

**BYLAWS OF
SPRUCE KNOB SENECA ROCKS
TELEPHONE, INC.
ARTICLE I**

MEMBERSHIP

SECTION 1. 1. Eligibility. Any person, firm association, corporation, or body politic or subdivision thereof will become a member of Spruce Knob Seneca Rocks Telephone, Inc. (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.

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

SECTION 1.2. Definition And Classifications.

(a) Membership in the Cooperative is effected by:

- (1) Procuring the Cooperative's central office dial tone, or
- (2) Providing a continuing monthly telecommunications revenue stream for the cooperative.

The Board will determine the types and amounts of revenue streams 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 is considered as a single corporate member. The owner of seasonal, recreational and short-interval rental properties will be deemed to hold the membership.

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

All memberships in the Cooperative are extended only to individual persons (natural or corporate) who apply and pay for Cooperative services. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from the date of this current edition of Bylaws, no new joint memberships will be established. Individual memberships will be freely transferable on the books of the Cooperative between any persons in the same household or corporation upon request in writing. A member may appoint any adult residing in the same household at the same address or working at the corporate address to exercise the voting privileges of the membership, which said appointment shall be witnessed. Thus, the term "member" as used in these Bylaws shall refer to an individual

but can, on a grandfathered basis, be deemed to include a husband and wife still holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a 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 one 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 board member if individually qualified;
- (8) Upon the death of either spouse who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due to the Cooperative.

SECTION 1.3. Membership Fees. The membership fee, if any, shall be determined by the Board at a uniform amount and set for each class of membership. 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.

SECTION 1.4. Purchase Of Services. Each member shall, as soon as service is available, take service from the Cooperative. The member shall pay therefor monthly, at rates in accordance with either established tariffs, as fixed by the Board, or for the services rendered by other carriers, at the rates which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the Cooperative for all services in excess of cost are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these 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 also pay the above amounts owed by the member to the Cooperative as and when the same shall become due and payable.

SECTION 1.5. Termination Of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than 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 the member liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by 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 will thereupon terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or the member's estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of any membership fee credited to the member's account, provided, however, that the Cooperative shall deduct from the amount of the membership fee, the amount of any debts or obligations owed by the member to the Cooperative.

ARTICLE II
RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

SECTION 2.1. Service Obligations.

- (a) The Cooperative will use its best efforts to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services nor will it always be able to provide every service desired by each individual member.
- (b) The members pledge to purchase all services from the Cooperative to the extent that its services are able to meet the members' needs and are competitively priced.

SECTION 2.2. 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 for any debts or liabilities of the Cooperative.

SECTION 2.3. 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 to the ratio that the unretired capital credits of each bear to the total unretired capital credits 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 Pendleton County, West Virginia, as selected by the Board and which shall be designated in the Notice of the meeting for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative nor affect the validity of any corporate action.

SECTION 3.2. Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three (3) Board members, by the President, or by not less than ten (10%) percent of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within Pendleton County 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 mailed with first-class postage not less than fifteen (15) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the member at the address appearing on the records of the Cooperative, with postage thereon prepaid. The incidental or unintended failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action that 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 at least forty (40) members or one-half of one percent (1/2%) of the then total members of the Cooperative, whichever is greater, 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. At all meetings of the members, whether a quorum be present or not, the Secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

SECTION 3.6. Credentials And Election Committee. The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a credentials and election committee consisting of an uneven number of Cooperative members-not less than three (3), and not more than seven (7) who are not existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives (as hereinafter defined) or members of the same household thereof. The Committee may elect its own Chairman and Secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, or by proxy, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularity or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualification of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the committee shall have available to it the advice of legal counsel provided by the Cooperative. In the event a protest or an objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its Chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall within a reasonable time, but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this section shall be final.

SECTION 3.7. Voting. Each 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 Robert's Rules of Order unless otherwise specified by law or the Articles of Incorporation. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to each member meeting, satisfactory evidence entitling the person presenting the same to vote. All questions shall be decided by a vote of a majority of the members voting thereon in person by a mail in ballot or by proxy except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. In the election of directors, a voice vote may be permitted if there is no competition for the seat or seats to be filled.

