



# ARTICLES OF ASSOCIATION AND BYLAWS

May 2018

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## **ARTICLES OF ASSOCIATION OF SRT COMMUNICATIONS, INC**

**ARTICLE I. NAME:** The name of this cooperative is SRT Communications, Inc.

**ARTICLE II. EXISTENCE:** The period of existence of this Cooperative shall be perpetual.

**ARTICLE III. PURPOSES:** The purposes for which this Cooperative is organized are to furnish, improve and expand telecommunications services in the State of North Dakota. This Cooperative may engage in any activity within the purposes for which cooperatives may be organized.

**ARTICLE IV. PRINCIPAL OFFICE:** The principal office of this Cooperative is located at Minot, North Dakota.

**ARTICLE V. COOPERATIVE ORGANIZATION:** The Cooperative is a cooperative association organized under North Dakota Century Code Chapter 10-15.

**ARTICLE VI. MEMBERSHIP:** Provisions for qualifications, requirements, method of acceptance, terms, conditions, terminations, and other incidents of membership shall be set forth in the Bylaws.

**ARTICLE VII. LIQUIDATION:** Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the following order of priority: First, all capital allocated for capital furnished through patronage before January 1, 2000, shall be retired and paid. Second, all capital from sources other than patronage and allocated to members before January 1, 2000, shall be retired and paid. Third, all capital allocated for capital furnished through patronage after December 31, 1999, shall be retired and paid. Fourth, the remaining property and assets of the Cooperative shall be distributed among the members and former members in proportion to the amounts paid under the first, second and third order of payments, unless otherwise provided by law.

**ARTICLE VIII. BOARD OF DIRECTORS:** The business and affairs of this Cooperative shall be managed by a Board of Directors composed of twelve members. Directors shall be elected by the members at a member meeting in the manner and for the terms provided in these articles.

**Section 8.1 General Powers.** The business and affairs of the Cooperative shall be managed by a board of twelve directors which shall exercise all of the powers of the Cooperative, except such as are by law or by these Articles of Association specifically conferred upon or reserved to the members.

**Section 8.2 Qualifications.** Every director shall be a member of the Cooperative. No representative of a member who is other than a natural person shall be qualified to be a director, unless he is also a member of the Cooperative individually. No member shall be eligible to become or remain a director unless he is receiving service from the Cooperative at his residential abode. No member shall be eligible to become or remain a director who is in any way employed by or financially interested in a competing enterprise. Nothing in this section shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter in which one or more of the directors have an undisclosed interest adverse to that of the Cooperative.

**Section 8.3 Nomination and Election of Directors.**

(a) **Territorial Districts.** For the purpose of nominating and electing directors, the service area by the Cooperative shall be divided into the following territorial districts:

1. District Number One shall include all members served by the exchanges at Antler, Berthold, Carpio, Des Lacs, Donnybrook, Mohall, Sherwood and Tolley.
2. District Number Two shall include all members served by the exchanges at Deering, Glenburn, Landa, Lansford, Maxbass, Minot Air Force Base, Sawyer, South Prairie and Westhope.
3. District Number Three shall include all members served by the exchanges at Butte, Karlsruhe, Martin, Newburg, Towner, Upham and Metigoshe.
4. District Number Four shall include all members served by the exchange at Minot.

One director shall be elected each year from each district for a three year term. A director must be a member in the district.

(b) **Nominations.** Before each annual meeting of members, not less than 60 days nor more than 90 days before the scheduled date of the meeting, the incumbent directors whose terms are not scheduled to expire shall, ex officio, constitute a Nominations Committee.

The Nominations Committee shall publicize by media of general circulation in the service area of the Cooperative the members' right to nominate and the procedures to nominate by petition candidates for election as directors. Nominations by petition must be made not less than 30 nor more than 60 days before the scheduled date of Annual meeting by written petition of 15 or more members filed at the principal office of the Cooperative. A nomination by petition must specify the district

directorship for which the nomination is made. The petitioners must be members in the director district for which the nomination is made.

