

# Bylaws of North Central Telephone Cooperative, Inc.

## ARTICLE I: MEMBERSHIP

**SECTION 1.1. Eligibility.** Any person, firm, association, corporation or body politic or subdivision thereof will become a member of NORTH CENTRAL TELEPHONE COOPERATIVE, INC.<sup>®</sup> (hereinafter called the "Cooperative") upon receipt of telecommunications and information services (hereinafter referred to simply as "services") from the Cooperative. Membership is automatic and instantaneous upon receipt of service; however, each member shall:

- (1) Make a written application for membership for the Cooperative's records;
- (2) Agree to purchase services from the Cooperative in accordance with established tariffs, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect;
- (3) Agree to comply with, and be bound by, the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board; and
- (4) Pay any membership fee as hereinafter may be specified or as may be determined by the Board of Directors in the future.

The status of all memberships shall be as reflected upon the books of the Cooperative and no membership certificates shall be issued.

### SECTION 1.2. Definition And Classifications.

- (a) Membership in the Cooperative is by:
  - (1) Procuring the Cooperative's central office dial tone, or
  - (2) Providing a continuing periodic telecommunications revenue stream for the Cooperative.

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.

- (b) The Cooperative may have one or more classes of members to accommodate the various types of services. If the Cooperative has more than one class of membership, the definitions, the types, the qualifications and rights of each class shall be determined by the Board and set forth in these Bylaws.
- (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) Each time sharing or interval ownership premise is considered as a single corporate member. The owner of seasonal, recreational and short-interval rental properties will be deemed to hold the membership.
- (e) 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 Bylaws.

- (f) **JOINT MEMBERSHIP.** A husband and wife may apply for a joint membership and, subject to their compliance with the requirements of Section 1 of this Article, may be accepted for such membership. The term "member" as used in the Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of a joint membership shall be as follows:

- (1) 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.
- (2) The vote of either separately or both jointly shall constitute a joint vote;
- (3) A waiver of notice signed by either or both shall constitute a joint waiver;
- (4) Notice to either shall constitute notice to both;
- (5) Expulsion of either shall terminate the joint membership;
- (6) Withdrawal of either shall terminate the joint membership;
- (7) Either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

**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. The Board may dispense with the initial payment of a membership fee, allowing the amount of such membership fee to be taken from the first capital credits accruing to the member's account; however, membership fees taken from accrued capital credits shall not be refunded upon termination of membership but will be paid out under the provisions of the Cooperatives General and Special Capital Credit Retirement Bylaws.

**SECTION 1.4. Purchase Of Services.** Each person who applies for service shall, as soon as service is available, take service from the Cooperative. The member shall pay therefor monthly at the rates which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the Cooperative for all services in excess of cost are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. However, the Cooperative is not obligated to furnish such credits for services which are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the above amounts owed by him to the Cooperative as and when the same shall become due and payable.

### **SECTION 1.5. Termination Of Membership.**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of 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 adopted by the Board, but only if such member shall have been given notice by the Cooperative 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 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 of his 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 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 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.

**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 property to construct, operate, maintain, replace or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface testing materials, 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 of right-of-way contract on a form to be furnished by the Cooperative.

**SECTION 2.3. Nonliability For Debts Of The Cooperative.** The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

### **SECTION 2.4. Property Interest Of Members.**

Upon dissolution, after:

- (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 Bylaws; and
- (3) All membership fees shall have been repaid, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member and former member bears to the total patronage of all such members and such former members on the date of dissolution unless otherwise provided by law.

## **ARTICLE III: MEETING OF MEMBERS**

**SECTION 3.1. Annual Meeting.** The annual meeting of the members shall be held at a date and place within the State 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, by any three directors, by the President or by not less than ten percent (10%) of all the members, and it shall thereupon be the duty of the secretary to cause notice of such a meeting as hereinafter provided. Special meetings of the members shall be held at the offices of the Cooperative and the time and place thereof 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 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 nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the member at the address appearing on the record of the Cooperative, with postage thereupon 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 member 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 at least fifty (50) members or two percent (2%) of all

members of the Cooperative, whichever is the lesser; except that, if less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time-to-time without further notice.

**SECTION 3.6. Election Officials And Workers.** The Board of Directors shall, at least ten (10) days prior to any meeting of the members, appoint judges and machine operators to conduct any election required to be held at any meeting of the members. The judges so appointed shall be charged with the overall responsibility of conducting any elections required to be held and shall conduct same in a fair and equitable manner including the counting of ballots and certifying the election winners. The judges shall also have the responsibility of determining any questions which may arise as to the qualifications of others, irregularities in voting and all other questions which might arise relating to the election process.

