



**BYLAWS OF
CENTRAL ARKANSAS TELEPHONE COOPERATIVE, INC.**

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**BYLAWS OF
CENTRAL ARKANSAS TELEPHONE COOPERATIVE, INC.**

ARTICLE I. MEMBERSHIP

SECTION 1.01. Eligibility for Membership.

- (1) Any person, firm, association, corporation, limited liability company, partnership, limited liability partnership or body politic which receives telecommunications service that includes either local telephone service or broadband only service from the Cooperative within any area covered by a Certificate of Convenience and Necessity pursuant to which the Cooperative is operating as of June 30, 1999, is eligible to become a member of the Cooperative.
- (2) The Board of Directors, by resolution approved by a vote of a two-thirds majority of Directors present at any regular or special meeting, may expand the eligible membership of the Cooperative to include persons and entities which receive telecommunications services other than local telephone service or broadband only service, or who receive local telephone service, broadband only service, or telecommunications services other than local telephone service or broadband only service in geographic areas in addition to the geographic area defined in Section 1.01 (1) above, provided any such persons and entities are assigned to a different class of membership, with different rights and responsibilities, than those eligible for membership authorized in Section 1.01 (1) above.
- (3) Membership status shall not be granted any person or entity until:
 - (a) Such person or entity shall have executed and delivered to the Cooperative a membership application in such form as shall be prescribed for such purpose by the Cooperative's Board of Directors; and
 - (b) The Board of Directors shall have approved such executed and delivered application for membership.
- (4) Every application for membership in the Cooperative shall include a covenant undertaking and agreement by the applicant:
 - (a) To purchase telecommunications services from the Cooperative only as an end user of such services, in accordance with the rates, terms and conditions specified by the Cooperative;
 - (b) 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
 - (c) To pay any membership fee established by the Board.
- (5) Purchasers of the Cooperative's services at wholesale, or otherwise for resale, shall not be eligible for membership or patronage credits with respect to such wholesale services. Any person or entity approved as a member of the Cooperative which, subsequent to acquiring membership status, becomes either (a) a provider of local telephone service (or any unbundled element thereof) or broadband only service within the territory served by the Cooperative, or (b) a reseller of local telephone service (or any unbundled element thereof) or broadband only service purchased or acquired, directly or indirectly, from the Cooperative, shall immediately, without the necessity of action on the part of the Board of Directors or the members or management of the Cooperative, cease to be a member of the Cooperative, and cease to have all or any of the rights and privileges of membership in the

Cooperative, as of 12:01 a.m. on the date such person or entity shall first provide local telephone service (or any unbundled element thereof) or broadband only service or resells any such service within the area served by the Cooperative.

- (6) Upon acceptance of the application by the Board, membership shall become effective upon the date of commencement of service. Membership eligibility terminates upon disconnection of service. The Board may, however, provide for suspension of service during periods of temporary absence of a member.

SECTION 1.02. Definition and Classifications.

- (1) The Cooperative may have one or more classes of members in order to recognize differences in financial contribution of different classes. If the Board establishes more than one class of membership, it shall determine the definitions, the types, the qualifications and rights of each class and make such information readily available to the membership.
- (2) No member may hold more than one membership in any one class of membership offered by the Cooperative. No membership in the Cooperative shall be transferrable, except on the books of the Cooperative and as provided for in these Bylaws.
- (3) Each time sharing or interval ownership premise is considered as a single member. The corporation, partnership or other entity holding or engaging the property will be deemed to hold the membership.
- (4) The term “member” as used in these Bylaws shall refer to an individual or to a married couple holding 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 if individually qualified.
 - (h) Upon receipt by the Cooperative of actual notice of death or reliable information of the death of either spouse who is a party to a joint membership, such membership shall be terminated. Neither the surviving spouse of the former joint member, nor the estate of any deceased former joint member shall be released from any debts due the Cooperative.
 - (i) Upon receipt by the Cooperative of notice of an entry of decree of divorce or other event (such as annulment) terminating the marriage of individuals holding a joint membership, such joint membership shall be terminated. The former joint members shall not be released from any debts due the Cooperative.

- (5) Conversion of individual membership to joint membership:
- (a) An individual membership may be converted to a joint membership upon the written request of the holder hereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, by-laws, and any rules and regulations adopted by the Board. The outstanding membership certificate may be surrendered and may be re-issued by the Cooperative in such manner as shall indicate the changed membership status, or, the holder may retain the issued certificate and attach thereto a form to be issued by the Cooperative bearing the membership certificate number and the name of the joint membership holders together with legend of approval of such joint membership.
 - (b) 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 a 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 Cooperative.