Additional nominations may be made by the Nominations Committee not less than 20 nor more than 60 days before the scheduled date of annual meeting. A nomination by the Nominations Committee must specify the district directorship for which the nomination is made. A nomination by the Nominations Committee requires the affirmative vote of at least four members of the Nominations Committee.

Nominations from the floor and write-in voting at the annual meeting will not be allowed.

The secretary shall cause to be mailed with the notice of the meeting a statement of the names and addresses of the candidates and the district directorship for which each is nominated, specifying separately the nominations made by the Nominations Committee and the nominations made by petition. All nominations made shall be placed upon the ballot for the annual meeting, unless a nominee gives notice to the Cooperative that he withdraws his name as a candidate.

(c) **Election.** At the annual meeting, voting for each directorship shall be limited to members from the territorial district from which a director is to be elected. Voting shall be by written ballot, except where there is only one nominee for a directorship the election may be by acclamation. The nominee from each district receiving the highest number of votes of all nominees from that district shall be elected.

Each member personally present shall have one vote for one directorship at each annual meeting. No member may vote in more than one district. An individual human member shall vote in the district in which he maintains his principal residence. A member other than a human individual shall vote in the district in which it maintains its principal place of business. The Board of Directors may adopt reasonable policies to administer the provision that no member shall vote in more than one district, including but not limited to provisions for a member's change of the district in which he votes.

Voting by proxy shall not be allowed. In the absence of written notice that some person has been designated to represent a member who is other than a human individual, the member may be represented by any of its principal officers. If a member who is other than a human individual is not represented by any of its principal officers, the member may designate a human individual to represent it by giving the Cooperative a written notice at or before the member meeting, which

shows that the named representative has been authorized by the managing board of such member to represent it at the meeting of this Cooperative. An individual human person may represent no more than one member that is not a human individual but may also vote if he is a member individually. The provisions for representative voting shall be strictly interpreted and strictly enforced, to avoid impairment of the prohibition against proxy voting.

(d) **Vacancies.** A vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term of the vacant directorship, provided that the person elected must be qualified as a member in the territorial district where the vacancy occurs. A vacancy shall be filled by the Board of Directors within 60 days after the vacancy occurs. A director elected to fill a vacancy shall hold office until the next regular annual meeting at which meeting a director shall be elected for the unexpired term of the directorship. Nomination and election procedures shall be governed by the provisions of this Section 8.3.

**Section 8.4 Removal of Directors.** Any member may bring charges against a director elected from the member's district by filing them in writing with the secretary, together with a petition signed by at least 10 percent of all of the members in that district, requesting the removal of the director by reason thereof. The question of the removal of such director shall be considered and voted upon at the next regular or special meeting of the members. The director against whom such charges have been brought shall be notified in writing of the charges at least 20 days prior to the 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 an equal opportunity to present evidence, in person or by counsel. The director against whom the charges have been brought shall be removed upon the vote of a majority of the members in that district present and voting at the meeting.

## **ARTICLE IX. PROPERTY AND INDEBTEDNESS:**

**Section 9.1 Disposition of Assets.** The Cooperative shall not sell, transfer or convey, within the period of a single calendar year, physical plant in excess of five percent in value of the Cooperative, based upon the most recent audit of the books of the Cooperative. At a meeting of members, the sale, transfer or conveyance of physical plant in excess of five percent in value of the Cooperative may be authorized if:



(a) The Board of Directors has caused an itemized written appraisal of the property to be made by a professional appraiser, and the written appraisal has been on file at the Cooperative's principal office and available for examination by any member during regular business hours for at least 60 days prior to the meeting;

(b) Notice in writing of the meeting, and that such disposition will be considered, has been given to all members of the Cooperative not less than 20 nor more than 30 days prior to the date of such meeting; and

(c) Consent therefore shall have been obtained by vote of not less than two-thirds of the entire membership of the Cooperative and not less than two-thirds of the entire membership of each district as defined in Section 8.3 of the Articles of Association.