Mail-in Ballot Voting. Each member shall receive, by mail, both a proxy and a mail-in ballot. The mail-in ballot can be used to vote if the member doesn't plan to attend the annual meeting or exercise their proxy. The mail-in ballots can be mailed or delivered in person to the Cooperative's office. If mailed, the mail-in ballots must be received at least 24 hours prior to the annual meeting. If delivered to the Cooperative's office, the mail-in ballots must be received during normal office hours and at least three hours before the time established by the Board for the start of the annual meeting. The mail-in ballot shall contain the names presented by the nominations committee to the board, and spaces for write-ins.

The ballots will be constructed so that they can be sealed to assure privacy after the member has voted. The ballots will have, at the bottom, a section with the holders' membership number and a place for their signature. These sections will be removed after validation by the credentials committee. In the event a member votes by ballot and also gives someone their proxy, both will become invalid. In the event a member votes by ballot and then attends the annual meeting, the ballot will become void and such member will be allowed to vote at the annual meeting.

SECTION 3.8. **Proxies.** At any meeting of the members or any adjournment thereof, any member, including members who are not natural persons, may vote by proxy, but only if such proxy:

- (1) Is registered with the Secretary or Secretary's duly designated registrar before or at the time of the meeting or any adjournment thereof
- (2) Is executed by the member in writing and designates the name holder thereof (and, if the member so desires an alternate name holder, the name holder shall be the member's spouse, an adult (18 years or older) residing in the same household as the member, or another member who is a natural person (except that the natural person holding the proxy of a member who is not a natural person need not be a member); any proxy received by the Cooperative that omits the name of a holder shall be voided; and
- (3) Specified the particular meeting and/or any adjournment thereof at which is to be voted and is dated not more than forty-five (45) days prior to the date of such meeting or any adjournment thereof, provided, that any mailed proxy not otherwise dated shall be deemed dated as postmarked if the postmark is satisfactorily evidenced; and provided further, that any proxy, valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the member at such adjournment. A proxy may be unlimited as to the matter on which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited. In the event a member executes two or more proxies for the same meeting or for any adjournment thereof, none of them will be valid or recognized. The presence in person of a member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by the member for such meeting or for such adjournment thereof, as the case may be, and he shall be entitled to vote in the same manner and with the same effect as if he had not executed a proxy. A person entitled under this section may vote as proxy for no more than five (5) members on any matter, except as may be hereinafter limited or prohibited in these Bylaws. Notwithstanding the foregoing provisions of this Section, wherever a member is absent from a meeting of the members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote, the proxy of such member to the same extent that such member could vote if present in person, unless such member has give a written proxy to some other person eligible to vote such proxy.
- (4) Each proxy shall display the holder's membership number to aid in validation.

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 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 meeting 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) Election of Board members.
- (6) Presentation and consideration of reports of officers, trustees, 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 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 Directors consisting of eight (8) 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 shall have been elected and shall have qualified, and that the terms of the directors shall be staggered to insure continuity. If an election of directors shall not be held on the day designated herein for the annual meeting or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors at a reasonable time thereafter. Directors shall be nominated and elected as provided hereinafter.

There shall be one (1) board member from the following designated areas, namely, Onego, Seneca Rocks, Riverton, Circleville and Cherry Grove and three (3) at large board members who may be from any area. Members shall be eligible to vote for every 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) Is at least twenty-one (21) years of age.
- (2) Resides in the exchange service area from which he or she is elected.
- (3) 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, within the exchange service areas of the Cooperative.
- (1) Is NOT closely related to an incumbent Director or an employee of the Cooperative. As used here, "closely" related means a person who is related to the principal person by consanguinity or affinity, to the second degree or less-that is, a person who is either a spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew or niece, by blood or by law of the principal. However, no incumbent Director shall lose eligibility to remain a Director or to be reelected as a Director if he becomes or was at the time of adopting these Bylaws a close relative of another incumbent director or of a Cooperative employee because of a marriage to which he was not a party; neither shall an employee lose eligibility to continue in the employment of the cooperative if he or she becomes a close relative of a Director because of a marriage to which he or she was not a party.

