

**PHILLIPS COUNTY TELEPHONE COMPANY  
BYLAWS**

**ARTICLE I  
Membership**

**Section 1.1. Eligibility:** Phillips County Telephone Company (hereinafter called the "company") is a non-profit membership corporation operating on a cooperative basis. Any natural person, corporation, partnership or other legal entity (including governmental entities and agencies) will become a member of the company effective upon receipt of any service provided by the company and payment of a membership fee set by the Board of Directors, however, each member shall:

- 1) Make a written application for membership for the company's records;
- 2) Agree to purchase services from the company in accordance with established tariffs, as well as pay other charges for services that the member uses and the company is obligated by law or contract to collect;
- 3) Agree to comply with, and be bound by, the Articles of Incorporation and Bylaws of the company and any rules and regulations adopted by the Board of Directors. The status of all memberships shall be as reflected upon the books of the company and no membership certificates will be issued.

**Section 1.2. Definition and Classifications:**

- 1) Membership in the company is effected by:
  - a) Procuring the company's central office dial tone, or
  - b) Providing a continuing periodic tele- communications revenue stream for the company.

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.

2) Effective 2011, a company member, called a "PCTC Member", shall be any natural person, corporation, partnership or other legal entity (including governmental entities and agencies) who is a patron of regulated and/or non-regulated services of Phillips County Telephone Company or Phillips County Communications, LLC, who has applied for membership from, and who has been accepted by the Board of Directors of the Company. All PCTC Members shall have the right to vote as a member of the Company and shall have the right to participate in any capital credit allocations distributed by the Board of Directors relating to the patronage that has been identified by PCTC's Board of Directors and/or management as being recurring monthly revenue and eligible for capital credit allocations of Phillips County Telephone Company or Phillips County Communications, LLC. There shall be two classes of PCTC members: those members who are patrons of the Company's regulated services and those members who are patrons of specified non-regulated services within Phillips County Communications, LLC. The company reserves the right to create more classes of members to accommodate various types of services provided by the company. If the company creates more than one class of membership, the definitions, the types, the qualifications and rights of each class shall be determined by two-thirds of the Board and set forth in these Bylaws without a vote of the members.

3) Exchange and interexchange carriers who participate with the company in the provision of telecommunications services to members are neither members nor patrons by virtue of division of revenue contracts.

4) No person may hold more than one membership of any class in the company. No membership in the company shall be transferable, except on the books of the company and as provided for in these Bylaws.

5) If applicants meet the requirements of section 1.1 memberships can be issued to a person individually, to persons in joint tenancy or jointly to persons as tenants in common. Memberships may be freely transferable on the books of the company between any persons in the same household, corporation or partnership upon request in writing. If membership is held in joint tenancy or as tenants in common the following applies:

- 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 to 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 an officer or board member if individually qualified;

h) Upon the death of any person who is a party to the joint membership, the membership shall be converted to an individual membership for each remaining person in the joint membership, but the estate of the decedent shall not be released from any debts due the company.

6) Non-Members: The company shall serve members and non- members of the company pursuant to the laws of the state of Colorado and lawful rules and regulations of any agency or officer having jurisdiction over this company.

**Section 1.3. Patrons of Subsidiaries:**

The Board of Directors may establish one or more classes of persons who conduct business solely with a subsidiary of the company and provide for one or more, or all, of those classes that the persons in the classes shall not be considered to be patronizing the company so as, to be eligible for membership in the company or to be entitled to share in allocations of the company's net revenues. No provision of this Article I or any other provision of these Bylaws shall be construed to require the company to accept for membership any person who engages in business solely with a subsidiary of the company or to require the company to allocate any share of the company's net revenues to such a person.

**Section 1.4. Membership Fees and Deposits:** Membership fees if any, shall be determined by the Board at a uniform amount and set for each class of membership and shall be considered contributions to capital. Requirements for deposits to provide security for amounts to become due to the company may be set by the Board for members or non-members, or both.

