voted by the principal or assistant principal of the school;
- e. Membership in the name of a governmental agency or subdivision (other than a school) shall be voted by an official of that agency or subdivision;
- f. Membership in the name of a solely owned business shall be voted by the owner of said business;
- g. Membership in the name of the partnership may be voted by any one of the partners.

All questions shall be decided by a vote of a majority of the members voting thereon except as otherwise provided by law, the Articles of Incorporation, or these By-Laws. In the election of directors, a voice vote may be permitted if there is no competition for the seat or seats to be filled, otherwise, directors shall be elected by a plurality of secret ballots cast. In order to receive a voting ballot, the cooperative may require satisfactory evidence of voting eligibility from the individual requesting said ballot.

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:

1. Report on the number of members registered for the meeting to determine the existence of a quorum.
2. Reading of the Notice of the Meeting and proof of the timely publication or mailing thereof, or the waiver or waivers of Notice of Meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon unless minutes presented for approval shall have been furnished by a timely mailing or have been made available at the meeting to all active members present. In such case, a motion may be made from the floor to dispense with the reading of such minutes.
4. Audit report of outside auditors, or, a summary thereof. In lieu of this report, a summary may be printed in the annual report.
5. Presentation and consideration of reports of officers, trustees, and committees.

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6. Election of board members.
7. Unfinished business.
8. New business.
9. 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 nine (9) members 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 or by electronic voting 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 that 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 may be held for the purpose of electing directors at a reasonable time thereafter. Provided, further, if no special meeting of members can be held, the current directors shall continue to hold over until the next meeting of members. Directors shall be nominated and elected as provided hereinafter.

The Cooperative is divided into five (5) geographic service areas, which are as follows:

- Geographic Area No. 1: All portions of Alleghany County, North Carolina, served by Skyline Telephone Membership Corporation.
- Geographic Area No. 2: All portions of Ashe County, North Carolina, served by Skyline Telephone Membership Corporation.
- Geographic Area No. 3: All portions of Watauga County, North Carolina, served by Skyline Telephone Membership Corporation.
- Geographic Area No. 4: All portions of Avery County, North Carolina, served by Skyline Telephone Membership Corporation.
- Geographic Area No. 5: All portions of Johnson County, Tennessee, served by Skyline Telephone Membership Corporation.

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Geographic Areas #1, #2, #3, and #4 shall have two (2) directors each and Geographic Area #5 shall have one (1) director. All members shall be eligible to vote for every director. Directors are elected for three (3) year terms on the following schedule: first year (as in 2011), one director for Ashe County, one director for Avery County, and one director for Watauga County; second year (as in 2012), one director for Alleghany County, one director for Ashe County, and one director for Watauga County; third year (as in 2013), one director for Alleghany County, one director for Avery County, and one director for Johnson County.

Section 4.3 – Qualifications to be Nominated, to Become, or Remain a Director

Any member shall be eligible to be nominated, elected and remain a director of the Cooperative who:

1. Is a natural person and a full-time legal resident, residing in the geographical area for which the person desires to serve as a Director.
2. Is NOT an employee, present or former, of the Cooperative and is not in any way employed by or have a direct pecuniary interest in a competing enterprise or a business engaged in selling communication services or communication supplies or constructing or maintaining communication facilities,
3. Is NOT a “close relative” to an incumbent director or a present or former employee of the Cooperative. As used here “close relative” shall include a spouse, parent, child, brother, sister, including biological, adopted, foster, step or other legal relation and the spouse of the foregoing, or a domestic partner. However, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if he 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 marriage to which he or she was not a party.
4. Is at least 21 years of age.
5. Has not been convicted of a misdemeanor involving moral turpitude or a felony pursuant to state or federal laws.
6. Has been a member for not less than one year.

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/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 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 4.4 – Nominations

It shall be the duty of the Board to appoint, in the month of June each year beginning June 2021, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different geographic areas so as to ensure equitable representation. At least one (1) member of the committee

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shall be selected from each geographic area where a director is to be elected. No member of the Board, close relative of a board member or employee may serve on such committee

The committee, on nominations, keeping in mind the principle of equitable representation, shall meet on or before August 15 of each year, deliberate, prepare and post at the principal office of the corporation a list of nominations for board members which shall include as many nominees for each board position as the committee deems desirable.