Nothing in this section shall prohibit the sale, transfer, conveyance or exchange of assets of this Cooperative to another rural telephone cooperative, an agency of the State of North Dakota or of the government of the United States, nor in exchange for physical plant of equal monetary value to any person or organization, public or private.

**Section 9.2 Indebtedness and Security.** The Board of Directors, without any further authorization by the members of the Cooperative, shall have full power and authority to incur liabilities, to borrow money, to increase the indebtedness of the Cooperative, in accordance with general law, and to secure payment of the Cooperative's debts by mortgaging any or all of the Cooperative's rights, privileges, authority and franchises, revenues and other property, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors may determine and without limitation. All prior limitations of indebtedness are hereby repealed and superseded.

**ARTICLE X. MERGER, CONSOLIDATION, DIVISION OR DISSOLUTION:** This Cooperative may merge or consolidate with any other association, divide itself into two or more cooperatives or voluntarily dissolve, if the plan of merger, plan of consolidation, plan of division or plan of dissolution is approved upon the affirmative written vote of not less than two-thirds of the entire membership of the Cooperative and upon the affirmative written vote of not less than two-thirds of the entire membership in each district as defined in Section 8.3(a).

**ARTICLE XI. SUPERSEDE:** These restated articles supersede existing articles and amendments of SRT Communications, Inc.

**ARTICLE XII. AMENDMENTS:** Article VII, Article VIII, Article IX, Article X or this Article XII may be amended only upon the affirmative written vote of not less than two-thirds of the entire membership of the Cooperative and upon the affirmative written vote of not less than two-thirds of the entire membership in each district as defined in Section 8.3(a). Other Articles may be amended as provided by law.

**ARTICLE XIII. NUMBER OF MEMBER/VOTES:** The number of members of SRT Communications, Inc. is one. The number of members of SRT Communications, Inc. voting for the amended and restated articles was one, and the number of members voting against the amended and restated articles was none.

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## BYLAWS

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### ARTICLE I: MEMBERSHIP

**Section 1.1 Membership.** Any adult person, and any partnership, incorporated or unincorporated association, corporation, limited liability company or body politic shall be eligible to become a member of SRT Communications, Inc. (hereinafter called “Cooperative”) upon purchasing local exchange landline dial tone service or broadband line service from the Cooperative, except a telecommunications carrier that purchases services for resale shall not become a member of the Cooperative. In purchasing local exchange landline dial tone, broadband line service, and other telecommunications services from the Cooperative, each member shall agree to comply with and be bound by the Articles of Association and Bylaws of the Cooperative and any reasonable rules and regulations adopted by the Board of Directors. No member may hold more than one membership in the Cooperative, and no membership shall be transferable.

**Section 1.2 Evidence of Membership.** Membership in this Cooperative shall be evidenced by purchase of local exchange landline dial tone service or broadband line service from the Cooperative.

**Section 1.3 Payment.** Each member shall pay for all goods and services purchased from the Cooperative as and when the same shall become due and payable. It is expressly understood that amounts paid for telecommunications services in excess of the cost are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws.

## **Section 1.4 Termination of Membership.**

(a) Membership in this Cooperative shall automatically terminate when the member ceases to purchase either local exchange landline dial tone service or broadband line service from the Cooperative.

(b) The death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of a member other than an individual human shall automatically terminate such membership; provided that, upon dissolution for any reason of a partnership, such membership shall continue to be held by such remaining partner or partners as were parties to the original membership and continue directly to occupy or use the premises served by this Cooperative.

(c) Termination of membership in any manner shall not release a member or his estate from any debts due to the Cooperative. Termination of membership does not entitle the member to retirement of any accumulated capital credits.

## **ARTICLE II: RIGHTS AND LIABILITIES**

**Section 2.1 Property Interest of Members.** Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, the remaining property and assets of this Cooperative shall be distributed among members as provided in Article VII of the Articles of Association.

**Section 2.2 Non-liability of Members.** Members and patrons are neither obligated to pay nor liable upon any Cooperative obligation.