**Section 1.5. Purchase of Services:** Each person who applies for service shall, as soon as service is available, take service from the company. 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 company is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the company 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 company is not obligated to furnish such credits for services which are not billed and collected by the company, even when the services are partially rendered over the facilities of the company. Each member shall pay the above amounts owed by him to the company as and when the same shall become due and payable.

**Section 1.6. Termination of Membership:**

1) Any member may withdraw from membership when the member ceases to receive service from the company, has paid all accounts due to the company and has complied with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than 2/3 of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules and regulations given notice by the company that such failure makes him 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 when the condition for the expulsion has been removed.

2) 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 company. Termination of membership in any manner shall not release a member or his estate from any debts due the company nor do unpaid bills release a member from his obligations under these Bylaws or rules and regulations approved by the Board.

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

**ARTICLE II**  
**Rights and Liabilities of the Company and the Members**

**Section 2.1. Service Obligations:**

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

2) Each member pledges to purchase from the company all services utilized by the members which are provided by the company to the extent the company's services are able to meet the member's needs and are competitively priced.

**Section 2.2. Rights & Liabilities of the Company and the Members-Cooperation of the Members in the Extension of Services:** The cooperation of members of the company is imperative to the successful, efficient and economical operation of the company. Members who are receiving or who are requesting service shall be deemed to have granted to the company the necessary rights-of-way and easements to construct, operate, repair and maintain telephone and/or communication lines to provide service to said member.

**Section 2.3. Nonliability for Debts of the Company:** The private property of the members shall be exempt from execution or other liability for the debts of the company and no member shall be liable or responsible for any debts or liabilities of the company.

**Section 2.4. Property Interests of the members:** Unless otherwise required by law, upon dissolution after:

1) All debts and liabilities of the company shall have been paid;  
2) All capital furnished through patronage shall be retired as provided in these Bylaws; and  
3) All membership fees shall have been repaid, the remaining property and assets of the company (including gains from the disposition of assets) shall be distributed among the members and former members (who have not previously had their capital contributions returned or retired in full) in the proportion which the aggregate patronage of each member and former members bears to the total patronage of all members and former members during the periods in which excess values were created recognizing limitations created as determined pursuant to equitable procedures established by the Board of Directors; provided, however, that if in the judgment of the Board the amount of such surplus is too small to justify the expense of making the distributions, the Board may, in lieu thereof, donate or provide for the donation of, the surplus to one or more non-profit charitable or educational organizations that are exempt from federal taxation.

**Section 2.5 Lien:** To secure the payment of all indebtedness of any member or other person receiving service from this company, this company shall have a first lien on the capital credits and any other property rights and interests in the company held by the member or other person receiving service. As a means of enforcing its lien, the company shall be entitled to offset at any time at the sole discretion of the board of directors, any debt or financial obligation of the member or other person receiving service with a corresponding amount of the member's or other person's capital credits or other property rights and interests in the company. Each member or other person receiving service by becoming a member or receiving service shall be deemed to have agreed to sign any instruments necessary to evidence and perfect the lien provided for in this section.

**Section 2.6 Offsets Prohibited:** No member or other person receiving service who is entitled to receive capital credits or share in the property rights and interests of the company shall be entitled to demand offset of any portion of the capital credits or property rights and interests retained by the company against any indebtedness or amounts due for services received from the company by such member or person.

**ARTICLE III**  
**Meetings of Members**

**Section 3.1. Annual Meetings:** The annual meeting of the members shall be held within 120 days of fiscal year end, at a date and place as selected by the Board and which shall be designated in the Notice of the Meeting. The purpose of the meeting shall be to elect Board Members, pass upon reports for the previous fiscal year and transact such other business as may come before the meeting. Failure to hold the annual meeting shall not work a forfeiture or dissolution of the company nor affect the validity of any corporate action.

**Section 3.2. Special Meeting:** Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three (3) Board members, by the president, or by five percent (5%) of all members and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place and time 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 ten (10) days and not more than thirty (30) days before the date of the meeting, by mail. Such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the member at the address appearing on the records of the company, 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 present in person, or by mail if mail ballots are approved and authorized as provided herein, five percent (5%) of the then total members of the company, except that, if less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date; provided that, the secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.3 and provided further that, at any meeting at which the members are requested to vote on a sale of all or substantially all of the assets of the company or on the dissolution of the company, the required quorum shall be forty percent (40%) of the then total members of the company 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. All issues with respect to voting shall be governed according to the latest edition of Rules of Order used by the company 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 company, prior to each member meeting, a 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.