SECTION 1.03. Membership Fees.

The Board, in its discretion, may determine to require a membership fee which shall be uniform for each class of membership.

SECTION 1.04. Purchase of Services.

Each person who applies for membership shall subscribe to telecommunications service provided by the Cooperative as soon as service becomes available. The member shall pay for such service monthly in accordance with rates established in tariffs or rate schedules as fixed by the Board. It is expressly understood amounts received from members by the Cooperative for all telecommunications and information services in excess of the direct and indirect costs of providing such services are furnished by members as capital from the moment of receipt, and each member shall be credited with the capital so furnished as provided in Article VIII of these Bylaws. However, the Cooperative is not obligated to furnish such credits for services which are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the above amounts owed by him or her to the Cooperative as and when the same become due and payable.

SECTION 1.05. Termination of Membership.

- (1) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The terms and conditions will always require notice to the Cooperative, the return of any CATC property, and the payment of all final CATC bills. 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 him/her liable for 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.

- (2) Upon the withdrawal, death, cessation of service for more than thirty (30) days, or expulsion of a member, the membership of such member shall thereupon terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative nor do unpaid bills release members from their obligations under these Bylaws or rules and regulations approved by the Board.

ARTICLE II. RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

SECTION 2.01. Service Obligations.

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

SECTION 2.02. Cooperation of the Members in the Extension of Services.

- (1) The cooperation of members of the Cooperative is imperative to the successful, efficient, and economical operation of the Cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communication service to said member, or any other member, at no cost to the Cooperative. When requested by the Cooperative, the member does agree, without consideration other than the mutual benefit received by the members from the extension of services and lines, to execute any written easement or right-of-way contract on a form to be furnished by the Cooperative.
- (2) The Cooperative may, to the extent deemed reasonable and appropriate by the Board of Directors for the purposes of the Cooperative's business activities, and without providing any compensation other than the general benefit which flows to all members by reason of upgrading and extension of the Cooperative's telecommunications lines, construct, install, and maintain telecommunications lines, cable, and facilities over, upon, and under the lands and right-of-way owned and occupied by any member or members. The Cooperative shall, however, after completing its construction operations on a member's property, restore the condition of the surface area of the member's lands to as close as reasonably practical to the condition said surface area was in immediately prior to the commencement of such construction operation. Before any construction occurs, the Cooperative will work with members to minimize any interference or impact on the members' property. Once the

Cooperative places a telecommunications line or cable over, upon, or under any land or right-of-way owned by any member, a perpetual easement in favor of the Cooperative, which shall run with the land, shall be deemed to have been established over said land or said right of-way, authorizing the Cooperative to exercise rights of ingress and egress over such lands and right-of-way to the extent reasonably necessary for the placement of such telecommunications line, cable or facility(ies), and for the repair, replacement, maintenance, upgrading, and monitoring thereof.

- (3) The Cooperative shall not be required to provide or to continue to provide telecommunications services to any member, customer, or applicant for telecommunications service who refuses to provide the Cooperative with rights of access over said person or entity's lands and rights of way in a manner consistent with the preceding subsections.

SECTION 2.03. Non-liability for Debts of the Cooperative.

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

SECTION 2.04. Notification by Members of Material Changes in Circumstances.

- (1) Each existing joint member shall notify the Cooperative in writing in the event of:
 - (a) The death of one of the joint members; or
 - (b) The entry of a decree of divorce or annulment order terminating or voiding the marriage of the joint members.

Such notice is to be provided to the Cooperative's business office at 4036 Highway 7, Bismarck, Arkansas, 71929, within thirty (30) days of the death or within thirty (30) days of the entry of the decree of divorce.

- (2) Each member which is a corporation, partnership, limited liability Company, or other non-individual member shall notify the Cooperative in writing in the event of any material change in ownership, and of the death, retirement, or withdrawal, of any partner or majority owner.

Such notice is to be provided to the Cooperative's business office at 4036 Highway 7, Bismarck, Arkansas, 71929, within thirty (30) days of the event necessitating such notice.

SECTION 2.05. Property Interest of Members Upon Dissolution.

Upon dissolution unless otherwise provided by law, after:

- (1) All debts and liabilities of the Cooperative shall have been paid; and
- (2) All capital furnished through patronage shall be retired as provided in these Bylaws.

