

# Rights & Responsibilities

## bylaws

telephone information

It shall be the aim of Mon-Cre Telephone Cooperative, Inc., to provide dependable area-wide services on the cooperative plan and at the lowest cost consistent with sound economy and good management.

The owner of seasonal, recreation and short-interval rental properties will be deemed to hold membership. No members may hold more than one membership in the Co-op, and no membership shall be transferable, except as provided in these by-laws.

**Amended And Restated By-Laws  
Mon-Cre Telephone Cooperative, Inc.**

### ARTICLE I MEMBERSHIP

#### ARTICLE I, SECTION 1. Requirements for Membership.

Any person, firm, association, corporation, or body politic or sub-division thereof may become a member of Mon-Cre Telephone Cooperative, Inc. (hereinafter called the "Co-op"), by:

- (a) Making a written application for membership therein;
- (b) Agreeing to purchase from the Co-op services as hereinafter specified;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation and by-laws of the Co-op and any rules and regulations adopted by the Board of Trustees (hereinafter called the "Board"): and
- (d) Agreeing to pay the membership fee in effect, if any, upon such uniform terms and conditions established by the Board:

provided, however, that agreement to pay or payment of the membership fee in accordance with the provisions of these by-laws by a landlord on behalf of an applicant for membership who is a tenant occupying premises owned by such landlord and served by the Co-op shall constitute compliance by such applicant with subdivision (d) of this Section and provided further, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he/she or it has been accepted for membership by the Board or the members. Other service providers who provide service to Co-op members through the purchase of access, interconnection services or through other arrangements are neither members nor patrons by virtue of such arrangements. Each timesharing or interval ownership premise shall be considered as a single corporate member.

#### ARTICLE I, SECTION 2. Records of Membership.

Membership in the Co-op shall be evidenced by a membership certificate or other record, which shall be in such form and shall contain such provisions as shall be determined by the Board and shall be maintained by the Co-op.

#### ARTICLE I, SECTION 3. Joint Membership

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements of Section 1 of the Article, may be accepted for such membership. The term 'member' as used in these by-laws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter-specified sections 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 trustee, provided that both meet the qualifications for such office.

Continued on next page.

## *Rights & Responsibilities...by-laws*

*Continued from previous page.*

### **ARTICLE I, SECTION 4. Conversion of Membership.**

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof 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 records of the Co-op shall indicate the changed membership status.
- (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 records of the Co-op shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Co-op.
- (c) Upon the legal separation, divorce, or other termination of a joint membership by the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though membership had never been joint, provided that the other person shall not be released from any debts due the Cooperative prior to such conversion on the records of the Cooperative but may separately be accepted for individual membership in the Cooperative.

### **ARTICLE I, SECTION 5. Membership Fee.**

The initial membership fee shall be \$10.00, upon payment of which a member shall be eligible for one or more service connections in the member's name for the same class (residential or business) of service. Such fee may be increased by the Trustees; provided, however, that any such increase shall not be applied retroactively to existing members who have paid a membership fee for a connection at a particular location. In addition to the membership fee, the Cooperative may require the payment of a deposit to secure payment of future amounts; provided, however, that any such deposit shall comply with any applicable tariffs and Alabama Public Service Commission Rules.

### **ARTICLE I, SECTION 6. Purchase of Telephone Service.**

Each member shall, as soon as service is available, take service from the Co-op as specified in his or her application for membership, and shall pay for such at

rates which shall from time to time be fixed by the Board or otherwise imposed under law or contract; provided, however, that the Board may limit the amount of telephone service which the Co-op shall be required to furnish to any one member. It is expressly understood that amounts paid for services in excess of the cost of such services are furnished to members as capital and each member shall be credited with the capital so furnished as provided in these by-laws. Each member shall pay the Co-op such minimum amount per month for services obtained from the Co-op as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Co-op as and when the same shall become due and payable.