**Section 3.7 Voting by Mail.** Absent members may vote on specific questions designated by the board of directors or as provided in these Bylaws, other than the removal of directors, if the board of directors allows a vote by mail on the questions, by ballots transmitted to the secretary by mail and such ballots shall be counted only in the meeting at the time in which such vote is taken, provided that all members have been notified in writing, pursuant to action by the board of directors, of the exact wording of the motion or resolution upon which the vote is taken, and a copy thereof is forwarded with the attached to the vote of the member voting. If a question for which mailed ballots have been received and pursuant to the question an amendment is allowed as set forth in the question and question shall be amended at the meeting, the meeting shall be adjourned with respect to that question until a new vote can be solicited by mail with respect to the amended question.

**Section 3.8. No Proxies:** Voting by proxy shall not be permitted at any meeting of members.

**Section 3.9. 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. Unless altered by the Board or by the members at the meeting, the agenda for the meeting shall be, as appropriate, essentially as follows:

- 1) Report on the number of members present in person in order to determine the existence of a quorum.
- 2) Reading of the Notice of the Meeting and proof of mailing thereof, or the waiver or waivers of Notice of Meeting, as the case may be.
- 3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon, unless minutes presented for approval shall have been furnished by a timely

mailing or have been distributed at the meeting to all active members present which case, the president may entertain a motion from the floor to dispense with the reading of such minutes.

- 4) Report of outside auditors, or, a summary thereof.
- 5) Election of Board members.
- 6) Presentation and consideration of reports of officers, trustees, and committees.
- 7) Unfinished business.
- 8) New business.
- 9) Adjournment.

## **ARTICLE IV Board Members**

**Section 4.1. General Powers:** The business and affairs of the company shall be managed by a Board of Directors which shall exercise all of the powers of the company except such as are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members.

**Section 4.2. Number and Tenure of Office:** The Board of Directors will consist of five (5) members of the company, at least two (2) members of the Board must reside within the corporate limits of the City of Holyoke, and at least two (2) members must reside outside the corporate limits of the said city. One member may be elected at large. They shall be elected by and from the members to serve a three (3) year term. In 1990 two (2) directors shall be elected for two (2) years, one from the City of Holyoke and one from outside the City, and one director at large shall be elected for three (3) years, or until their successors shall have been elected and have qualified, and thereafter the terms of the directors shall be staggered to insure continuity. If an election of directors shall not be held on the day designated herein for the annual meeting or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors at a reasonable time thereafter. Directors shall be nominated and elected as provided hereinafter.

**Section 4.3. Qualifications to Be Nominated, To Become, or Remain a Director:** Any member or a designated representative of a member which is not a natural person shall be eligible to be nominated, elected and remain a director of the company who:

- 1) Resides in the geographic area from which he or she is elected.
- 2) Is NOT an employee of the company or in any way financially interested in a competing enterprise or a business engaged in selling communication services or communication supplies or maintaining communication facilities. However, the Board may grant exceptions for "de minimus" competing enterprise.
- 3) Is NOT an immediate family member of a current director or board member ("immediate" family member shall mean a spouse, parent, child, brother or sister). 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 shall be deemed vacant. The preceding sentence shall not apply where a director moves between geographic areas during the director's term and the balance of two urban, two rural and one at large director can be maintained. In that case, the Board shall realign the Board members in a manner to preserve the balance. If the Board members cannot be realigned to maintain the balance, the director who moved shall be entitled to complete the remainder of his or her current term but shall not be eligible for nomination for a succeeding term with respect to the geographic area from which the director moved. The Board shall be rebalanced at the next election of directors by nominating and electing appropriate directors to cause the rebalancing to occur.