The remaining property and assets of the Cooperative shall be distributed among those persons and entities who during the fiscal year immediately preceding dissolution received local telephone service from the Cooperative within any area covered by a Certificate of Convenience and Necessity pursuant to which the Cooperative was operating as of June 30, 1999. Said distribution shall be according to the allocation formula pursuant to which capital credits were allocated among such persons and entities as of the close of the said preceding fiscal year.

ARTICLE III. MEETINGS OF MEMBERS

SECTION 3.01. Annual Meeting.

The Annual Meeting of the members shall be held at a date and place within the State of Arkansas as selected by the Board, and shall be designated in the Notice of the Meeting for the purpose of electing Directors, 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. In the event of a natural disaster, pandemic, or other event that impacts the reasonableness of an in-person Annual Meeting, the Board may declare that the Annual Meeting will be held as a “virtual meeting.” The decision to hold a “virtual only” meeting may be made at any regular or special meeting of the Board by simple majority vote. Members will be notified of the decision to hold a “virtual only” meeting in the Notice of the Meeting sent to members before the meeting. If the Board decides that an Annual meeting will be “virtual only” the Board shall develop the methods, processes and procedures for holding the “virtual only” Annual Meeting. The methods, processes and procedures developed shall be approved by a Board vote and placed on the cooperative’s website at least 24 hours before the Annual Meeting. Any other regular or special meetings of members may be a “virtual only” meeting and shall comply with the basic requirements of holding a “virtual only” Annual Meeting

Section 3.02. 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) Directors, by the President, or by written petition signed by not less than ten percent (10%) of the total of all members of the Cooperative as of the close of the fiscal year of the Cooperative immediately preceding the submission of the petition to the Cooperative. It shall be the duty of the Secretary of the Cooperative to cause notice of any properly called special meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the State of Arkansas as selected by the Board and shall be specified in the notice of the Special Meeting. If no location for a special meeting is specified in the notice, the meeting

shall be held at the Cooperative's main business office, 4036 Highway 7, Bismarck, Arkansas, 71929.

SECTION 3.03. Notice of Members' Meetings.

Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) days nor more than sixty (60) 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 the address appearing on the records of the Cooperative, with postage thereon prepaid. The incidental or unintended failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 3.04. Postponement of a Meeting of the Members.

In the event of inclement weather or the occurrence of a catastrophic event, or for other reasons within the discretion of the Board, the meeting of the members may be postponed by the President, Vice President or the Board. Notice of the rescheduled meeting date shall be given by the President in any media of general circulation or broadcast serving the area.

SECTION 3.05. Quorum.

Business may not be transacted at any meeting of the members unless there are present in person at least ten percent (10%) of the total of all members of the Cooperative as of the close of the fiscal year of the Cooperative immediately preceding the meeting, 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 3.03. 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. In the event a meeting of the members is noticed and convened, and a quorum as defined above shall not be present in person, then the Board of Directors may, pursuant to state law and in its discretion, elect and determine to reduce the amount of members necessary for a quorum at that particular meeting to any amount of members which could legally constitute a quorum under the laws of the State of Arkansas regarding Rural Telecommunications Cooperatives.

SECTION 3.06. Voting at Meetings.

- (1) Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. Cumulative voting is not permitted. All issues with respect to voting shall be governed according to the latest edition of Robert's Rules of

Order used by the Cooperative unless otherwise specified by law or the Articles of Incorporation; however, failure to follow Robert's Rules of Order shall not be deemed to invalidate any action taken by the members at such meeting. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to each member meeting, evidence satisfactory to the Board of Directors of the Cooperative, entitling the person presenting the same to vote on behalf of the member entity.

- (2) All questions, except those involving multiple choice issues or determinations, shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Multiple choice issues or determinations shall be decided by a plurality vote.
- (3) Any member who is absent from any annual meeting or special meeting of members may vote by mail on any motion or resolution pertaining to the borrowing of funds or mortgaging or encumbering of the Cooperative's property if voting on such issue or issues by mail is approved by the Board prior to the date scheduled for such meeting.

SECTION 3.07. Informal Action by Members.

Any action required to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a membership meeting if:

- (1) The Board requests the preparation of a Consent Form to be presented to the members and the Board approves the Consent Form as in the best interest of the Cooperative, and
- (2) A consent in writing, setting forth the action so taken, shall be approved by the signatures of the necessary percentage of members entitled to vote as set forth in the Bylaws is obtained with respect to the taking of a membership action on the particular matter voted upon, and
- (3) The members so voting would have been entitled to vote if the question(s) had been properly submitted to these members at a membership meeting. In such cases, the membership consent, approving or disapproving, such action shall have the same force and effect as if a meeting had been held.