### **ARTICLE I, SECTION 7. Termination of Membership**

- (a) Any member may withdraw from the membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the Trustees, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, by-laws or any rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Co-op that such failure makes the member liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by a majority vote of the Board or by a majority vote of the members at any annual or special meeting. The membership of a new member who has not permitted the installation of service within sixty (60) days after he has been notified service is available to him, or of a member who has ceased to purchase telephone service from the Co-op, shall be automatically cancelled; however, the membership fee shall not be refunded.
- (b) Upon withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or the member's estate from any debts due the Coop, nor do unpaid bills release a member from his obligations under these by-laws or rules and regulations approved by the Board.
- (c) Without limiting the provisions of subsection (a) above, prior to the repayment of any membership fee paid by the member, the Co-op shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Co-op.

**ARTICLE II  
RIGHTS AND LIABILITIES OF  
MEMBERS**

**ARTICLE II, SECTION 1. Service Obligations.**

- (a) The Co-op 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.
- (b) The members pledge to purchase all services from the Co-op to the extent that its services are able to meet the members' needs and are competitively priced.

**ARTICLE I, SECTION 2. Cooperation of the Members in the Extension of Services.**

The cooperative of members of the Co-op is imperative to the successful, efficient and economical operation of the Co-op. 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 communication 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 communications service to said member, or any other member, at no cost to the Co-op. When requested by the Co-op, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Co-op.

**ARTICLE II, SECTION 3. Property Interest to Members.**

Upon dissolution, after (a) all debts and liabilities of the Co-op shall have been paid, (b) all capital furnished through patronage shall have been retired as provided in these by-laws, and (c) all membership fees shall have been repaid, the remaining property and assets of the Coop shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members, unless otherwise provided by law. Former members whose capital accounts have been retired or otherwise extinguished shall not be eligible for such distribution.

**ARTICLE II, SECTION 4. Non-liability for Debts of the Co-op.**

All property of the members shall be exempt from execution or other liability for the debts of the Co-op and no member shall be liable or responsible for any debts or liabilities of the Co-op.

**ARTICLE III  
MEMBERS**

**ARTICLE III, SECTION 1. Annual Meeting**

The annual meeting of the members shall ordinarily be held on the second Tuesday in April of each year, at such place in any location within the service area of the Co-op, as shall be designated in the notice of the meeting, for the purpose of electing trustees, 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. If the day fixed for the annual meeting shall fall on a legal holiday, such meeting shall be held on the next succeeding business day. Such meeting may be rescheduled by the Board due to inclement weather or for other good cause; provided, however, that notice of such rescheduling shall be provided to the members in any mailing of general distribution or through the local media. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Co-op.

**ARTICLE III, SECTION 2. Special Meetings**

Special meetings of the members may be called by resolution of the Board or upon a written request signed by any three trustees, by the President or ten per centum (10%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meetings of the members to be given as hereafter provided. Special meetings of the members may be held at any place within any location within the service area of the Co-op, specified in the notice of the special meetings.

**ARTICLE III, SECTION 3. Members of Record.**

Members of record are those individuals and entities who are members of the Co-op on the record date for a members' meeting, which shall be set by the Board.

**ARTICLE III, SECTION 4. Notice of the Members' Meetings.**

Only members of record shall be entitled to notice of a members' meeting or other action requiring member approval. Written notice stating the place, day and hour of the meeting, and, in case of a special meeting, or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) days nor more than forty (40) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member of record. If mailed, such notice shall be deemed to be delivered where deposited in the United States mail, addressed to the member of record at the member's address as it appears on the records of the Co-op, with postage thereon prepaid. The participation by a member in a meeting, either

*Continued on next page.*

## ***Rights & Responsibilities...by-laws***

*Continued from previous page.*

by attendance or voting, shall constitute a waiver of any objections regarding notice. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meetings.

### **ARTICLE III, SECTION 5. Quorum**

Where the by-laws or state law allow voting by mail on an item of business and such opportunity has been provided, three per centum (3%) of all members of record, present in person or voting by mail, shall constitute a quorum for the purpose of voting on that item of business. On all other items of business, three per centum (3%) of all members of record, who must be present, shall constitute a quorum. The minutes of each meeting shall contain a list of the members of record present in person and voting by mail.