**Section 4.4 Nominations:** It shall be the duty of the Board to appoint, not less than ninety (90) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which Board members are to be elected, a committee on nominations consisting of not less than three (3) members who shall be selected from different geographic areas so as to ensure equitable representation, at least one (1) member of the committee 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 of the company may serve on such committee. The committee, keeping in mind the principal of equitable representation shall prepare and post at the principle office of the company at least sixty (60) days before the meeting, a list of nominations for the Board members which shall include as many nominees for each Board position as the committee deems desirable. Nominations may be made by a petition of not less than fifteen (15)

members residing in the geographic area which the candidate would represent if elected. The petition will be submitted to the committee on nominations at least thirty (30) days before the meeting. For purposes of this section, "close relative" means spouse, parent, child, by blood or in law, of the principals."

**Section 4.5. Election of Directors:**

1) All elections for directors shall be conducted by mail ballot sent to the members as provided in Section 3.7 of these Bylaws. The ballot shall list the names by geographic area (urban or rural) of the candidate(s) nominated by the committee followed by the candidates nominated, by petition and shall provide space for nominations for the floor.

**Section 4.6. Vacancies:** Subject to the provisions of these Bylaws 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 for the term. However, any successor 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 4.7. Compensation:** Board members shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on company 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 company business or be granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Board members and past board members, who elect to do so and at their expense, may participate in health and hospital insurance programs provided to employees of the company.

**Section 4.8. Rules, Regulations, Rate Schedules and Contracts:** The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the company or cause such to be submitted for any appropriate governmental regulatory approval. Further, the Board of Directors may constitute itself into committees for the purpose of studying and making recommendations to the full Board in the course of its decisional processes.

**Section 4.9. Accounting Systems and Reports:** The Board of Directors shall cause to be established and maintained a complete accounting system of the company's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit or review of the company'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 the audit or review reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits or reviews complete or partial, at any time and for any specified period or time. Copies of the full audit or review report shall be maintained at the company's principal office for inspection by members upon request.

**Section 4.10. Removal of Board Members by Members and Resignations:** 1) Any member may bring charges, relating to the duties and responsibilities of his position, against a Board member and, by filing with the secretary such charges in writing together with a petition signed by at least twenty percent (20%) of the members, or two hundred (200), 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 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 director shall be removed from office unless by a vote of a majority 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. 2) A director may resign at any time by written notice delivered to the Board of Directors, the president or secretary of the company. 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 by the successor shall not take office until the effective date.

**Section 4.11 Term of Office:** Effective for terms in place or beginning on or after April 8, 2010, no director, after having served **four (4)** complete consecutive terms shall be eligible to be reelected to the board of directors, but after a lapse of one (1) year he shall again be eligible.

## **ARTICLE V Meetings of the Board**

**Section 5.1. Regular Meetings:** A regular meeting of the Board shall be held without notice, immediately after 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 meeting may be held without notice other than the resolution fixing the time and place thereof. A minimum of at least ten (10) regular meetings shall be held each year.

**Section 5.2. Special Meeting:** 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 Special Board Meetings:** Phone call of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member 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.

**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 Board members of the time and place of such adjourned meeting. The act of a majority of the Board members 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 company. 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 company shall be a president, one or more vice presidents, 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 who need not be a director.

**Section 6.2. Election and Term of Office:** The officers shall be elected by ballot, if there is more than one candidate for the office, 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 Bylaws, a vacancy in any office shall be filled by the Board for the unexpired portion of the term.

**Section 6.3. Removal of Officers and Agents by the Board:** Any officer or agent elected or appointed by the Board may be removed by the Board with or without cause whenever in its judgment the best interests of company will be served thereby.

**Section 6.4. President:** The president shall:

- 1) Be the principal executive officer of the company 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 Bylaws to some other officer or agent of the company, or shall be required by law to be otherwise signed or executed; and

3) In general perform all duties incident to the office of president and such other duties as may be prescribed by the Board from time to time.

**Section 6.5. Vice President:** In the absence of the president, or in the event of his inability or refusal to act, the vice president shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall also perform such other duties as from time to time may be assigned to him by the Board.

