

REVISED* BYLAWS OF HIGHLAND TELEPHONE COOPERATIVE, INC.

It shall be the aim of HIGHLAND TELEPHONE COOPERATIVE, INC. to provide dependable area-wide telephone service on the cooperative plan and at the lowest cost consistent with sound economy and good management.

ARTICLE I MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Highland Telephone Cooperative, Inc., (hereafter called the "Co-op") by:

- (a) Making a written application for membership therein;
- (b) Agreeing to purchase from the Co-op telephone service as hereinafter specified;
- (c) Agreeing to comply with and be bound by the charter of incorporation and by-laws of the Co-op and any rules and regulations adopted by the Board of Directors (hereinafter called the "Board"); and

provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board or the members. No member may hold more than one voting membership in the Co-op, and no membership shall be transferable, except as provided in these by-laws.

All applications received more than thirty days prior to each meeting of the members which have not been accepted or which have been rejected by the Board shall be submitted by the Secretary to such meeting, and subject to compliance by the applicant with the requirements hereinabove set forth, any such application may be accepted by vote of the members.

SECTION 2. Membership Certificates. Membership in the Co-op shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed by the President and by the Secretary and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these by-laws, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed, or mutilated, a new certificate may be issued therefor upon such uniform terms and indemnity to the Co-op as the Board may prescribe.

SECTION 3. Joint Membership. All members and their spouses shall be joint members 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:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;

- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either, but not both, may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Co-op.

SECTION 5. Membership and Service Connection Fees. The membership fee shall be Ten Dollars (\$10.00) upon payment of which a member shall be eligible to receive service at as many locations as such member may request, subject to the availability of sufficient facilities. The Board of Directors may prescribe the rules and regulations regarding connection fees and service deposits and establish guidelines for the setting of same.

SECTION 6. Purchase of Telephone Service. Each member shall, subject to availability of facilities, take telephone service from the Co-op, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board; provided, however, that the Board may limit the amount of telephone service which the Co-op shall be required to furnish to any one member. It is expressly understood that amounts paid for telephone service in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished, as provided in these by-laws. Each member shall pay to the Co-op such minimum amount per month for telephone service as shall be fixed by the Board from time to time.

SECTION 7. Payment of Obligations to Cooperative. Each member, and in the case of a joint membership, all joint members, shall be responsible to the Co-op for all of the service, toll, and other charges relating to the telephone service furnished each location of said member and agrees to pay such sums within the times prescribed by the Board of Directors. In becoming a member and by requesting telephone service, each member agrees that telephone service may be disconnected by the Co-op at any time said member is in default in the payment of any sums owed to the Co-op under the terms prescribed by the Board of Directors. The sale or other transfer of a membership shall have the effect of transferring to the new member all of the existing member's right to patronage capital furnished to the Co-op.

SECTION 8. 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 of all directors, expel any member who fails to comply with any of the provisions of the charter of incorporation, bylaws, or any rules or regulations adopted by the Board, but only if such member

shall have been given written notice by the Secretary that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of members at any annual or special meeting. The membership of a member who has not permitted the installation of service within thirty (30) days after he has been notified service is available to him, or of a member who has ceased to purchase telephone service from the Co-op, shall be cancelled by resolution of the Board.

- (b) Upon the withdrawal, death, cessation of existence, or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Co-op. Termination of membership in any manner shall not release a member or his estate from any debts due the Co-op.
- (c) Upon termination of membership for any reason, the Co-op shall not repay to the member the amount of the membership fee paid unless a successor in occupancy or ownership of the premises served by the Co-op shall have been accepted as a member and a membership fee shall have been paid by or on behalf of such successor in accordance with the provisions of these by-laws. Any refund of membership fees pursuant to this subsection shall be made in the order in which membership shall have been terminated. Prior to the repayment of a membership fee paid by the member, the Co-op shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Co-op.
- (d) It is further provided that memberships in the Co-op may be sold by existing members upon termination of service for any reason, provided the existing member is not in arrears in bills, accounts or obligations due the Co-op, to another person, firm or corporation eligible for membership in the Co-op; provided, however, that such sale and exchange shall be made through the Co-op at the Co-op's home office and with the consent and approval of the Board of Directors at its next regular meeting succeeding the proposed exchange and sale and shall be effective only after the prospective member to which the certificate is being sold has been formally accepted for membership by the Board of Directors. Upon the happening of the foregoing, the Manager of the Co-op shall endorse an appropriate notation on said certificate evidencing its transfer and shall supervise the exchange of consideration between the new member and the selling member, making appropriate records and notations of said exchange of consideration and transfer. Such sale or transfer shall vest the transferee with all of the transferor's patronage capital account, subject to the provisions of these by-laws pertaining to the patronage capital.