**Section 2.3 Liability and Indemnification of Directors, Officers and Managers.** Directors, officers and the manager, who is the person most responsible for carrying out the policies and directives of the officers or Board of Directors, are immune from civil liability for any act or omission relating to their service or function as a director, officer or manager, unless the act or omission constitutes gross or willful negligence or gross or willful misconduct.

This Cooperative shall indemnify, and shall have the power to purchase and maintain insurance to indemnify, any person who is or was a director, officer, manager, employee or agent of this Cooperative, and any person serving at the request of this Cooperative as a director, officer, manager, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him to the fullest extent to which

such officers, directors and employees of a cooperative may be indemnified under applicable laws.

## **ARTICLE III: MEETINGS OF MEMBERS**

**Section 3.1 Annual Meeting.** The annual meeting of the members shall be held on such date and at such place in the State of North Dakota as shall be determined by the Board of Directors, which shall be designated in the notice of the meeting, for the purpose of electing directors and transacting any business that may come before the meeting. If the election of the directors shall not be held within the time provided in these Bylaws for the annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as convenient. Failure to hold the annual meeting within the designated time shall not work a forfeiture or dissolution of the Cooperative.

**Section 3.2 Special Meetings.** Special meetings of the members may be called by the president, by the Board of Directors, or by members having one-fifth of the votes entitled to be cast at such meeting. It shall be the duty of the secretary to cause notice of any special meeting to be given as provided by these Bylaws. Special meetings of the members may be held at any place within the State of North Dakota specified in the notice of the special meeting.

**Section 3.3 Notice of Members' Meetings.** Members are entitled to notice of and are permitted to vote at member meetings only if qualified for membership 30 days before the annual or special member meeting. Written or electronic notice, stating the place, day and hour, and in case of a special member meeting the purposes for which the meeting is called, shall be given not less than 10 nor more than 30 days before the meeting, to each member by electronic or regular mail, by or at the direction of the secretary, or upon failure of the secretary to act, at the direction of the persons calling the meeting. Notice shall be deemed to be given when deposited in the United States mail or sent electronically, addressed to the member at his address as it appears on the records of the Cooperative. If notice has been duly mailed or sent electronically to the member, the failure of any member to receive notice of an annual meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**Section 3.4 Quorum.** A quorum at a member meeting shall be 50 members. Members represented by signed vote may be counted in computing a quorum only on those questions as to which the signed vote is taken. 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.

### **Section 3.5 Voting.**

(a) Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members.

The United States is deemed to be one member of the Cooperative, regardless of the number of agencies or departments of the United States which purchase telecommunications service from the Cooperative. The State of North Dakota is deemed to be one member of the Cooperative, regardless of the number of agencies or departments of the State of North Dakota or local governmental units which purchase telecommunications service from the Cooperative.

(b) 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 Articles of Association, or these Bylaws.

(c) For voting purposes only, each individual membership shall be deemed joint with the member's spouse, unless each spouse holds his own individual membership or unless the named member specifies otherwise by written notice to the Cooperative. The presence at a meeting of either or both spouses of a joint membership shall be regarded as the presence of one member for all purposes. The vote of either, or both of a joint membership, shall constitute only one vote, but should both be present and in disagreement as to voting, each shall have only one-half vote.

(d) Signed votes may be used only when specifically authorized by resolution of the Board of Directors. When so authorized, signed votes shall be valid and entitled to the same force and effect as a vote in person if the member has been previously notified in writing of the exact motion or resolution upon which the vote is taken.

(e) At all meetings of members, voting by proxy shall not be allowed, because, to the greatest extent practicable, the presence of each member is desired at all meetings of the membership and proxy voting has the tendency to discourage actual attendance at membership meetings.

(f) In the absence of written notice that some person has been designated to represent a member who is other than a human individual, the member may be represented by any of its principal officers. If a member who is other than a human individual is not represented by any of its principal officers, such member may designate a human individual to represent it by giving the Cooperative a written notice at or before the member meeting, which shows that the named

representative has been authorized by the managing board of such member to represent it at the meeting of this Cooperative. An individual human person may represent no more than one member that is not a human individual, but may also vote if he is a member individually. The provisions for representative voting shall be strictly interpreted and strictly enforced, to avoid impairment of the prohibition against proxy voting.