SECTION 3.08. 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) Election results announced;
- (3) Presentation and consideration of reports of officers, trustees, and committees, if any;
- (4) Unfinished business, if any;
- (5) New business, if any; and
- (6) 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 an action upon any item of business, the transaction of which is necessary or desirable in advance of any other item of business; provided 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. DIRECTORS

SECTION 4.01. General Powers.

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

SECTION 4.02. Election Process and Tenure of Office.

Director elections shall be by mail-in ballot to be held in conjunction with each annual meeting. The Directors shall be elected by and from the members to serve (except as provided hereinafter) a nine (9) year term, or, until their successors shall have been elected and shall have qualified. The terms of the Directors shall be staggered to ensure continuity. If an election of Directors shall not be held on the day designated herein for the annual meeting or at any adjournment thereof, a special meeting of the members may be held for the purpose of electing Directors at a reasonable time thereafter. Directors shall be nominated and elected as provided hereinafter.

Notwithstanding any other provision herein, every Director shall continue to serve in said capacity, even after the term has expired, up until the day the successor has been elected and qualified, and no action of the Board shall be invalidated by reason of the participation in such action of a Director whose term has expired, provided no successor had been elected and qualified for such Director's position prior to the action in question.

SECTION 4.03. Board Election Districts.

The Board of Directors shall consist of nine (9) Directors. The Directors shall be elected by mail-in ballot to be counted prior to the annual meeting and announced at the annual meeting of the members, except as hereinafter provided. The Cooperative is divided into two (2) exchanges and from each shall be elected Directors to the Board as follows:

- | | |
|--------------------------------|-------------|
| 1. Donaldson Exchange District | 3 Directors |
| 2. Bismarck Exchange District | 6 Directors |

The Donaldson Exchange District shall be entitled to have three (3) Directors elected therefrom. The Bismarck Exchange District shall be entitled to have six (6) Directors elected therefrom. The Directors shall be elected in such a manner that one (1) director shall be up for election at each annual meeting as approved and adopted by the board through a resolution approved by a two

thirds vote of the board at any regular or special meeting. The transition of the number of Directors up for election each year shall include a new election schedule adopted by board resolution so that each director position shall be given a position number from one (1) to nine (9) with two Bismarck positions and one Donaldson Exchange being included in positions 1 to 3; 4 to 6; and 7 to 9. The board shall agree to the position numbers and the schedule of election with Position 1 being up for election in the next election with the next subsequently numbered board position up for election the following year so that each position is up for election on a nine (9) year schedule. This is intended to allow staggered elections and to allow appropriate experience and knowledge to exist on the Board from each Exchange. The entire membership shall be allowed to vote on the election of each Director up for election. Donaldson members shall be allowed to vote on Bismarck Directors and vice versa.

SECTION 4.04. Qualifications to be Nominated, to Become, or Remain a Director.

- (1) No person shall be eligible to be nominated, elected, or remain a Director of the Cooperative unless he or she:
 - (a) Resides in the exchange area to be represented, and receives local telephone service (residential or business) in said geographic area;
 - (b) Is not and the person's spouse is not a current or former employee of the Cooperative;
 - (c) Is not and the person's spouse is not in any material way financially interested in a competing enterprise or a business and neither the person nor the person's spouse have a relative who is in any material way financially interested in a competing enterprise or a business. A **"competing enterprise or business"** is defined in the section as any entity engaged in selling communication services, communication supplies, or maintain communication facilities, or any entity that has publicly announced plans to construct or maintain communication facilities or offer communication services that could be offered to members of the Cooperative or competition with the Cooperative. **"Communication Services"** is defined in this section as all standard or tariffed telephone services, broadband, television, wifi services, and all other member or customer services offered by the Cooperative at this time. **"Relative"** for the purpose of this section means a person related to the Director, the Director's spouse, or candidate for Director, or the candidate for Director's spouse for the 1st through 4th degree of consanguinity. The Board may, by general rule or in particular circumstances, determine which interests in competing enterprises are "material"; and
 - (d) Is not, spouse is not, or any relative of the person or the person's spouse is not directly or indirectly, employed by, a contractor of, a consultant for, a director of, or financially interested in (1) a "competing enterprise or business" as defined in (b) above, or (2) a business engaged in the selling of telephone service, communication services, or supplies to the Cooperative, or (3) a business constructing or maintain telephone facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephone service
 - (e) Has remained a member in good standing for the one (1) year prior to the scheduled date of the annual meeting. Member in good standing means that the member's

telephone service has not been interrupted for non-payment of a bill of the Cooperative, and further that the member has not received two (2) or more disconnect notices in the year prior to the date of the annual meeting for failure to pay the Cooperative's bill when due. Further, a member in good standing means that the member has not improperly obtained telephone service or used service through fraud, deceit, or theft.