### **ARTICLE III, SECTION 6. Voting**

Only members of record shall be entitled to vote on matters submitted to a vote of the members. Each member of record shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. Any member of record may vote in person or by mail on all matters requiring a vote of the membership, except for matters involving the disposition of the Co-op property pursuant to Article VIII hereof, which requires that members vote in person. The Secretary shall be responsible for the enclosure with the notice of each meeting (1) an exact copy of any known motion or resolution to be acted upon by the members, (2) a ballot with instructions for indicating on the ballot the member's vote on the motion or resolution, and (3) an envelope addressed to the Secretary for returning the ballot. The failure of any member of record to receive a copy of any motion or ballot shall not invalidate any action which may be taken by the members. Votes by mail must be in ballot form and must be signed by the voting member or by his duly authorized attorney-in-fact and must be mailed to and received by the business office of the Co-op by the date of the meeting. In the case of a joint membership, the first ballot received from either of them shall constitute one joint vote. A member of record present at a meeting in person may vote on matters presented to the members for a vote only if that member has not already voted on that matter by mail ballot. Proxy votes may only be exercised upon a showing of written authority to vote for said member. No person shall vote as proxy for more than three members at any meeting of the members. Any member who submits fraudulent signatures or makes false representations regarding proxy authority shall immediately forfeit his or her membership status in the Cooperative, and all rights related thereto, in addi-

tion to such other remedies that may be available to the Co-op.

### **ARTICLE III, SECTION 7. Order of Business.**

The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting.

- (a) Report on the number of members of record present in person, and, if applicable, voting by mail on any items of business, in order to determine the existence of a quorum for the purpose of conducting the items of business before the meeting.
- (b) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meetings, as the case may be.
- (c) Vote on unapproved minutes as printed in the annual report and made available to the members or as read at the meeting.
- (d) Audit report of outside auditors or a summary thereof.
- (e) Presentation and consideration of reports of Trustees, officers and committees.
- (f) Election of Trustees.
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

## **ARTICLE IV TRUSTEES**

### **ARTICLE IV, SECTION 1. General Powers.**

The business and affairs of the Co-op shall be managed by a board of nine Trustees which shall exercise all of the powers of the Co-op except such as are by the statute, the Articles of Incorporation or these by-laws specifically conferred upon or reserved to the members.

### **ARTICLE IV, SECTION 2. Election and Tenure of Office**

The Board of Trustees of Mon-Cre Telephone Cooperative, Inc., shall consist of nine (9) members who shall be elected by secret ballot at the time of the annual meeting of the members as hereinabove provided, and for the terms as hereinafter set forth: All existing Trustees elected pursuant to previously enacted by-laws shall serve for their originally specified terms or until their successors have been elected and shall have qualified. At the expiration of the offices herein stated there will be three (3) Trustees elected each year, each serving a three- (3) year term, so that the total number of Trustees shall be nine. If any election of Trustees shall not be held

on the day designated herein for the annual meeting or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Trustees within a reasonable time thereafter. Trustees may be elected by a plurality vote of the members.

**ARTICLE IV, SECTION 3. Qualifications.**

No person shall be eligible to become or remain a Trustee of the Co-op whom:

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

To remain a Trustee, the incumbent must attend two-thirds (2/3) or more of the regular meetings during each twelve-month period beginning with the month of his/her election.

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

Nothing contained in this Section shall effect in any manner whatsoever the validity of any action taken at any meeting of the Board.

**ARTICLE IV, SECTION 4. Nominations.**

It shall be the duty of the Board to appoint, not less than fifteen (15) nor more than thirty (30) days before the date of a meeting of the members at which Trustees are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different sections so as to insure equitable representation. The committee, keeping in mind the principle of geographical representation, shall prepare a list of nominations for Trustees to be elected and submit the committee's nominations at the meeting of the members. The chairman shall call for additional nominations from the floor and the nominations shall not be closed until at least one minute has passed during which no additional nominations have been made. No member may nominate more than one candidate.

**ARTICLE IV, SECTION 5. Removal of Trustees by Members and/or Board of Trustees and Resignations**

- (a) Removal of Trustees by Members. Any member may bring charges against a Trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum (10%) of the members, or two hundred members, whichever is the lesser, may request the removal of such Trustee by reason thereof. Such Trustee shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in

respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Trustee shall be considered and a vote of the members at such meeting without compliance with the foregoing provisions with respect to the nominations.