ARTICLE II RIGHTS AND RESPONSIBILITIES OF MEMBERS

SECTION 1. Property interest of members. Upon dissolution, after (a) all debts and liabilities of the Co-op shall have been paid; (b) all capital furnished through patronage shall have been retired, as provided in these by-laws, and (c) all membership fees shall have been repaid, the remaining property and assets of the Co-op shall be distributed among the members and

former members who have not transferred the patronage capital account to another member in the proportion which the aggregate patronage of each member bears to the total patronage of all such members, unless otherwise provided by law. A member's capital shall include that furnished by him and that furnished by former members whose capital account he has acquired by transfer.

SECTION 2. Non-Liability for debts of the Co-op. The private property of the members shall be exempt from execution or other liability for the debts of the Co-op and no member shall be liable or responsible for any debts or liabilities of the Co-op.

ARTICLE III MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of members shall be held on the first Saturday in November of each year, beginning with the year 1974, at such place within Scott or Morgan Counties, Tennessee, or McCreary County, Kentucky, as the Board of Directors may determine. Members shall pass upon reports for the previous fiscal year and transact such other business as may come before the meeting. The Board of Directors shall make adequate plans and preparations for the annual meeting.

SECTION 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 directors, by the President, or by not less than 200 members, or ten per centum of all the members, whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within Scott County or Morgan County, Tennessee, or McCreary County, Kentucky, and the place shall be specified in the notice of such special meeting.

SECTION 3. Notice of Member's Meetings. Written notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address, as it appears on the records of the Co-op, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. A quorum for any annual or special meeting of the membership shall consist of the presence in person of two percent (2 percent) of all of the members of the Co-op, or two hundred (200) members, whichever shall be the lesser.

If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

SECTION 5. Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the charter of incorporation or these by-laws.

SECTION 6. Proxies. A member may vote by proxy upon any matter coming before an annual or special meeting of the membership upon which a written ballot is taken. All proxies shall be in writing, signed by the member and filed with Secretary before or at the time of the meeting or election. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any adjournment of such meeting. A member may give his proxy only to another member or to an adult relative living in the same home with such member, and no person may hold more than one proxy at any meeting. The presence of a member at a meeting shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

SECTION 7. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be 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 due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Discussion of election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV DIRECTORS

SECTION 1. General Powers. The business and affairs of the Co-op shall be managed by a board of eleven (11) directors which shall exercise all of the powers of the Co-op, except such as are by law, the charter of incorporation, or these by-laws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. The Directors shall be divided into three classes, serving staggered terms and apportioned geographically among the areas served by the Co-op by exchanges:

The Class A: Directors shall be as follows: (1) One Director who shall reside either in the Deer Lodge or Sunbright Exchange; (2) One Director who shall reside in the Whitley City portion of the Stearns-Whitley City

Exchange, which portion is defined to be the area North of the line created by the junction of U.S. Highway 27 and Kentucky State Highway 478, continuing Westerly along Highway 478 to its junction with Kentucky State Highway 92 and then continuing Westerly to the McCreary-Wayne County line and a point on U.S. Highway 27, at approximately the same location as the junction of U.S. Highway 27 and Kentucky State Highway 478 and continuing Eastwardly along the most Westwardly branch of Bridge Fork Creek; (3) One Director who shall reside inside the city limits of the Town of Oneida; (4) One Director who shall reside in the Oakdale Exchange.

The Class B. Directors shall be as follows: (1) One Director who shall reside in the Pine Knot Exchange; (2) One Director who shall reside in the Huntsville Exchange; (3) One Director who shall reside in the Robbins Exchange; (4) One Director who shall reside in the Petros Exchange.

The Class C. Directors shall be as follows: (1) One Director who shall reside in the Wartburg Exchange; (2) One Director who shall reside in the Oneida Exchange, outside the city limits; (3) One Director who must reside in the Stearns portion of the Stearns-Whitley City Exchange, south of the above described line separating the Whitley City Exchange from the Stearns portion.

Class A. Directors, as designated in the Articles of Conversion, shall serve until the annual election held in the year 1976, at which time directors shall be elected from the areas designated for Class A. for a three year term.

The Class B. Directors, as designated in the Articles of Conversion, shall serve until the annual election held for the year 1975, at which time directors shall be elected from the areas designated as Class B. for a three year term.

The Class C. Directors, as designated in the Articles of Conversion, shall serve until the annual election held for the year 1974, at which time directors shall be elected from the areas designated as Class C. for a three year term.