- (f) Has been a member of the Cooperative for at least twelve (12) months to the date of the scheduled annual meeting, at which time the election would be decided.
 - (g) Is a 50% or more shareholder, a 50% or more partner, or a 50% or more owner of a corporate member, if nomination is sought through a corporate membership.
- (2) No person first elected to the Board of Directors after January 1, 2017 shall be eligible to be nominated, elected, or remain a Director of the Cooperative if the person or the person's spouse has a relative employed by the Cooperative, "Relative: has the same meaning as the earlier definition in this section.
 - (3) No person shall be eligible to be elected to the Board of Directors unless the person has signed a certification that the person has read all the qualifications and disqualifications to be a candidate for director in **SECTION 4.04 (1) and (2)** and certifies that all qualifications are met and no disqualifications exist.
 - (4) Nothing in this Section shall affect, in any manner whatsoever, the validity of any action taken at any meetings of the Board.
 - (5) If the Board makes a preliminary determination that a candidate for Director is not eligible to serve as Director due to not meeting the required qualifications or is subject to any disqualifications within this section, then the Manager shall notify the candidate of the Board's preliminary determination. The notice shall include the time and date that the candidate may appear before the Board to provide information. The board shall either withdraw the preliminary determination or may make the preliminary determination a final determination by two thirds (2/3) vote of the Directors present. If the Board makes the determination final, then the candidate shall not be eligible to be on the ballot, have votes counted if already on the mailed ballot or serve.

SECTION 4.05. Nominations.

The Board of Directors shall appoint a Nominating Committee of not less than three (3) nor more than five (5) members who shall all be members of the Cooperative. At least one member of the committee shall reside in each geographical election district. No member of the Board may serve on the Nominating Committee. The committee shall nominate at least one eligible candidate for each directorship to be filled. The incumbent shall in all cases, be eligible for nomination by the committee. The committee shall be appointed not less than forty (40), nor more than one hundred eighty (180) days before the date of the meeting of the members at which Directors are to be elected. The committee shall prepare, at least thirty days before the meeting, a list of nominees for Director. The nominees so nominated shall be named in the notice of the meeting of members given in accordance with Section 3.03.

SECTION 4.06. Election of Directors.

- (1) Elections of Directors shall be by a form of printed, mail-in ballot. The ballot shall list the names of the candidates nominated by the committee and by petition. The Board shall maintain procedures for the mail-in ballot process. Only those nominees selected by the nominating committee or by petition shall be on the ballot and there shall be no nominations permitted from the floor. The Board shall establish a procedure for voting for Directors by mail so that each member will receive the ballot in time for it to be marked and returned by the time set for the annual meeting.
- (2) Each member of the Cooperative, shall be entitled to vote for one (1) candidate for each open Director position for which a Director is to be elected. The candidate receiving a plurality of votes cast for that position by eligible mail-in ballots 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 until a successor is elected, or until a majority of the Board, at a meeting of the Board in which a quorum is present, adopts a resolution removing such hold-over Director from office, whichever shall first occur.

SECTION 4.07. Removal of Directors and Resignations.

- (1) Any member, including a Director, may bring charges against a Director to the Board which shall allege (a) failure to meet the qualifications of a Director or malfeasance or (b) nonfeasance of the duties and responsibilities of his position. Such charges shall be in writing and filed with the Secretary of the Cooperative together with a petition signed by not less than ten percent (10%) of the total of all members of the Cooperative as of the close of the fiscal year of the Cooperative immediately preceding the submission of the petition to the Secretary of the Cooperative and may request the removal of such Director by reason thereof.
- (2) Such challenged Director shall be informed in writing of the charges at least (10) days prior to a special or regular Board meeting at which charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel to present evidence in respect to the charges; and the person or persons bringing the charges against the director shall have the same opportunity. The question of the removal of such Directors shall be considered and voted upon at the next meeting of the Directors. No Director shall be removed from office unless two-thirds (2/3) of the Directors present at the meeting at which the charges against such Director are presented shall vote for such Director's removal.
- (3) Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the provisions of Section 4.05 with respect to nominations.
- (4) 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.
- (5) If a Director has reason to believe that another Director is not eligible to continue serving due to disqualification due to SECTION 4.04. (1) (b) or (c), the Director may ask the Manager to place the item on the next Board meeting agenda. The Director with the questioned qualifications shall consider the item and information presented. The Director shall not be removed from office unless two-thirds (2/3) of the directors present at the meeting shall vote for such Director's removal.