**Section 6.6. Secretary:** The secretary shall be responsible for: 1) Keeping the minutes of the meetings of the members and of the Board in books prepared for that purpose; 2) Seeing that all notices are duly given in accordance with these Bylaws or as required by law; 3) The safekeeping of the company books and records and the Seal of the company and affixing the Seal of the company to all documents, the execution of which on behalf of the company under its seal is duly authorized in accordance with the provisions of these Bylaws; 4) Keeping a register of the names, post office addresses and tax identification numbers of all members. 5) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the company containing all amendments thereto and at the expense of the company, furnishing a copy of these Bylaws and of all amendments thereto to each member; and 6) In general performing all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to him/her by the Board.

**Section 6.7. Treasurer:** The treasurer shall be responsible for:

1) Custody of all funds and securities of the company;  
2) The receipt of and the issuance of receipts for all monies due and payable to the company and for the deposit of all such monies in the name of the company in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; provided, however, that the treasurer shall have authority, with the approval of the Board, to delegate to the general manager the authority to appoint employees of the company 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 company 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 company.

**Section 6.8. General Manager:** The Board shall appoint a general manager, who may be, but who shall not be required to be, a member of the company. The general manager shall perform such duties as the Board may from time to time require and shall have authority as the Board may from time to time vest in the general manager.

**Section 6.9. Bonds:** The Board shall require the treasurer and any other officer, agent or employee of the company 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 officer, agent or employee of the company to give bond in such amount and with such surety as the Board shall determine. The costs of all such bonds shall be borne by the company.

**Section 6.10. Compensation:** The powers, duties and compensation of officers, agents and employees shall be fixed or approved by the Board.

## **ARTICLE VII Indemnification**

**Section 7.1. Scope of Indemnification:** Each director, officer, employee and agent of the company, and each person who shall serve at its request as a director, officer, employee or agent of another company, corporation, partnership, joint venture, trust or other enterprise shall have all of the benefits and be subject to all of the requirements pertaining to indemnification by the company as are now provided for corporations by the Colorado Cooperation Code, and as the same may be amended subsequent to the adoption of these Bylaws, or if the statutory provisions shall be repealed in their entirety, the benefits and requirements of the provisions as they existed immediately prior to their repeal shall be applicable under this section and shall be incorporated herein by this reference thereto.

**Section 7.2. Insurance Coverage:** The company may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee or agent of the company, or who is or was serving at the request of the company as a board member, officer, employee or agent of another



company, 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 company would have the power to indemnify such person against such liability under the provisions of this Article.

## **ARTICLE VIII Operation at Cost**

**Section 8.1 Interest or Dividends On Capital Prohibited:** The Company shall at all times be operated on a cooperative basis at cost for the mutual benefit of its members. No interest or dividends shall be paid or payable by the company on any patronage capital furnished by its members.

**Section 8.2. Patronage Capital In Connection With Furnishing Telecommunications and Information Services:**

1) In the furnishing of telecommunications and information services, the company's operations shall be so conducted that its revenues shall be applied to meeting losses and expenses and all members will through their patronage furnish capital for the company. In order to induce patronage and to insure that the company will be operated at cost, the company is obligated to account on a patronage basis to all its members for all amounts received and receivable from its patrons for 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 at the moment of receipt by the company are received with the understanding that they are furnished by the members as capital. The company is obligated to pay by credits to a capital account for each member all amounts in excess of operating costs and expenses. The books and records of the company shall be set up and kept in a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member. All such amounts credited to the capital account of any member shall have the same status as though it had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the company corresponding amounts for capital. To the extent required by law, such amounts shall be reported to the members by the company giving to the appropriate recipient a written notice of allocation (as defined in 26 U.S.C. 1388).

2) All other income received by the company, including without limitation non-operating income, income from business done with non-members and other income unrelated to business done with members, in excess of costs and expenses shall, insofar as permitted by law, be:

a) Used to offset any losses incurred during the current or any prior fiscal year, in accordance with Section 8.6, and

b) To the extent not needed for that purpose, allocated to reserves for the reasonably projected needs of the business of the company,

c) To the extent not needed for those purposes, handled in such manner as shall be determined by the Board, including, without limitation or a requirement to do so, the retirement of capital in the company at such times and in such manner as shall be determined to be equitable by the Board in view of the projected financial needs of the company. No retirement of capital credits shall be made if the financial condition of the company would be impaired thereby. Any retirement of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement. Under no circumstances shall this or any other provision of the Bylaws be construed to require the company to retire or repay any capital credits except at the sole and absolute discretion and direction of the Board.