Any one hundred (100) or more active members, acting together may make a nomination for a director by petition and the secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Petitions must, at minimum, list the name and address of the individual being nominated. 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. Members signing said petition must include telephone number associated with his or her membership, printed name of member, signature of member, and date of signature. The name of the individual signing the petition must be listed on the membership account, or in the case of an organization, the individual signing the petition must be an officer or official of that organization. Nominations made by petition, if any, must be received at the offices of the cooperative by twelve noon on the last business day of August prior to the annual meeting. It shall be the duty of the Credentials Committee to verify the validity of any petition.

The secretary of the cooperative shall be responsible for mailing with the Notice of the Meeting, or separately, but at least twenty (20) days before the date of the meeting, a statement of the number of board members to be elected, the names and addresses of the candidates nominated by the committee on nominations, and the names and addresses of the candidates nominated by petition.

Ballots for the election of Directors shall arrange the names of the candidates by geographic areas, in alphabetical order by last name, and shall also designate the candidates nominated by the committee and those nominated by petition.

Section 4.5 – Election of Directors

Elections of directors shall be by a form of ballot, or by electronic voting.

Each membership of the Cooperative registered for the meeting shall be entitled to vote for one (1) candidate from each district from which a director is to be elected. Directors shall be elected by a plurality vote of the members. In the event of a tie vote for the office of director, the sitting board of directors shall decide the election. Failure of an election for a given year shall allow the incumbent directors whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present, provided, however, in order to maintain the same staggered terms for directors, the terms of the directors elected at this next meeting of the members will be reduced by the period of the hold over term.

Section 4.6 – Removal of Board Member by Members and Resignations

Any member may bring charges, relating to the duties and responsibilities of his/her position, against a board member and, by filing with the secretary such charges in writing together with a petition signed by at least ten

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percent (10%) of the members, or two thousand (2,000), whichever is the lesser, may request the removal of such board member by reason thereof. 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 him/her shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members. No directors shall be removed from office unless by a vote of two-thirds (2/3) of the members present. 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.

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 specified 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 By-Laws with respect to the filling of vacancies caused by the removal of board members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining board members 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 office as set forth in Section 4.3.

Section 4.8 – Compensation

Board members shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Board members, who elect to participate, may be extended various forms of other insurance as well as participation in benefits provided to employees except for benefits based on salary. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the Board as an emergency measure. For purpose of this section, “close relative” shall include a spouse, parent, child, brother, sister, including biological, adopted, foster, step or other legal relation and the spouse of the foregoing, or a domestic partner.

Section 4.9 – Rules, Regulations, Rate Schedules and Contracts

The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits 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 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 regulatory approval.

Section 4.10 – 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 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. A regular meeting of the Board shall also be held monthly at such time and place as designated by the Board. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof or unless some other provision of these Bylaws requires a notice to be sent. 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 any three (3) board members, 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 board members 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 board member, at least five (5) days before the date set for the meeting, either personally, by mail, by fax or by electronic means at the direction of the secretary, or upon default in duty by the secretary, by the president or one of the board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the board member at his address as it appears on the records of the Cooperative, with the first-class postage thereon prepaid. If delivered personally, faxed or sent by any electronic means, it shall be deemed to be delivered on that date. Attendance of a Director

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at any regular or special meeting, or participation in the teleconference, shall constitute a waiver of notice, unless the director appears for the sole purpose of objecting to lack of proper notice of the meeting.

Section 5.4 – Quorum

A majority of the Board shall constitute a quorum. If less than such majority of the Board is present at said meeting, the meeting must be rescheduled, and the Secretary must notify absent members of the rescheduled meeting time and place. The act of a majority of the board members 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. Board members 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 document 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 a president, vice president, secretary, treasurer, and such other officers as may be determined by the Board from time to time. The offices of secretary and treasurer may be held by the same person.

Section 6.2 – Election and Term of Office

The officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected annually by and from the Board, 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. 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 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.

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Section 6.4 – President

The president shall:

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

Section 6.5 – Vice President

In the absence of the president, or in the event of his/her inability or refusal to act, the vice president shall perform the duties of the president, and when so acting shall have all the powers of 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/her by the Board.

Section 6.6 – Secretary

The secretary shall be responsible for:

1. Keeping the minutes of the meetings of the members and of the Board in books prepared for that purpose;
2. Seeing that all notices are duly given in accordance with these By-Laws or as required by law;
3. The safekeeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws;
4. Keeping a register of the names and post office addresses of all members;
5. Keeping on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Cooperative containing all amendments thereto and at the expense of the Cooperative, furnishing a copy of these By-Laws to each new member and by making available a copy of any amendments thereto upon request to any member.; and
6. In general performing all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to him/her by the Board; provided, however, that the secretary shall have the authority with the approval of the Board, to delegate to the chief executive officer the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section.