- (6) Any vacancy created by such removal may be filled by vote of the Board at such meeting without compliance with the provisions of Section 4.05 with respect to nominations.

SECTION 4.08. Vacancies.

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal, resignation, or death of a Director, the vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired position of the term. However, any successor must reside in the same district as the vacant directorship and have the same qualifications for office as set forth in Section 4.04. If a Director moved his or her residence to another exchange of the Cooperative, he may continue to serve as Director for the former district until the next regular election of that district.

SECTION 4.09. Compensation and Benefits of Directors.

The compensation and benefits, if any, to be paid to the Directors, and the procedure pursuant to which Directors are reimbursed expenses incurred in connection with attendance at meetings, are to be established by resolution of the Board of Directors.

SECTION 4.10. 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 or 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 or cause such to be submitted for any appropriate Governmental-regulatory approval.

SECTION 4.11. Accounting Systems and Audits.

The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, which, among other things, and subject to applicable laws and rules and regulations of any regulatory body having jurisdiction shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. After the close of each fiscal year, the Board shall 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. 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 5.01. Regular Meetings.

- (1) A minimum of at least six (6) regular meetings shall be held each year at such time and place as designated by the Board. Such regular meeting may be held without notice other than a resolution of the Board fixing the time and place thereof.
- (2) Regular or special meetings may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

SECTION 5.02. Special Meetings.

Special meetings of the Board may be called by the President or by any three (3) 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 Directors calling the meeting shall fix the time and place for holding of the meeting.

SECTION 5.03. Notice of Board Meetings.

Written notice of the time, place, (or telecommunications conference event) and purpose of any special meeting of the board shall be delivered to each Director 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 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 Cooperative, with first-class postage thereon prepaid, at least one (1) business day before the date set for the meeting. For purposes of this subsection, the term “business day” shall not include a Saturday, Sunday, or a day which is a legal holiday in the State of Arkansas, and the duration of a “business day” shall be deemed to be from 8:30 a.m. through 4:30 p.m.

SECTION 5.04. 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 Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws or by the parliamentary procedure or special rules adopted by the Cooperative.

SECTION 5.05. 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 writing is signed by all Directors entitled to vote.

ARTICLE VI. OFFICERS

SECTION 6.01. 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.

SECTION 6.02. Election and Term of Office.

- (1) The officers shall be elected by voice vote unless some other method is designated by resolution adopted by a majority of the Directors present and voting. The officers shall be elected annually by and from the Board at the next regular meeting of the Board following 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.
- (2) 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 6.03. Removal of Officers and Agents by the Board.

Any officer, agent, or employee elected or appointed by the Board of Directors may, subject to any contracts validly entered into by the Cooperative, be removed by the Board whenever, in the judgment of the Board, the best interests of the Cooperative will be thereby served.

SECTION 6.04. President.

The President shall:

- (1) Be the principal executive officer of the Cooperative and unless otherwise determined by 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 6.05. Vice President.

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

SECTION 6.06. Secretary/Treasurer.

The Secretary/Treasurer 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 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
- (6) Custody of all funds and securities for the Cooperative;
- (7) 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 financial institutions as shall be approved by resolution of the Board of Directors; provided, however, the Treasurer shall have authority, with the approval of the Board, to delegate to the General Manager the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section; and
- (8) The general performance of all duties incident to the Office of Secretary/Treasurer and such other duties as from time to time may be assigned to him by the Board; provided, however, with respect to the duties and responsibilities of the Secretary/Treasurer, the Cooperative shall indemnify and hold the Secretary/Treasurer harmless against any and all losses, claims and/or damages which may be asserted against the Secretary/Treasurer, in his/her official capacity, unless such claim is a result of an act personally committed or omitted by the Treasurer resulting in loss to the Cooperative.

SECTION 6.07. 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 such authority as the Board may from time to time vest in the General Manager.

SECTION 6.08. Bonds.

The Board shall require any 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 6.9. Compensation.

The powers, duties and compensation of agents and employees shall be fixed or approved by the Board.

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

SECTION 7.01. Indemnification of Parties to Legal Proceeding.

The Cooperative shall indemnify, to the extent allowed by Arkansas law, 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 investigation (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is or was a Director, officer, employee, or agent of the Cooperative or who is or was serving at the request of the Cooperative as a Director, 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 acting in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest 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 pleas or 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 the conduct of such person was unlawful.