3) In the event of dissolution or liquidation of the company, the property and assets of the company shall be applied in accordance with Section 2.4 of Article II of these Bylaws.

4) If the Board shall determine that the financial condition of the company will not be impaired thereby, the capital then credited to members' or other patrons' accounts may be retired in full or in part in accordance with a plan for such retirement of general application to classifications of capital established by the Board and applied in an equitable manner. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement. Under no circumstances shall this or any other provision of the Bylaws be construed to require the company to retire or repay any capital credits except at the sole and absolute discretion and direction of the Board.

5) 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 person, if the legal representative of the person's estate shall request in writing that the capital credited to any such person be retired prior to the time the capital would be retired in a general retirement under provisions of these Bylaws or under a plan for retirement of capital adopted in accordance with these Bylaws, to retire capital credited to any such person immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such person's estate shall agree upon; provided, however, that the financial condition of the company will not be impaired thereby.

6) Capital credited to the account of each member shall be assignable only on the books of the company, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or in a part of such members' premises served by the company unless the Board, acting under policies of general application, shall authorize other types of assignments. Members at any time may assign their capital credits back to the company and the company may, but shall not be required, to negotiate capital credit settlement arrangements with any member or the representative of any member in bankruptcy or which are non-natural persons in dissolution.

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

8) Notwithstanding any other provision of the bylaws or other provision of the membership certificate, if any member or former member fails to claim any cash retirement of Capital credits or other payment from the company within three years after payment of the same has been made available to the Member by notice or check mailed to the member at the member's last address furnished by the member to the, such failure shall be and constitutes an irrevocable assignment and gift by such member of such Capital credit or other payment to the company. Failure to claim any such payment within the meaning of this section shall include the failure of such member or former member to cash any check mailed to him by the company at the last address furnished by him to the company. The assignment and gift provided for under this section shall be effective only upon the expiration of three (3) years from the date when such payment was made available to such member or former member without claim therefore and only after the further expiration of sixty (60) days following the giving of a notice by mail or publication that unless such payment is claimed within said sixty (60) day period, such gift to the company shall become effective. The notice by mail herein provided shall be one mailed by the company to such member or former member at the last known address. If notice by publication is given, such publication shall be one insertion in a newspaper circulated in the service area of the company, which may be the company newsletter. The sixty (60) day period following the giving of such notice either by mail or publication shall be deemed to terminate sixty (60) days after the mailing or publication of such notice.

**Section 8.3. Reserves:**

1) The Board may establish amounts for reasonable and necessary reserves for bad debts, obsolescence, contingent losses, working capital, debt retirement, buildings and equipment, capital retirement, or capital needs necessitated by potentially changing rate, regulatory and technological requirements. Unless allocated among the members,

(a) the company shall include the amounts credited to the reserves in computing its taxable income,

(b) the tax liability thereon shall be deducted from net margins, and

(c) no member shall have any right or interest at any time in or to the reserve funds of the company except upon dissolution when the entire reserve funds of the company shall be distributed in accordance with the law and these Bylaws.

2) Unless otherwise determined by the Board, all reserves which are in place on February 29, 2000, which is the date of the adoption of this Section to the Bylaws, shall be maintained by the company and utilized for the purposes for which the reserves were established subject to modification of such purposes and the amounts needed for them by the Board.

**Section 8.4. Limitation on Return of Capital:** Nothing in this Article VIII shall be construed to authorize or permit the company to repay or retire any contribution to capital by any person at any time or in any manner in violation of any legal requirement applicable to the company or of any contractual commitment by the company to a lender having the right to approve distributions or retirement of capital by the company.