**SECTION 3.7. Voting.** Each member, who is not in a status of suspension as specified in Section 1.5 hereof, 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 Roberts Rules of Order used by the Cooperative unless otherwise specified by law or the Articles of Incorporation. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to each member meeting, or at the meeting, satisfactory evidence entitling the person presenting the same to vote. All questions, except those involving multiple choice issues or determinations, shall be decided by a plurality vote. In the election of directors, a voice vote may be permitted if there is no competition for the seat or seats to be filled.

Early voting by members, at either annual or special meetings, may be permitted upon an affirmative vote by the Board of Directors and held under its directions and authorizations, and at such times and places as shall be convenient to the members.

**SECTION 3.8. Proxies.** There shall not be any voting by proxy at any meeting of the membership of this Cooperative nor shall proxy voting on any office or issue permitted or contemplated in these Bylaws.

**SECTION 3.9. Voting Machines.** Any election, regular or special called for by these Bylaws or to be instituted by any provision of these Bylaws shall be held on voting machines unless the directors, by a majority vote of those present and voting, determine that voting machines shall not be used in a specified and particular voting situation.

**SECTION 3.10. Order Of Business.** The order of business at the annual meeting of the members and, so far as possible at all other meetings of the members, shall be conducted under policies established by the Board and under an agenda essentially as follows, except as otherwise determined by the members at such meeting.

- (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 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 distributed at the meeting to all active members present. In such case, the president may entertain a motion from the floor to dispense with the reading of such minutes.

- (4) Audit report of outside auditors, or, a summary thereof.
- (5) Announcements of the results of the election for the Board of Directors.
- (6) Presentation and consideration of reports of officers, directors and committees.
- (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 for the purpose of assuring the earlier consideration of any action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; provided, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

## ARTICLE IV: BOARD MEMBERS

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

**SECTION 4.2. Election Process And Tenure Of Office.** Directors shall be elected by a secret ballot at each annual meeting when there is competition for the Board seat(s) to be filled. They shall be elected by and from the members to serve a three (3) year term or until their successors have been elected and shall have qualified, and that the terms of the directors shall be staggered to ensure 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.

The Cooperative is divided into ten (10) geographic service areas as follows:

1. The Scottsville, KY Exchange which has the prefix of 618 & 622,
2. The Lafayette, TN Exchange which has the prefix of 666 & 688,
3. The Red Boiling Springs, TN Exchange which has the prefix of 699,
4. The Hillsdale, TN Exchange which has the prefix of 633,
5. The Green Grove, TN Exchange which has the prefix of 655,
6. The Westmoreland, TN Exchange which has the prefix of 644,

7. The Oak Grove, TN Exchange which has the prefix of 888,
8. The Bethpage, TN Exchange which has the prefix of 841,
9. The Defeated, TN Exchange which has the prefix of 774,
10. The Pleasant Shade, TN Exchange which has the prefix of 677.

Maps of the above designated geographic service areas shall be available for inspection at the offices of the Cooperative at Highway #52 East Bypass in Lafayette, Tennessee by any person during normal business hours.

The Board of Directors shall, every ten (10) year period after the adoption of these Bylaws, re-examine the areas served by the Cooperative and designated above and shall make such changes and adjustments as to ensure fair and equal representation and taking into account geographic areas served by the Cooperative.

The 618 & 622 Exchange shall have two Directors.

The 666 & 688 Exchange shall have two Directors.

The 699 Exchange shall have one Director.

The 633 and 655 Exchanges shall have one joint Director.

The 644 Exchange shall have one Director.

The 841 and 888 Exchanges shall have one joint Director.

The 774 and 677 Exchanges shall have one joint Director.

The 618 & 622 Exchange is hereby divided into two districts by Old Highway #31-E and that area north and west thereof shall comprise one district and that area south and east thereof shall comprise one district.

The 666 & 688 Exchange is hereby divided into two districts by Highway #10 south of Lafayette, Tennessee and by the Akersville or Williams Road north of Lafayette, Tennessee and all members residing to the west and north of said highways shall comprise one district and those members residing to the south and east thereof shall comprise one district.

With respect to the 618 & 622 and 666 & 688 Exchanges, candidates for Directors shall be nominated from the areas above delineated. Provided however that members residing within the two exchange areas of 618 & 622 and 666 & 688 shall be permitted to vote for Directors in their exchange whether residing in or out of a particular district.

Only those members residing within the area or areas from which a Director is to be elected may vote in an election for a Director.

**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) Resides in the geographic area from which he or she is elected, and has resided there for more than two hundred and forty (240) days during the last twelve (12) month period.
- (2) Is NOT an employee of the Cooperative 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 closely related to an incumbent director or an employee of the Cooperative. As used here, "closely related" means a person who is related to the principal person by law or in law. A person who is a spouse, child, stepchild, grandparent, grandchild, parent, brother, sister of the principal or a spouse thereof. However, no incumbent director shall lose eligibility to remain a director or to be reelected as a director if he becomes a relative of another incumbent director or of a cooperative employee because of a marriage to which he was not a party; neither shall an employee lose eligibility to continue in the employment of the cooperative if he or she becomes a close relative of a director because of a marriage to which he or she was not a party.