SECTION 7.02. Insurance Coverage.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Director, 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 8.01. 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 8.02. Patronage Capital in Connection With Furnishing Telecommunications and Information Services.

- (1) 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 ensure the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telecommunications and information services in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses for telecommunications and information services at the moment of receipt by the Cooperative are received with the understanding they are furnished by the patrons as capital.
- (2) 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 derived from telecommunications and information services. The books and records of the Cooperative shall be established and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by the patron for telecommunications and information services 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. All such amounts credited to the capital account of any patron shall have the same status as though it had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of capital.
- (3) All no operating margins except those derived from furnishing goods and services other than telecommunications (and information services), shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year and, to the extent not needed for that purpose, either be:
 - (a) 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; or
 - (b) Used to establish and maintain a nonoperatiang margin reserve not assignable to patrons prior to dissolution of the Cooperative.
- (4) If, at any time prior to dissolution or liquidation, the Board shall determine the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. All allocations and retirements of capital

- shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution.
- (5) 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.
 - (6) Capital credited to the account of each patron shall be assignable only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest, or successors in occupancy, in all or in a part of such patrons' premises served by the Cooperative, unless the Board, acting under policies of general application, shall authorize other types of assignments. Patrons at any time may assign their capital credits back to the Cooperative and the Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.
 - (7) Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any natural patron, if the legal representative of his estate shall request in writing, that the capital credited to any such patron be retired prior to the time such capital would be retired in a general retirement under provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.
 - (8) During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year, when the total amount of capital credits qualifying for retirement exceeds the amount set by the Board, including the amount carried over.
 - (9) All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by the Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws.
 - (10) The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract both between the Cooperative and each patron and further, between all the patrons themselves individually. Both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions with the Cooperative and each of its patrons. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its patrons.
 - (11) The obligation of the Cooperative to account for and make allocations of capital furnished by patrons is established in this Section (and Section 8.03, following) shall apply only to the furnishing of retail services to end user patrons.

SECTION 8.03. Patronage Capital in Connection with Furnishing Other Services.

In the event 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.

SECTION 8.04. Patronage Defined.

The term "patron," when used in these Bylaws, shall include (1) members, (2) persons eligible for membership who have not yet been accepted for membership by the Board and (3) former members, but shall not include any person or entity which is (a) an interexchange carrier (IXC) or an entity made up of interexchange carriers (IXCs); (b) a competing local exchange carrier (CLEC); (c) a provider of local telephone service (or any unbundled element thereof) within the geographic area served by the Cooperative; or (d) a reseller of local telephone service (or any unbundled element thereof) purchased or acquired, directly or indirectly, from the Cooperative.

In the event revenues are received by the Cooperative from any person or entity who is not a "patron," as that term is defined herein, to the extent deemed by the Cooperative's accountants to be allowable under the tax laws, the excess of such revenues over and above the costs and expenses properly chargeable against the generating of such revenues shall be allocated annually among the patrons according to the percentage of other patronage capital allocated to each patron.

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

SECTION 9.01. Disposition and Pledging of Property.

- (1) The Cooperative may not sell, mortgage, lease, or otherwise dispose of or encumber all or any substantial portion in excess of ten (10%) of its total assets unless such sale, mortgage, lease, or other disposition or encumbrance is:
 - (a) Authorized at a meeting of the then-total members by the affirmative vote cast in person, without proxies, of at least two-thirds (2/3) of the total members of the Cooperative;
 - (b) Authorized by the holders of at least seventy-five percent (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.

- (2) Notwithstanding the foregoing provision of this Section, and subject to any restrictions in the Arkansas Rural Telecommunications Cooperative Act, the Board shall have the power and authority:

- (a) To borrow monies from any source and in any such amounts as the Board may from time to time determine are needed in pursuit of the Cooperative's business purposes;
- (b) To mortgage or otherwise pledge or encumber any and all of the Cooperative's property or assets as security therefore; and
- (c) With respect to other cooperative organizations only, to sell and lease back all of the Cooperative's property or assets.

SECTION 9.02. Distribution of Surplus Assets Upon Sale or Dissolution.

Any assets remaining after all debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provisions of Section 2.05 above; provided, however, that if in the judgment of the Board the amount of such surplus is relatively too small to justify the expense of making such widespread distribution, the Board may, in lieu thereof, donate or provide for the donation of such surplus to one or more non-profit, charitable or educational organizations that are exempt from federal income taxation.

ARTICLE 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 "Arkansas."