- (b) Removal of Trustee by Board of Trustees. Except as otherwise provided by statute, any Trustee of the

Co-op may be removed for cause by the vote of a majority of Trustees present at a meeting of the Board, called for that purpose, provided that such Trustee prior to his removal shall have received a copy of the charges against him, delivered to him personally or by mail at his address appearing upon the records of the Co-op at least ten (10) days prior to such meeting, and be given an opportunity to be heard on such charges.

- (c) A Trustee may resign at any time by written notice delivered to the Board of Trustees, the President or Secretary of the Co-op. 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.

**ARTICLE IV, SECTION 6. Vacancies.**

Subject to the provisions of these by-laws with respect to the filing of vacancies, caused by the removal of Trustees by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term, provided, however, that in the event the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect of nominations.

**ARTICLE IV, SECTION 7. Compensation.**

Trustees shall not receive any salary for their service as Trustees, except by resolution of the Board a fee of fifty Dollars (\$50.00) per meeting, not to exceed six hundred dollars in any fiscal year, plus actual expense of attendance, if any, may be allowed for attendance at such meeting of the Board. No Trustee shall receive compensation for service to the Co-op in any other capacity nor shall any close relative of a Trustee receive a compensation for serving the Co-op, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such Trustee or close relative shall have been certified by the Board as an emergency measure. For the purpose of this Section, close relative shall include grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, aunts, uncles, nephews, nieces by blood, by marriage or by adoption, and spouses of any of the foregoing.

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*Continued on next page.*



## ***Rights & Responsibilities...by-laws***

*Continued from previous page.*

### **ARTICLE IV, SECTION 8. Rules, Regulations, Rate Schedules and Contracts.**

The Board of Trustees shall have power to make, adopt, amend, abolish, and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Articles of Incorporation or by-laws, as it may deem advisable for the management, administration, and regulations of the business and affairs of the Co-op or, cause such to be submitted for any appropriate governmental regulatory approval. Further, the Board of Trustees may constitute itself into committee for The purpose of studying and making recommendations to the Full Board in the course of its decisional processes.

### **ARTICLE V MEETING OF TRUSTEES**

#### **ARTICLE V, SECTION 1. Regular Meetings**

A regular meeting of the Board shall be held the second Tuesday of each month at such time and place in the service area of the Coop as the Board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

#### **ARTICLE V, SECTION 2. Special Meetings**

Special meetings of the Board may be called by the President or by any three Trustees, 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 Trustees calling the meeting shall fix the time and place which shall be in the service area of the Coop for the holding of the meeting.

#### **ARTICLE V, SECTION 3. Notice of Trustees' Meetings**

Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Trustee not less than five (5) days previous thereto either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or Trustees calling the Meeting. If mailed, such notice shall be deemed as Delivered when deposited in the United States mail Addressed to the Trustee at his address as it appears On the records of the Co-op, with postage thereon Prepaid.

#### **ARTICLE V, SECTION 4. Quorum**

A majority of the Board shall constitute a quorum, provided that if less than such majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify an absent Trustee of the time and place

of such adjourned meeting. The act of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board.

### **ARTICLE V, SECTION 5. Unanimous Consent in Writing**

Unless otherwise prohibited by law, board actions may be taken without a meeting and without a vote if unanimous consent of the Board is obtained in writing setting for the action taken in detail and the document is signed by all Board members entitled to vote.

### **ARTICLE VI OFFICERS**

#### **ARTICLE VI, SECTION 1. Number and Titles**

The officers of the Co-op shall be a President, Vice President, Secretary and Treasurer, and such other officers and may be determined by the Board from time to time. The offices of Secretary and of Treasurer may be held by the same person.

#### **ARTICLE VI, SECTION 2. Election and Term of Office**

The officers shall be elected by ballot, annually and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of the officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. Except as otherwise provided in these by-laws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

#### **ARTICLE VI, SECTION 3. Removal of Officers and Agents by Trustees.**

Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgement the best interest of the Co-op will be served thereby. In addition, any member of the Co-op may bring charges against any officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum (10%) OF the members, or two hundred members, whichever is the lesser, may request the removal of such officer. The officer against who such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

**ARTICLE VI, SECTION 4. President**

The President shall:

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

**ARTICLE VI, SECTION 5. Vice President**

In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all 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.