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

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

SECTION 4.4. Nominations. It shall be the duty of the Board to appoint, not less than thirty (30) days nor more than ninety (90) 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 3 or more than 7 members. At least one (1) member of the committee shall be selected from each exchange service area where a Director is to be elected. No member of the Board, close relative of a Board member or employee may serve on such committee. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) 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, at least fifteen (15) 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 for each board position by petition and the secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, received at least twenty (20) days before the meeting shall be included on the official ballot. Such ballot shall arrange the names of the candidates by exchange service areas and Board position and shall also designate the candidates nominated by the committee and those nominated by petition. Later nominations by petition shall be treated as nominations from the floor. The chairman shall call for additional nominations from the floor for each Board position and nominations shall not be closed until at least one (1) minute has passed during which no additional nominations have been made. No member may nominate more than one candidate.

SECTION 4.5. Election Of Directors. Contested elections of Directors shall be by a form of printed ballot. The ballot shall list the names of the candidates nominated by the committee and by petition with such names arranged by exchange service areas.

Any member desiring to vote for a candidate nominated from the floor at the meeting shall write in the name of such candidate beneath the names of the candidates nominated by the committee on nominations and by petition of the particular exchange service area which such candidate would represent if elected.

Each member of the Cooperative present in person at the meeting, or present through proxy, shall be entitled to vote for one (1) candidate from each district from which a director is to be elected or on any issue before the meeting. The candidate from each exchange service area from which a director is to be elected receiving the the most votes cast for that office at such meeting shall be declared elected as a Director. 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. Election of Directors at the annual meeting shall take place on one ballot in a simultaneous manner.

SECTION 4.6. Removal Of Board Member By Members And Resignations. Any member may bring charges, relating to the duties and responsibilities of the position, against a Board member and by filing with the Secretary such charges in writing together with a petition signed by at least ten (10) percent of the members, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least thirty (30) 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 legal counsel to present evidence in respect to the charges; and the member or members bringing the charges against the Board member 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 two-thirds (2/3) of the members present.

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

SECTION 4.7. **Vacancies.** Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Board members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term. However, any successor, chosen by the Board must reside in the same exchange service area 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 receive a fixed sum, as determined by resolution of the Board, not to exceed \$200.00 per day, 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. Additionally, each Board member shall receive the sum of \$60.00 for each regular or special meeting of the Board of Directors attended, but that Board members shall not be reimbursed for expenses actually and necessarily incurred in attending such meetings of the Board of Directors.

SECTION 4.9. **Rules, Regulations, Rate Schedules And Contracts.** The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Certificate of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative or, cause such to be submitted for any appropriate regulatory approval.

SECTION 4.10. **Accounting Systems And Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

ARTICLE V MEETINGS OF THE BOARD

SECTION 5.1. **Regular Meetings.** A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. A minimum of at least ten (10) regular meetings shall be held each year. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating, for a maximum of two (2) meetings per year be they regular or special meetings.

SECTION 5.2. **Special Meetings.** Special meetings of the Board may be called by the President or by any three (3) Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Board members calling the meeting shall fix the time and place for the holding of the meetings.

SECTION 5.3. **Notice Of Board Meeting.** 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 three (3) days before the date set for the meeting.

SECTION 5.4. **Quorum.** A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting, The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws, 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 officers of Secretary and Treasurer may be held by the same person.

SECTION 6.2. **Election And Term Of Office.** The officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected annually by and from the Board, at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members, or until a successor shall have been elected and shall have qualified. Except as otherwise provided in these 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 judgment the best interests of the cooperative will be served thereby. The officer against whom such charges have been brought shall be informed in writing of the charges at least thirty (30) 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 the officer or agent shall have the same opportunity.

SECTION 6.4. **President.** The President shall:

- (1) Be the principal executive officer of the Cooperative 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 Cooperative, or shall be required by law to be otherwise signed or executed; and
- (3) In general perform all duties incident to the Office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 6.5. **Vice President.** In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of the President,

and when so acting shall have all the powers 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 the Vice President 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 corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these 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, finishing a copy of these Bylaws, and of all amendments thereto to each member; and
- (6) In general perform all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to the Secretary 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 all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these 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 or for the general manager to perform them personally; and
- (3) The general performance of all the duties incident to the Office of Treasurer and such other duties as from time to time maybe assigned to the Treasurer 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 the Treasurer's official capacity, unless such claim is a result of an act personally committed by the Treasurer resulting in loss to the Cooperative.