**Section 8.5. Contributions to Surplus:** In addition to the foregoing provisions of this Article VIII, the receipts, less applicable expenses and any tax liability of the company accruing from the receipts, which are attributable to business done for persons who are not members or otherwise derived from nonpatronage related sources may be retained as property of the company in a surplus fund to be used as additional working capital or for such other purposes as may be determined by the Board. Any such surplus fund shall be distributed only upon dissolution of the company and no member at any time shall have any right or interest in or to the surplus fund, except on dissolution.

**Section 8.6. Losses:**

1) In the event the company shall sustain a loss in any manner for any period from operations, casualty, revaluation of assets or otherwise with respect to the company as a whole or from a particular segment of the company's operations, the Board of Directors shall determine the manner in which the loss shall be taken into account for accounting, taxation or any other purposes; provided that in making its determination the Board of Directors shall take into account all applicable facts and circumstances and account for the loss on a basis which is fair and equitable to all members in the company. In making its determination the Board of Directors may authorize actions including, but not limited to:

- a) Allocating the loss on an equitable basis to some or all of the members of the company by canceling equity account balances,
- b) Carrying the loss back or forward to offset earnings of the company or particular segments of its operations in prior or future years,
- c) Canceling any or all outstanding capital account balances shown on the books of the company, or
- d) Charging the loss against appropriate reserve or surplus accounts.

2) The Board may, but shall not be required to, submit a recommendation as to apportionment and allocation of any loss to a vote of the members at a meeting of the members duly called and legally held. A vote of a majority of the members present at such a meeting shall be binding upon all the members.

**Section 8.7. Participation by Certain Other Persons:**

Notwithstanding the preceding provisions of this Article VIII, if the Board establishes classes of non-voting members or other persons who conduct business solely with subsidiaries of the company, the Board may, but shall not be required, to provide that the persons in one or more of those classes shall be obligated and have the right to participate in the patronage capital of the company in the same manner as a member of the company. If the Board so provides, the persons in those classes shall be included for all purposes in the term "members" in this Article VIII.

**Section 8.8. Actions of the Board Prior to February 29, 2000:**

Pursuant to a resolution duly adopted by the membership of the company on February 29, 2000, all actions of the Board taken prior to February 29, 2000, with respect to the allocation or non-allocation of receipts of the company to members and patrons entitled to share in allocations and with respect to the establishment of reserve and surplus accounts of the company were approved, ratified and confirmed.

## **ARTICLE IX Pledging of Property**

**tion 9.1. Disposition And Pledging of Property:** The Board of Directors of the company by two-thirds (2/3) of majority vote, may:

- 1) 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 company's business purposes, and
- 2) Mortgage or otherwise pledge or encumber any and all of the company's property or assets as security thereof, and
- 3) With respect to other cooperative organizations only, sell and lease back any of the company's property or assets.

**ARTICLE X**  
**Seal**

The corporate Seal of the company shall be in the form of a circle and shall have inscribed thereon the name of the company and the words, "Seal", "Colorado".

**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 company 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 company shall be signed by such officer or officers, agent or agents, employee or employees of the company 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 company shall be deposited from time to time to the credit of the company in such institutions as the Board may select.

**ARTICLE XII**  
**Miscellaneous**

**Section 12.1. Membership In Other Organizations:** The Company 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 company.

**ARTICLE XIII**  
**Bylaw Amendments**

**Section 13.1. Amendments:** These Bylaws may be altered, amended or repealed upon recommendation by two-thirds (2/3) of the directors and adoption by a majority vote of the members present at any regular or special meeting provided that the notice of the meeting sets forth the proposed amendment or contains a summary of the proposed amendment.

**Section 13.2 Amendment by Members:** These Bylaws may be amended by a petition signed by at least ten percent (10%) of the members or one hundred (100) members whichever is the least, submitted to the Board of Directors. Such petition shall state the specific nature of the change in Bylaws proposed. The Board shall make a determination as to the sufficiency and legality of the signatures, and the legality of the proposed amendment, and if correct and sufficient they shall place the proposed amendment on the agenda of the next general or special meeting of the membership for adoption or rejection. The Board may call a special meeting of members for this purpose.

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