All of the directors shall serve until their successors have been duly elected and qualified.

SECTION 3. Qualifications. No person shall be eligible to become or remain a director of the Cooperative who:

- (a) is not a member and is not presently residing in the area served or to be served by the Co-op,
- (b) is not a member receiving service and residing within the geographical area from which he is elected, or
- (c) is in any way employed by or financially interested in a competing enterprise or a business engaged in selling telephone service or supplies, or constructing or maintaining telephone facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephony.

Upon the establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board shall remove such director from office.

SECTION 4. Nominations. It shall be the duty of the Board to appoint, not less than forty (40) nor more than seventy (70) days before the date of a meeting of the members preceding the annual election of directors, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different sections so as to insure equitable representation. No member of the Board may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Co-op at least thirty (30) days before the election, a list of nominations for director to be elected. Any fifteen (15) or more members acting together may make other nominations by petition not less than twenty (20) days prior to the election, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. To petition for the nomination of a director as hereinabove provided for, a member signing a qualifying petition must reside in and receive service in the exchange area from which the director will seek election. The Secretary shall mail, at least ten (10) days before the date of the election, a statement of the number of directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee and the nominations made by petition, if any.

To be eligible for nomination and election to the Board, a candidate must receive service and reside in the service area from which he shall be elected.

SECTION 5. Election Procedure. (a) The Board of Directors shall make provisions for holding the annual election by the establishment of voting precincts within each exchange and by making provisions for absentee balloting as herein provided. All members of the Co-op in good standing forty (40) days prior to the election shall be entitled to vote in the exchange from which they receive service. In the case of joint membership, only one of the joint members, shall be entitled to vote, which shall be the first joint member to apply for a ballot, either absentee or in person. Should both joint members apply simultaneously, the member in whose name the telephone service is listed shall receive a ballot. A member receiving service in more than one exchange shall be entitled to vote only in the exchange where he maintains his residence.

At least ten (10) days prior to the election, and not more than thirty (30) days, the Board of Directors shall designate the election officials for each precinct and the election officials for absentee balloting. Election officials, as used herein, shall consist of three (3) judges, being members of the Co-op who would be qualified voters in the exchange for which they are designated, and a Co-op representative who need not reside in the exchange for which he is appointed, but must be a regular employee of

the Co-op. The judges shall be responsible for holding the election in each precinct, as provided in these by-laws. The Co-op representative shall assist the judges with regard to election procedures and identity of voters. No election officials shall be related to any of the candidates for director within six civil degrees. The names of the persons selected as judges, and the names of the persons selected as the Co-op representatives, as provided herein, shall be published in newspapers of general circulation in Scott County, Morgan County and McCreary County at least seven (7) days before the election at which they are to serve.

(b) Balloting in person shall be carried on in each precinct as follows:

- (1) The annual election shall be within the hours of 9:00 a.m. and 4:00 p.m., local standard time, on the Saturday following the annual meeting of each year.
- (2) A certified list of eligible members and voters of the Co-op, with the names of those who have voted by absentee noted thereon, shall be supplied to each precinct and placed in the charge of the Co-op representative for his use and for the use of the judges.
- (3) During polling hours, as provided for in paragraph (1) hereof, when a member presents himself to vote, the following procedure shall be observed:
 - a. The voter shall be called on for identification.
 - b. Upon satisfactory proof of identification the member shall be issued a ballot;
 - c. The certified list of eligible voters shall be marked to indicate that such member has received a ballot at the time the ballot is delivered to the member;
 - d. The voter will then be permitted to mark his ballot in secret and to deliver the same to an election official for deposit in the ballot box in the sight and presence of the voter;
 - e. No member shall be permitted to vote unless he has complied with the foregoing provisions and unless his name appears on the certified list of eligible members in good standing, qualified to vote;
 - f. No absentee or proxy voting shall be permitted at the annual election.
- 4) Official ballots shall be prepared bearing the names of nominees submitted for election in accordance with the foregoing provisions of these by-laws with respect thereto under the supervision of the Board of Directors. No member shall be permitted to write in the name of any other person, but must vote for one of the nominees as presented on the ballot.

The ballots shall be kept and safely preserved by the Secretary of the corporation until immediately prior to the day and hour of election, at which time arrangements shall be made to deliver

sufficient ballots to each precinct into the care of the election officials for use at each polling place.

The ballot shall be certified on the reverse side thereof by an accurate facsimile signature of each member of the incumbent Board of Directors.