**Section 3.6 Election Committee.** The Board of Directors shall appoint an election committee of not less than three and not more than seven members, from among the membership, who are neither directors, candidates for directors, nor close relatives, members of the same household, or business associates of directors or candidates for directors. The election committee shall, by a majority vote thereof, resolve any question that arises at the meeting concerning the election of directors or balloting on an issue, which is not specifically provided for by law, the Articles of Association, or the Bylaws. The committee's decision on all such questions shall be final.

**Section 3.7 Order of Business.** The presiding officer may adopt any order of business which provides an opportunity for full consideration of all matters to come before the meeting, subject to any proper action by the members assembled to change the order of business. Unless such a different order of business is adopted by the president, or the members assembled, 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 as follows:

1. Report as to members present in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the mailing thereof;
3. Reading of any unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
4. Election of directors;
5. Presentation and consideration of, and action upon, reports of officers, directors and committees;
6. Unfinished business;
7. New business; and
8. Adjournment.

## ARTICLE IV: DIRECTORS

**Section 4.1 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 Association of the Cooperative, or by these Bylaws specifically conferred upon or reserved to the members.

Provisions for the qualifications and election of directors are set forth in Article VIII of the Articles of Association of the Cooperative. No member may be a candidate for more than one directorship at any annual or special meeting.

**Section 4.2 Compensation.** Directors shall not receive any salary for their services as directors, but by resolution of the Board of Directors, subject to reduction or limitation by the members, a reasonable fixed sum per diem and expenses of attendance, if any, may be allowed for attendance at state, area, regional, national and other meetings, conferences, training programs, and committee meetings on behalf of the Cooperative where attendance is specifically authorized by prior action of the Board of Directors.

## ARTICLE V: MEETINGS OF DIRECTORS

**Section 5.1 Regular Meetings.** A regular meeting of the Board of Directors may be held without notice other than this Bylaw, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Directors shall also be held regularly at such time and place within the geographical boundaries of the service area of the Cooperative, as the Board of Directors may provide by resolution. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof.

**Section 5.2 Special Meetings.** Special meetings of the Board of Directors may be called by the president, by any three directors, or by any person authorized to do so by prior action of the Board. The person or persons calling the meeting shall fix the time and place within the State of North Dakota for the holding of the meeting and shall cause notice of such meeting to be given as hereinafter provided.

**Section 5.3 Notices.** Written or electronic notice of the time and place of any special meeting of the Board of Directors shall be given either personally or by electronic or regular mail to each director. If mailed, such notice shall be deemed to be given when sent electronically or when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the day set for the meeting. The

attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except when a director attends the meeting and objects thereto to the transaction of business because the meeting was not lawfully convened. A signed waiver is equivalent to personal notice to the person so signing.

**Section 5.4 Presence at Board Meetings; Presence within the District.** Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or any such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. A director who is absent from three consecutive regular meetings of the Board of Directors shall be deemed to have resigned his position as director, effective on the day following his third absence. An incumbent director who changes his residence from the district from which he was elected is not eligible to remain a director and has effectively resigned his office. In such circumstances, a vacancy has occurred, to be filled as provided in section 8.3(d) of the articles of association of the cooperative.

**Section 5.5 Quorum.** A majority of the directors in office 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 any 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 of Directors.

**Section 5.6 Executive Committee.** The Board of Directors may elect an Executive Committee to consist of three or more directors. If an Executive Committee is elected, such committee shall have all powers of the Board of Directors when the Board of Directors is not in session, except in respect to:

1. Powers reserved by the Board itself;
2. Apportionment or distribution of proceeds;
3. Election of officers;
4. Filling of vacancies in the Board; and
5. Amendment to the Bylaws.

The Board may elect other directors as alternates for members of the Executive Committee.

**Section 5.7 Manner of Acting.** Any action which may be taken at a meeting of the directors or Executive Committee may be taken without a meeting if a writing setting forth and approving the action taken shall be signed by all of the directors



or Executive Committee members entitled to vote upon such action. In such cases, such consent shall have the same force and effect as if a meeting had been held.