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

SECTION 6,10. **Compensation.** The powers, duties and compensation of officers, agents and employees shall be fixed or approved by the Board.

SECTION 6.11. **Reports.** The officers of the Cooperative shall submit at each annual meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the cooperative at the close of such fiscal year.

**ARTICLE VII
INDEMNIFICATION OF OFFICERS, BOARD MEMBERS,
EMPLOYEES AND AGENTS**

SECTION 7.1. Scope Of Indemnification. The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is or was a Board member, officer, employee or agent of the Cooperative or who is or was serving at the request of the Cooperative as a Board member, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) adjustments, fines and amounts paid in settlement actually and reasonably incurred by such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed, to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

SECTION 7.2. Indemnification For Good Faith Action. The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending or completed action or suit by, or in the right of, the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a Board member, officer, employee or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a Board member, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in or not opposed to the best interests of the Cooperative. No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

SECTION 7.3. Cost Of Defense Indemnified. To the extent that a Board member, officer, employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 7.1 and 7.2 in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

SECTION 7.4. Amount Of Indemnification. Any indemnification under Sections 7.1 and 7.2 (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the Board member, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 7.1 and 7.2. Such determination shall be made:

- (1) By the Board by a majority vote of a quorum consisting of Board members who were not parties to such action, suit or proceedings; or
- (2) If such a quorum is not obtainable, or even if obtainable, a quorum of disinterested Board members so directs, by independent legal counsel in a written opinion; or

(3) By the members.

SECTION 7.5. Expenses Advanced. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding, as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the Board member, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Cooperative as authorized in this Article.

SECTION 7.6. Rights Of Persons Indemnified. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested Board members, or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7.7. Insurance Coverage. The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Board member, officer, employee or agent of another cooperative association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

ARTICLE VIII NON-PROFIT OPERATION

SECTION 8.1. Interest Or Dividends On Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 8.2. Patronage Capital In Connection With Furnishing Telecommunications And Information Services. In the furnishing of telecommunications and information services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obliged 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 an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's account; provided that individual notice of such amounts furnished by each patron shall not be required if the Cooperative notified all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for themselves the specific amount of capital so credited to the 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 year, and
- (2) To the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner as approved by the Board.

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.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative, pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or in part of such patrons' premises served by the 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.

Capital credits allocated as a result of furnishing telecommunications and information services on the part of the Cooperative, will be retired on a general Capital Credit retirement cycle of ten (10) years from the calendar year in which the allocation of the Capital Credit took place on a date to be determined at the discretion of the Board of Directors. The retirement will be based upon a first in first out retirement method. No retirement of Capital Credits previously allocated will take place unless the equity level of the Cooperative is forty percent (40%) or more and the proposed retirement would not reduce the equity level of the Cooperative below thirty percent (30%). Additionally, no retirement of Capital Credits allocated for the calendar years 1991 and 1992 shall be made until such time as the Board of Directors shall determine that such retirement shall not impair the liquidity position of the Cooperative. The amount to be paid any member pursuant to any retirement will be reduced by the amount of any indebtedness owed by the Cooperative on the part of any member entitled to payment of Capital Credits.

Upon the death of any natural patron, if the personal representative of the estate shall request in writing that the Capital credited to such patron be retired prior to the time such Capital would be retired in a general retirement cycle, then such Capital Credits may be paid unto the personal representative of the estate on the next payment date for estates provided, however, that the financial condition of the Cooperative will not be impaired thereby. There shall be two payment dates for estates in each calendar year, which said dates will be separated by a six month interval. In the case of joint memberships, the death of a natural patron shall be deemed to occur upon the death of the last of the joint members to die. No early estate retirement will take place until such time as the allocation for those time periods prior to the death of the natural member can be determined. Retirements to the personal representative of an estate upon the request there for will be made through the last calendar year in which credits have been allocated prior to the deceased's death and credits to be allocated to the decedent for the year in which death occurred will not be paid as a condition of the early retirement and any such allocation shall be deemed to be donated capital. The amount to be paid the personal representative will be reduced by the amount of any indebtedness owed the Cooperative on the part of the deceased natural person

When the Capital Credits of any patron whose service from the Cooperative has been terminated comes to a total amount of less than \$100.00, the same shall be retired with the next general retirement. The amount to be paid any patron pursuant to this provision will be reduced by the amount of any indebtedness owed the Cooperative on the part of the patron entitled to such payment of Capital Credits. During a general Capital Credit retirement, no check shall be issued for less than \$1.00 and the amount of such unretired Capital Credit will be retired in the first following year when the total amount of Capital Credits qualifying for retirement exceeds \$1.00, including the amount carried over, unless service to that patron has been terminated.