- (5) No precinct shall be closed during the hours provided for in paragraph (1), Section 5(b), except that the judges may close for one hour between the hours of twelve and one, local standard time.
 - (6) Unmarked ballots shall be kept exclusively within the control of the election officials and shall be issued out of the possession of the election officials only as hereinbefore provided to eligible voters.
 - (7) The ballot box shall remain in open vision of at least two of the three judges at all times; shall be inspected, found empty and sealed prior to the commencement of voting, except for a slit or opening at the top thereof to accommodate ballots; and shall so remain until the close of polling. After the canvassing of ballots cast, a copy of the results of the canvass shall be placed in the box which shall be resealed with the seal initialed by the judges of the election and the representative of the Co-op, and delivered to the Secretary for disposition as provided for hereinafter.
 - (8) At the close of voting, the Co-op representative and the three judges shall canvass the votes cast at their precinct and certify the results thereof in writing in duplicate, depositing one copy inside the sealed ballot box as hereinbefore provided and delivering the second copy to the Secretary of the Board of Directors at the principal office of the corporation in Sunbright, Tennessee, at the earliest practicable moment after the canvass is completed.
- (c) The Secretary shall receive the certified result of the canvass from each precinct. The Secretary is charged with keeping and preserving said ballot box undisturbed and unimpaired and unopened for the term of at least fifteen (15) days after the election. The ballot box shall be stored by the Secretary under lock at the principal office of the corporation at Sunbright during said period. The Secretary, when the canvass of the precinct returns is completed, shall certify the complete result thereof at the next ensuing regular meeting of the incumbent Board of Directors, at which time the new Board of Directors will be inducted into office.
- (d) All judges of the election shall receive, in payment for their services an amount established by the Board of Directors, which amount shall not be less than the sum of \$50 per diem.

SECTION 6. Removal of Directors by Members. Any member may bring charges against a director and, by filing with the Secretary such charges in writing, together with a petition signed by at least ten per centum of the

members, or two hundred members, whichever is the lesser, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 7. Vacancies. Subject to the provisions of these by-laws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect to nominations.

SECTION 8. Compensation. Directors shall not receive any salary for their services as directors, and except in emergencies, shall not be employed by the Co-op in any capacity involving compensation, but the directors shall receive a fixed fee and expenses of attendance, if any, for attendance at each meeting of the Board of Directors, or any committee thereof.

ARTICLE V

MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board shall be held without notice, immediately after the annual meeting of the members, at such place as the Board may establish for regular meetings. A regular meeting of the Board shall also be held monthly at such time and place in Morgan County, Tennessee, as the Board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board may be called by the President or by any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the directors calling the meeting shall determine the time and place (which shall be in Scott or Morgan County, Tennessee, or McCreary County, Kentucky) for the holding of the meeting. At least one (1) special meeting of the Board shall be held annually in each of the three Counties and notices of the time and place of these said meetings shall be published in newspapers of general circulation in the three Counties. The membership and the news media may attend.

SECTION 3. Notice of Directors' Meetings. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each director not less than five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty, by the Secretary, by the President or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the director at his address as it appears on the records of the Co-op, with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Co-op shall be a President, Vice-President, Secretary-Treasurer, and such other offices 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 2. Election and Term of Office. The officers shall be elected by ballot, 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 his successor shall have been elected and shall have qualified. Except as otherwise provided in these by-laws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgement the best interests of the Co-op will be served thereby. In addition, any members of the Co-op may bring charges against an officer, and by filing with the Secretary such charges in writing, together with a petition signed by ten per centum (10 percent) of the members, or two hundred members, whichever is the lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten 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. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Co-op and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these by-laws to some other officer or agent of the Co-op, or shall be required by law to be otherwise signed or executed; and
- (c) in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 6. Secretary. The Secretary shall:

- (a) keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these by-laws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Co-op and affix the seal of the Co-op to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Co-op under its seal is duly authorized in accordance with the provisions of these by-laws;
- (d) keep a register of the names and post office addresses of all members;
- (e) sign, with the President, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- (f) have general charge of the books of the Co-op;
- (g) keep on file at all times a complete copy of the charter of incorporation and by-laws of the Co-op containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Co-op, forward a copy of the by-laws and of all amendments thereto to each member; and
- (h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 7. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Co-op;

- (b) be responsible for the receipt of the issuance of receipts for all moneys due and payable to the Co-op and for the deposit of all such moneys in the name of the Co-op in such bank or banks as shall be selected in accordance with the provisions of these by-laws; and
- (c) in general, perform 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.

SECTION 8. Manager. The board may appoint a manager who may be, but who shall not be required to be, a member of the Co-op. The Manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Co-op charged with responsibility for the custody of any of its funds or property shall 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 Co-op to give bond in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of these by-laws with respect to compensation for directors.