- (4) Provided, however that the provisions of Sec. 4.3 (3) shall not apply to any incumbent directors as long as they continuously remain in office.

- (5) To remain a director, the incumbent must attend two-thirds (2/3) or more of the regular meetings during each twelve (12) month period beginning with the month of his/her election. Upon establishment by the Board 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 unless the Board determines that absences are due to personal illness or other unavoidable circumstances.

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, not less than forty (40) days nor more than ninety (90) days before the date of the meeting of the members at which Board members are to be elected, a committee on nominations consisting of not less than three (3) nor more than nine (9) 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 (as defined herein) of a Board member or employee may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting, a list of nominations for Board members which shall include as many nominees for each Board position as the committee deems desirable. The secretary shall be responsible for mailing with a Notice of the Meeting, or separately, but at least ten (10) days before the date of the meeting, a statement of the number of Board members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Any fifteen (15) or more members acting together may make other nominations by petition from the district in which the director is to be elected and the secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, received at least thirty (30) days before the meeting, shall be included on the official ballot. Such ballot shall arrange the names of the candidates by geographic areas and shall also designate the candidates nominated by the committee and those nominated by petition.



**SECTION 4.5. Election Of Directors.** Contested elections of directors shall be by a form of secret ballot. The secret ballot shall list the names of the candidates nominated by the committee and by petition with such names arranged by districts.

Each member of the Cooperative present in person at the meeting shall, in any election in which the person is entitled to vote and subject to the delineation and combination of districts as provided for in Section 4.2 hereof, be entitled to one (1) vote for one (1) candidate from each district or districts from which a director is to be elected. Provided however that in any election which involves issues which are relevant and pertinent to the Cooperative as a whole, all members shall be entitled to vote. The candidate or issue receiving the most votes (plurality) shall be declared elected. In the event of a tie vote in the election of an NCTC® Board of Director, the Board of Directors already elected shall in their Board meeting immediately following the Members' meeting conduct a vote and cast the deciding vote to elect one of the Board of Director candidates whose race resulted in a tie. 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 that no election would interfere with the system of staggered terms as provided in these Bylaws.

**SECTION 4.6. Removal Of Board Member By Members And Resignations.** Any member residing within a district or exchange and/or exchanges may bring charges for cause against the director representing his district relating to the duties and responsibilities of his position, by filing with the secretary such charges in writing together with a petition signed by at least ten (10) percent 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 of his district 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 of his district. No director shall be removed from office unless by a vote of two-thirds (2/3) of the members present. Any vacancy created by 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 specifies a future date. The pending vacancy may be filled before the effective date but the successor shall not take office until the effective date.

**SECTION 4.7. Vacancies.** Subject to the provisions of these Bylaws with respect to the filing of vacancies caused by the removal of Board members by the members, or by the death or resignation of a Board member, any vacancy resulting

therefrom on 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 one hundred and eighty (180) days after the vacancy occurs, the member shall have the right to fill the 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 liability and accident insurance as well as participation in benefits provided to employees except for benefits based on salary.

No Board member shall receive compensation, payments, stipends or profit for serving the Cooperative in any other capacity; nor shall any close relative of a Board member receive payments, compensation, wages, stipends, or profits for serving the Cooperative whether as an employee or independent contractor unless the payment and the amount thereof shall have been certified by the Board as an emergency measure.

Close relative as defined in section 4.3 number 3.

**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 type deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Certificate of Incorporation or Bylaws, as it may deem advisable or the management, administration, and regulation of the business and affairs of the Cooperative or, cause such to be submitted for any appropriate governmental regulatory approval. 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 4.10. 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 conditions, 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 at 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. A minimum of at least ten (10) regular meetings shall be held each year. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in persons 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 the 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 either personally or by mail, or at the direction of the secretary, or upon default in duty by the secretary, by the President or one of the 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 first-class postage thereon prepaid, at least five (5) days before the date set for the meeting.

**SECTION 5.4. Quorum.** A majority of the Board shall constitute a quorum, provided, that if less than such a majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time-to-time; and provided further, that the secretary shall notify any absent 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 Cooperative. 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 the 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 for cause related to position whenever in its judgement the best interests of the Cooperative will be served thereby. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity.

**SECTION 6.4. Chairman of the Board.** The Chairman of the Board 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 these Bylaws 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 Chairman of the Board and such other duties as may be prescribed by the Board from time-to-time.