**Section 5.8 Rules and Regulations.** The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Association of the Cooperative or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative. Among such powers, the Board of Directors shall have the powers to require security deposits and to establish reasonable classifications of business done with patrons, according to type and nature thereof, for the purpose of regulating rates and charges for communications service and allocating capital credits.

## ARTICLE VI: OFFICERS

**Section 6.1 Number.** The officers of the Cooperative shall be a President, Vice-President, Secretary-Treasurer, and Assistant Secretary-Treasurer, and such other officers as may be determined by the Board of Directors from time to time. Each principal officer must be a director of the Cooperative.

**Section 6.2 Election and Term of Office.** The officers shall be elected annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held at the next meeting of the Board of Directors thereafter. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of directors and officers.

**Section 6.3 Removal.** Any officer or employee elected or appointed by the Board of Directors may be removed by action of a majority of the Board of Directors at any time and whenever in the judgment of the Board of Directors the best interests of the Cooperative will be served thereby.

**Section 6.4 Vacancies.** A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

**Section 6.5 President.** The President:

(a) shall be the principal executive officer of the Cooperative, and unless otherwise determined by the members or by the Board of Directors, shall preside at all meetings of the members and of the Board of Directors;

(b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments executed on behalf of the Cooperative, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors 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,

(c) in general, shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

**Section 6.6 Vice-President.** In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 6.7 Secretary-Treasurer.** The Secretary-Treasurer shall:

(a) cause minutes of the meetings of the members, of the Board of Directors, and of any Executive Committee to be kept;

(b) see that all notices are duly given in accordance with these Bylaws, or as required by law;

(c) supervise custody of the records and funds of the Cooperative;

(d) cause a register of the names and post office addresses of all members to be kept;

(e) In general, perform all duties incident to the office of secretary and of treasurer and such other duties as from time to time may be assigned by the Board of Directors.

**Section 6.8 Delegation of Responsibilities.** Notwithstanding the duties, responsibilities and authorities of the officers provided for in these Bylaws, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular and routine administration of, one or more of such officer's duties to one or more agents or other officers of the Cooperative who are not directors.

**Section 6.9 General Manager.** The Board of Directors shall appoint a general manager who shall manage the affairs of the Cooperative, under the supervision of, and in accordance with the policies of, the Board of Directors.

**Section 6.10 Bonds of Officers.** The Board of Directors shall require the treasurer or any other officer of the Cooperative charged with the responsibility for the custody

of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors 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.

**Section 6.11 Reports.** One or more of the officers of the Cooperative shall submit at each annual meeting of the members a report generally showing the business of the Cooperative for the previous fiscal year and generally showing a condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VII: NON-PROFIT OPERATION**

**Section 7.1 Cooperative Operation.** The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons who are members. No interest or dividends shall be paid or payable by the Cooperative on any capital.

**Section 7.2 Patronage Capital in Connection with Furnishing Telecommunications Service.** In the furnishing of telecommunications service the Cooperative's operations shall be so conducted that all member patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its member patrons, for all amounts received and receivable from the furnishing of telecommunications service in excess of operating costs, expenses and educational fund expenses properly chargeable against the furnishing of telecommunications service.

All such amounts in excess of operating costs, expenses and education fund deductions, at the moment of receipt by the Cooperative, are received with the understanding that they are furnished by the member patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each member patron all such amounts, in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member patron is clearly reflected and credited in an appropriate record to the capital account of each member patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any member patron shall have the same status as though they had been paid to the member patron in cash in pursuance of a legal obligation to do so and the member patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year; and (b) to the extent not needed for that purpose, separately allocated to its member patrons, in proportion to the patronage capital credited to the accounts of member patrons, as herein provided. PROVIDED, in any fiscal year in which less than 85% of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses (determined in accordance with Section 501(c)(12) of the Internal Revenue Code of 1986, as amended from time to time, all other amounts received by the Cooperative in excess of costs and expenses during the fiscal year may be credited to a general unallocated reserve which may be utilized for payment of income taxes or for any other purpose determined in accordance with generally accepted accounting principles.