ARTICLE XI. FINANCIAL TRANSACTIONS

SECTION 11.01. 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 11.02. 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(s), agent(s), or employee(s) of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board.

SECTION 11.03. 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 12.01. Membership in Other Organizations.

The Cooperative may become a member or purchase stock in other profit or nonprofit organizations, associations, partnerships, or joint ventures when the Board finds that the general or long-term interests of its membership will be served by such investments or participation.

SECTION 12.02. 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, in person, shall constitute a waiver of notice of such meeting by such member or Director, except in the 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 had not been lawfully called or convened.

SECTION 12.03. Rules and Regulations.

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

ARTICLE XIII. AMENDMENTS

The power to make, alter, amend, adopt or repeal the Bylaws of the Cooperative shall be vested in the Cooperative's Board of Directors, subject only to amendment by the members at any annual meeting. Notwithstanding the foregoing, however, the Board shall not have the power to change, alter, or amend any provisions of the Bylaws adopted by the members except upon a unanimous vote of the Directors in favor of such change, alteration, or amendment. In the event the Directors shall change, alter or amend a bylaw provision pursuant to this section, such provision shall be submitted to the members of the Cooperative at their next annual or special meeting. If the members do not, at such meeting, vote to ratify the Directors' action in changing, altering or amending the bylaw provision in question, the bylaw provision in question will be deleted from the bylaws, and the bylaw in question shall revert, effective the day after the members' meeting, to the wording which was in place immediately before the Directors changed, altered or amended such provision.

ARTICLE XIV. PROPOSALS TO SELL OR TRANSFER ASSETS OR TO MERGE WITH OTHER ENTITY

Section 14.01. Notice to Members.

Notwithstanding any other provision of these Bylaws, no proposal pursuant to which the Cooperative is to merge with any other entity (except another telephone cooperative organized or

existing under the Act pursuant to which this Cooperative is organized), or pursuant to which all or a substantial portion of the assets of the Cooperative are to be sold, leased or otherwise transferred or conveyed to any person or entity (except by way of mortgages or other security instruments executed upon authorization of the Board of Directors of the Cooperative in order to obtain financing for the continued or expanded operations of the Cooperative) is to be submitted to the members of the Cooperative unless, no less than 180 days prior to the presentation of the proposal to the members at a regular or special meeting thereof, each member of the Cooperative has been provided, by one or more proponents of said proposal, with written notice stating (1) the identity(ies) of the person(s) or entity(ies) to whom such sales or transfer, or with whom such merger, is proposed; (2) details of any offer made by, or proposed to be made on behalf of the Cooperative to, such person(s) or entity(ies); (3) a complete and accurate listing of each and every asset which is to be sold or transferred pursuant to any such proposal, stating, beside each listed asset, the book value of same according to the financial records of the Cooperative, and the fair market value of same as appraised by a competent appraiser; and (4) the date, time, and place of the meeting at which such proposal is to be presented to the members.

SECTION 14.02. Quorum.

Notwithstanding any other provision of these Bylaws, no proposal such as is described in Section 14.01, above, shall be voted upon by the members of the Cooperative unless a quorum consisting of seventy-five (75%) of all members of the Cooperative are present in person at the meeting at which such proposal is submitted to the members.

SECTION 14.03. Required Declaration.

Before any member of the Cooperative shall be entitled to vote on any proposal such as is described in Section 14.01, above, he shall sign a declaration, in writing, that (1) he has at no time entered into any formal or informal agreement to in any way transfer or otherwise convey to any person or entity any rights or privileges appertaining to his membership in the Cooperative or any capital credits to which he may be entitled by virtue of his membership or his patronage of the services of the Cooperative; and (2) he has neither received nor agreed to accept any sum of money or other consideration for casting his vote for or against the proposal in question. Failure to sign such a declaration, or signing such declaration when same is not in all respects true, shall disqualify said member from eligibility to vote on the proposal in question.

SECTION 14.04. Required Vote.

Notwithstanding any other provision of these Bylaws, no proposal such as is described in Section 14.01, above, shall be approved by the members of the Cooperative except by resolution for which not less than three-fourths (3/4) of all members of the Cooperative shall vote, in person, with no votes by members rendered ineligible by Section 14.03, above, being counted or accepted, by signed, written ballots, in favor of the proposal in question.

SECTION 14.05. Amendment of this Article.

No amendment to the provisions of this Article shall be effective unless and until same shall be approved by affirmative vote, in person of not less than three-fourths (3/4) of all members of the

Cooperative at a regular or special meeting of the Cooperative of which notice has been given in accordance with Section 3.03 of these Bylaws.