Section 6.6.a – Assistant Secretary

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

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Section 6.7 – Treasurer

The treasurer shall be responsible for:

1. Custody of all funds and securities of the Cooperative;
2. The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such 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 chief executive officer the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section; and
3. The general performance of all the duties incident to the Office of Treasurer and such other duties as from time to time may be assigned to him/her 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/her 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 – Chief Executive Officer

The Board shall appoint a chief executive officer, who may be, but who shall not be required to be, a member of the Cooperative. The chief executive officer 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/her.

Section 6.9 – Bonds

The Board in its discretion may require any 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 By-Laws with respect to compensation for close relatives of directors.

Section 6.11 – Reports

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

ARTICLE VII Indemnification of Officers, Board Members, 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

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investigative (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is or was a board member, officer, employee or agent of the Cooperative or who is or was serving at the request of the Cooperative as a board member, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) adjustments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, has 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 no contest 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, has 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 board member, officer, employee or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a board member, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in or not opposed to the best interests of the Cooperative. No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for 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 board member, officer, employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 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 board member, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 7.1 and 7.2. Such determination shall be made;

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1. By the Board by a majority vote of a quorum consisting of board members who were not parties to such action, suit or proceedings; or
2. If such a quorum is not obtainable, or even if obtainable, a quorum of disinterested board members so directs, by independent legal counsel in a written opinion; or
3. 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 an undertaking by or on behalf of the board member, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Cooperative as authorized in this Article.

Section 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 by-law, agreement, vote of members or disinterested board members, 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 board member, 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 board member, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a board member, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

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 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 Services

In the furnishing of 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 nonprofit 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 services in excess of operating

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costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the completion of the previous year's audit notify all patrons of the aggregate amount of such excess. The Cooperative shall provide, after the allocation process, and upon a patron's request, the specific amount of capital so credited to his or her account. All such amounts credited to the capital account of any patron shall have the same status as though 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 of capital.

All other non-operating income received by the Cooperative from its operations in excess of costs and expenses may, insofar as permitted by law, be:

1. Used to offset any losses incurred during the current or any prior fiscal year, and
2. To the extent not needed for that purpose, 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.
3. Credited to a non-allocated capital account for all non-operating sources of income for services. This account may be re-allocated in accordance with "1." and "2." from time to time based on the needs of the cooperative. This provision will apply to non-operating revenues for the year 1999 and forward.

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. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement.

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 By-Laws, the Board, at its discretion, shall have the power at any time upon the death of any natural patron, if the legal representative of his or her estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital could be retired in a general retirement under provisions of these By-Laws, to retire capital credited to such deceased patron; provided,

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however, this early retirement of the deceased patron's capital credit account shall be at a discounted amount. This discount amount shall be determined annually by the board of directors so as to reflect the current value of the capital credits to be paid out. Provided, further, the board may decline to refund any capital credits to the estate of a deceased patron if it finds that the financial condition of the Cooperative will be impaired thereby. Notwithstanding any other provision of these By-Laws, the Board, at its discretion, when it determines that the financial condition of the company will not be impaired, may annually budget a certain dollar amount that may be refunded to both active and inactive members who have reached age seventy-five (75) or older. These refunds will be made each quarter upon written request of the eligible member on a first come-first paid basis until the budgeted amount has been expended for that year. All requests made thereafter shall be held until the next budget year that funds are so budgeted by the board of directors. An application for a refund of capital credits by those members age 75 or older shall be a request for an early retirement of all allocated capital credits at a discounted amount. This discount amount shall be determined annually by the board of directors so as to reflect the current value of the capital credits to be refunded.

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 a general retirement to other patrons is made. During a general capital credits 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. 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.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract with the Cooperative and each patron, and 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. The provisions of this Article of the By-Laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its 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 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 and 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 cast 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 (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 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, and
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.

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

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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.
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.

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

The Cooperative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed “Certificate of Dissolution of Skyline Telephone Membership Corporation” and shall state:

1. 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.
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.

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.

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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 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, “Corporate Seal,” “headquarters address.”

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 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, or as selected by the Chief Executive Officer with the Board’s prior authorization.

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 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 fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports or a summary thereof shall be submitted to the members at the next following annual meeting.

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.

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Revised: November 8, 2000

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