For the purpose of teaching and promoting Cooperative organization and principles, not to exceed five percent of the net margin in excess of operating costs and expenses properly chargeable against furnishing of communications service may be set aside each year as an educational fund to be used in teaching or promoting cooperative organization or principles. The disbursement of any said funds shall be by order of the Board of Directors in accordance with the said purpose. Such fund shall for all purposes be deemed an expense of operation of the Cooperative.

If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to member patrons' accounts may be retired in full or in part. The Board of Directors, at its discretion, shall have the power to determine the method, basis, priority and order of retirement of capital.

Capital credited to the account of each member patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and upon such conditions as the Board of Directors, acting under policies of general application, shall determine.

Notwithstanding any other provisions of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any natural person who is a member patron, if the legal representatives of his estate shall request in writing that the capital credited to any such member patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such member patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general

application, and the legal representatives of such member patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. Except upon the death of a natural person, there shall be no other retirements out of the order of priority provided for in these Bylaws. Insolvency or bankruptcy, whether individual or corporate, shall not be grounds for early or accelerated retirement.

Notwithstanding any other provisions of the Bylaws, if any member patron or former member patron fails to claim any cash retirement of capital credits or other payment from the Cooperative within six years after payment has been made available to him by notice or check mailed to him at his last address furnished by him to the Cooperative, then the member patron or former member patron's claim to the funds may be forfeited by the board. Failure to claim any such payment within the meaning of this section shall include the failure by such member patron or former member patron to cash any check mailed to him by the Cooperative at the last address furnished by him to the Cooperative. All amounts so forfeited shall revert to the Cooperative as contributed capital, if, at least six months prior to the declared date of forfeiture, notice that such payment is available has been given to the last-known address of the person shown entitled thereto as shown by the records of the Cooperative. If the address is unknown, notice shall be published at least once a month for four months, both in a publication circulated among members of the Cooperative and in a newspaper of general circulation in the area. Notwithstanding the forfeiture of the funds to the contributed capital of the Cooperative, the rightful owner, or the owner's lawful heirs, may obtain payment at any time upon adequate proof of identity. Or, upon such forfeiture of the funds the member patron or former member patron shall have no further rights in or to the forfeited funds.

**Section 7.3 Dissolution.** 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 paid as provided in Article VII of the Articles of Association.

## **ARTICLE VIII: MISCELLANEOUS**

**Section 8.1 Contracts.** Except as otherwise provided in these Bylaws, the Board of Directors 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 8.2 Execution of Checks, Drafts, or Other Evidence of Indebtedness.**

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 officers, agents or employees of the Cooperative, and in such manner, as shall from time to time be designated by resolution of the Board of Directors.

**Section 8.3 Deposits.** All funds of the Cooperative, except petty cash, shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

**Section 8.4 Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January and end on the thirty-first day of December of each year.

**Section 8.5 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, North Dakota.”

**Section 8.6 Area Coverage.** This Cooperative shall endeavor to make modern telecommunication service available to all persons in the rural service area of this Cooperative, in accordance with law, these Bylaws, and the policies, rules and regulations of this Cooperative, which may establish reasonable requirements as a condition of such service.

**Section 8.7 Contract.** The members and other patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Association and Bylaws shall constitute and be a contract between the Cooperative and each member and patron, and the Cooperative and the members and other patrons are bound by such contract, as fully as though each had individually signed a separate instrument containing such terms and provisions. A copy of the Bylaws and all amendments thereto shall be furnished to each new member within 90 days after becoming a member and shall be furnished to any member upon request.

## **ARTICLE IX: AMENDMENTS**

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of the Board of Directors at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. Any Bylaw adopted or amended by the Board shall be reported at the next regular member meeting.

These Bylaws may be altered, amended, or repealed by a majority of the members present at a membership meeting, providing that the members voting must be sufficient in number to constitute a quorum as provided in these Bylaws and provided further that the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.



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