All tax refunds made by the United States Government or any of the states in connection with the final, or true cost of service as determined by the capital credits allocation process may be held and used by the Cooperative as furnished patronage capital and shall be treated in the same matter 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 with the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its patrons.

SECTION 8.3. Patronage Capital In Connection With Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than telecommunications and information services, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board shall determine.

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

SECTION 9.1. Disposition And Pledging Of Property. The Cooperative may not sell, lease, or otherwise dispose of all or any substantial portion in excess of fifteen percent (15%) of its total assets in a single calendar year unless such sale, lease or other disposition is:

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

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 fifteen percent (15%) of the Cooperative's total assets, based upon the most recent audit of the Cooperative, shall be authorized except in conformity with the following:

- (1) If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent nonaffiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such 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 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 for 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 to 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 meeting is held not less than ten (10) nor more than thirty (30) days after the giving of notice of such meeting.

SECTION 9.2. Dissolution. The Cooperative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of Spruce Knob Seneca Rocks Telephone, 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 date of filing of Certificate of Incorporation, and if such Cooperative is a Cooperative resulting from a consolidation as herein provided, the dates on which the Certificates of Incorporation of the original corporations were filed.
- (3) That the Cooperative elects to dissolve.
- (4) The name and post office address of each of its directors, and the name title and post office address of each of its officers.

Such Certificate shall be subscribed and acknowledged in the same manner as an original Certificate of Incorporation by the President or a Vice President, and the Secretary or an Assistant Secretary, who shall make and annex an affidavit, stating that they have been authorized to execute and file such certificate by the votes cast in person of at least two-thirds (2/3) of its total membership voting without proxies and that the dissolution has been authorized by at least seventy-five percent (75%) of the holders of the indebtedness of the cooperative.

A Certificate of Dissolution and a certified copy or copies thereof shall be filed in the same place as the original Certificate of Incorporation and thereupon the Cooperative shall be deemed to be dissolved.

Such Cooperative shall continue for the purpose of paying, satisfying and discharging any existing liabilities or obligations and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its corporate name.

SECTION 9.3. Distribution Of Surplus Assets On Dissolution. Any assets remaining after all debts and liabilities of the Cooperative shall have been paid shall be disposed of pursuant to the provisions of Section 2.4 above 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 nonprofit charitable or educational organizations that are exempt from federal income tax.

ARTICLE X SEAL

The Corporate Seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, "Corporate Seal" and "Spruce Knob Seneca Rocks Telephone, Inc."

ARTICLE XI FINANCIAL TRANSACTIONS

SECTION 11. 1. **Contracts.** Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the cooperative and such authority may be general or confined to specific instances.

SECTION 11.2. **Checks, Drafts, Etc.** All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board.

SECTION 11.3. **Deposits.** All the funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such institutions as the Board may select.

ARTICLE XII MISCELLANEOUS

SECTION 12, 1. **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 12.2. **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 if may deem advisable for the management of the business and the affairs of the Cooperative.

SECTION 12.3. **Accounting Systems And Records.** The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to the applicable rules and regulations of any regulatory body, shall conform to such accounting systems as may from time to time be designated by the administrator of the Rural Electrification Administration of the United States of America or required by other institutions providing financing to the Cooperative. The Board shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports or summaries thereof shall be submitted to the members at the next following annual meeting.

ARTICLE XIII AMENDMENTS

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than a majority of the members, with a quorum present, at any regular or special membership meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof: provided, however, that the provisions of Section 9.1 **DISPOSITION AND PLEDGING OF PROPERTY** and Section 9.2 **DISSOLUTION** may be altered, amended or repealed only by the affirmative vote of not less than two-thirds (2/3) of all current members of the Cooperative voting in person and without proxies.