SECTION 11. Reports. The officers of the Co-op shall submit at each annual meeting of the members reports covering the business of the Co-op for the previous fiscal year. Such reports shall set forth the condition of the Co-op at the close of such fiscal year.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Co-op 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 Co-op on any capital furnished by the patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Telephone Service. In the furnishing of telephone service, the Co-op's operations shall be so conducted that all patrons, members and non-members alike will, through their patronage, furnish capital for the Co-op. In order to induce patronage and to assure that the Co-op will operate on a non-profit basis, the Co-op is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of telephone service in excess of operating costs and expenses properly chargeable against the furnishing of telephone service. All such amounts in excess of operating costs and expenses at the amount or receipt by the Co-op are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Co-op 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 Co-op 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 Co-op shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they have been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Co-op corresponding amounts for capital.

In the event of dissolution or liquidation of the Co-op, after all outstanding indebtedness of the Co-op 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, upon resolution passed by the members in the same manner as amendment to the bylaws, or upon resolution passed by the Board that the financial condition of the Co-op will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirement of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Co-op being first retired. In no event, however, may any such capital be retired, upon resolution passed by the members, unless, after the proposed retirement, the capital of the Co-op shall equal at least twenty per centum (20%) of the total assets of the Co-op, or upon resolution passed by the Board, unless, after the proposed retirement, the capital of the Co-op shall equal at least fifteen per centum (15%) of the total assets of the Co-op; provided, however, no distribution of capital to members shall be made which reduces the total cash and investments of the Co-op to an amount less than forty percent (40%) of the amount of cash and investments prior to such distribution. Books of the Co-op, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Co-op unless the Board, acting under policies of general application shall determine otherwise.

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

The patrons of the Co-op, by dealing with the Co-op, acknowledge that the terms and provisions of the charter of incorporation and by-laws shall constitute and be a contract between the Co-op and each patron, and both the Co-op and

the patrons are bound by such contract, as fully as though such patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention of each patron of the Co-op by posting in a conspicuous place in the Co-op's office.

ARTICLE VIII DISPOSITION OF PROPERTY

The Co-op may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property, unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Co-op, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board, without authorized by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Co-op, whether acquired or to be acquired, and whenever situated, as well as the revenues and income therefrom all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Co-op to the United States of America or any instrumentality or agency thereof, including, but not limited to, the Rural Telephone Bank; provided further that the Board may, upon the authorization of a majority of those members of the Co-op present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Co-op or foreign corporation doing business in this State pursuant to the Act under which this Co-op is incorporated.

ARTICLE IX SEAL

The corporate seal of the Co-op shall be in the form of a circle and shall have inscribed thereon the name of the Co-op and the words, "Corporate Seal Tennessee."

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 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 Co-op and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, all notes, bonds or other evidence of indebtedness issued in the name of the Co-op shall be signed by such officer or officers, agent or agents, employee or employees of the Co-op and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. Deposits. All funds of the Co-op shall be deposited from time to time to the credit of the Co-op in such bank or banks as the Board may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of REA of the United States of America not less than ninety days prior to the date upon which any proposed change in the monthly rate charged by the Co-op for telephone service becomes effective.

Sunbright, TN

SECTION 5. Fiscal Year. The fiscal year of the Co-op shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. Membership in other Organizations. The Co-op shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchases, provided, however, that the Co-op may, upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose or engaging in or furthering the cause of area-wide rural telephone service or with the approval of the Administrator of REA, of any other corporation for the purpose of acquiring telephone facilities or assuming more adequate telephone service to its members. Nothing herein shall prohibit or restrict the Co-op in purchasing such stock in the Rural Telephone Bank as the Board by resolution may authorize.

SECTION 2. Waiver of Notice. Any member or director may waive in writing any notice of a meeting required to be given by these by-laws. The attendance of a member or director at any meeting shall constitute a waiver of notice or 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 ground that the meeting has not been lawfully called or convened.

SECTION 3. Rules and Regulations. The Board shall have power to make and adopt such rules and regulations, not inconsistent with law, the charter of incorporation, or these by-laws, as it may deem advisable for the management of the business and affairs of the Co-op.

SECTION 4. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of REA of the United States of America. 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 Co-op as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

ARTICLE XII AMENDMENTS

These by-laws may be amended, altered or repealed by the members at any regular or special meeting of the membership, provided the notice of such meeting shall have contained a copy of the proposed alterations, amendment or repeal, setting forth in substance the action sought to be taken. A majority vote of the members present constituting a quorum in favor or against the proposed action in connection with the by-laws shall prevail.

These by-laws were revised at a special membership meeting held for that purpose on February 23, 1991.