**SECTION 6.5. Vice Chairman of the Board.** In the absence of the Chairman of the Board, or in the event of the inability or refusal to act, the Vice Chairman of the Board shall perform the duties of the president, and when so acting shall have all the powers of and shall be subject to all the restrictions upon the Chairman of the Board. The Vice Chairman of the Board 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 fully given in accordance with these Bylaws 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 provision of these Bylaws;
- (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 Bylaws of the Cooperative containing all amendments thereto and at the expense of the Cooperative, 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 the Secretary and such other duties as from time-to-time may be assigned to him by the Board.

**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 such monies in the name of the Cooperative 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 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 by the Board; provided however, with respect to the duties and responsibilities of the Treasurer, the Cooperative shall indemnify and hold the Treasurer harmless against any and all losses, claims and/or damages which may be asserted against the treasurer, in his official capacity, unless such claim is a result of an act personally committed or omitted by the treasurer resulting in a loss to the Cooperative.

**SECTION 6.8. President-Chief Executive Officer.** The Board shall appoint a President-Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The President-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.

**SECTION 6.9. Bonds.** The Board shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond to in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

**SECTION 6.10. Compensation.** The powers, duties and compensation of officers, agents, employees shall be fixed or approved by the Board, subject to the provision of these Bylaws 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

### NON-PROFIT OPERATION

**SECTION 7.1. Interest Or Dividends On Capital Prohibited.** The cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**SECTION 7.2. Patronage Capital In Connection With Furnishing Telecommunications And Information Services.** In the furnishing of telecommunications and information services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telecommunications and information services in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses 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 a 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 any appropriate record to the capital account of each patron. All such amounts credited to the capital account of any patron shall have the same status as though it had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

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

- (1) Used to offset any losses incurred during the current or any prior fiscal years, 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.

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 credit 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 the patrons' premises served by the Cooperative unless the Board, acting under policies of general application, shall authorize other types of assignments. Patrons at any time may assign their capital credits back to the Cooperative and the Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.

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

When the capital credits of any patron no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other patrons is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such 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 and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws.

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

**SECTION 7.3. Patronage Capital In Connection With Furnishing Other Services.** In the event that the Cooperative should engage in the business of furnishing goods and services other than telecommunications or information services, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods and 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 VIII DISPOSITION AND PLEDGING OF PROPERTY DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

**SECTION 8.1. 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 ten-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 percent (75%) of the outstanding indebtedness of the Cooperative; and
- (c) Preceded 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 therefor, 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 Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition within a single calendar year, of physical plant of the Cooperative with net value in excess of ten percent (10%) of the Cooperative's total assets, based upon the most recent audit of the Cooperative, shall be authorized except in conformity to 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 non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition, and as to any other terms and conditions which should be considered. The three (3) independent appraisers shall be designated by a district court resident judge for the judicial district in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board.
- (2) If the Board after receiving such appraisals (and other terms and conditions which are submitted, if any) determines that the proposals should be submitted for consideration by members, it shall first give by notice in appropriate publications other cooperatively



organized entities an opportunity to submit competing proposals. Any interested cooperatively organized entity shall be sent copies of any proposals which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such other interested cooperatively organized entities shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal, which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) nor more than thirty (30) days after giving the Notice thereof to the members: provided that consideration and action by the members may be given at the next annual meeting of 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 8.2. Dissolution.** The Cooperative may be dissolved by filing, as hereinafter provided, certificate which shall be entitled and endorsed "Certificate of Dissolution of NORTH CENTRAL TELEPHONE COOPERATIVE, INC.®" 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 dates 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.

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 or 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 8.3. 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; provided however, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate or provide for the donation of, such surplus to one or more non-profit, charitable or educational organizations that are exempt from federal income taxation.

## ARTICLE IX: 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, "State of Tennessee."



**ARTICLE X: FINANCIAL TRANSACTIONS**

**SECTION 10.1. Contracts.** Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative and such authority may be general or confined to specific instances.

**SECTION 10.2 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 in resolution of the Board.

**SECTION 10.3. Deposits.** All the funds of the Cooperative shall be deposited from time-to-time to the credit of the Cooperative in such institutions as the Board may select.

**ARTICLE XI: MISCELLANEOUS**

**SECTION 11.1. 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 long-term interests of its membership will be served by such membership or participation.

**SECTION 11.2. 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 11.3. Rules And Regulations.** The Board shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of these Bylaws, as it may deem advisable for the management of the business and the affairs of the Cooperative.

**ARTICLE XII: AMENDMENTS**

These Bylaws may be altered, amended or repealed by the affirmative vote of the members, at any regular or special Board meeting, but only if the notice of such a meeting shall have contained a copy of the proposed alteration, amendment or repeal, or any accurate summary explanation thereof; provided, however, that the provisions of Section 8.1 relating to a major disposition of the Cooperative's property, and Section 8.2 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.

Adopted: 11/4/1989



**STATEMENT OF NONDISCRIMINATION**

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

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**(1)** mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; **(2)** Fax: (202) 690-7442; or **(3)** email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

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