**ARTICLE VI, SECTION 6. Secretary**

The Secretary shall:

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

**ARTICLE VI, SECTION 7. Treasurer**

The Treasurer shall:

- (a) Have charge and custody of and be responsible for all Funds and securities of the Co-op;
- (b) Be responsible for the receipt of and the issuance of receipts for all moneys in the name of the Co-op in such bank or banks as shall be selected in accordance with the provisions of these by-laws; and
- (c) In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board; provided, however, with respect to the duties and responsibilities of the Treasurer, the Co-op shall indemnify and hold the Treasurer harmless against any and all losses, claims, and/or damages which may be asserted against the Treasurer, in his official capacity, unless such claim is a result of an act personally committed or omitted by the Treasurer resulting in loss to the Co-op.

**ARTICLE VI, SECTION 8. Manager**

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

**ARTICLE VI, SECTION 9. Bond of officers**

The Treasurer and any other officer or agent of the Co-op charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Co-op to give bond in such amount and with such surety, as it shall determine.

**ARTICLE VI, SECTION 10. Compensation**

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of these by-laws with respect to compensation for Trustees and close relatives of Trustees.

**ARTICLE VI, SECTION 11. Reports**

The officers of the Co-op shall submit at each annual meeting of the member's reports covering the business of the Co-op from the previous fiscal year. Such reports shall set forth the condition of the Co-op at the close of the fiscal year.

**ARTICLE VII  
INDEMNIFICATION OF  
OFFICERS, TRUSTEES,  
EMPLOYEES AND AGENTS**

**ARTICLE VII, SECTION 1. Scope of Indemnification**

The Co-op shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit or

*Continued on next page.*

## *Rights & Responsibilities...by-laws*

*Continued from previous page.*

proceeding, whether civil, criminal, administrative or investigative (other than an action by, or in the right of the Co-op) by reason of the fact that such person is or was a Trustee, officer, employee or agent of the Co-op or who is or was serving at the request of the Co-op as a trustee, officer, employee or agent of another Co-op, 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 in connection with such action, suit or proceeding; provided such person acted in good faith and in a manner such person reasonably believe to be in, or not opposed to, the best interest of the Co-op, 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 judgement, order or settlement, conviction, or upon plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner in which such person reasonably believed to be in, or not opposed to, the best interest of the Co-op, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

### **ARTICLE VII, SECTION 2. Indemnification for Good Faith Action**

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

### **ARTICLE VII, SECTION 3. Cost of Defense**

### **Indemnified**

To the extent that a Trustee, officer, employee or agent of the Co-op has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in sections 1 and 2, in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

### **ARTICLE VII, SECTION 4. Amount of Indemnification**

Any indemnification under sections 1 and 2 (unless ordered by a court) shall be made by the Co-op only as authorized in the specific case, upon a determination that indemnification of the Trustee, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made:

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

### **ARTICLE VII, SECTION 5. Expenses Awarded**

Expenses incurred by defending a civil or criminal action, suit or proceeding may be paid by the Co-op in advance of the final disposition of such action, suit or proceeding, as authorized by the Board in the specific case, upon receipt of a firm commitment by or on behalf of the Trustee, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Co-op as authorized in this Article.

### **ARTICLE VII, SECTION 6. Rights of Persons Indemnified**

The indemnification provided by this article shall not be deemed exclusive of any other right to which those seeking indemnification may be entitled under any by-law, agreement, vote of members or disinterested Trustee, or otherwise both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Trustee, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

### **ARTICLE VII, SECTION 7. Insurance Coverage**

The Co-op may purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee or agent of the Co-op, or who



is or was serving at the request of the Co-op as a Trustee, employee or agent of another Co-op, 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 Co-op would have the power to indemnify such person against such liability under the provisions of this Article.

**ARTICLE VIII  
ON-PROFIT OPERATION**

**ARTICLE VIII, SECTION 1. Interest or Dividends on Capital Prohibited**

The Co-op shall at all times be operated on a Co-op non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Co-op on any capital furnished by its patrons.

**ARTICLE VIII, SECTION 2. Patronage Capital in Connection with Furnishing Telephone Service.**

In the furnishing of services, the Co-op's operations shall be so conducted that all patrons will through their patronage furnish capital of the Co-op. In order to induce patronage and assure that the Co-op will operate on a non-profit basis, the Co-op is obligated to account on a patronage basis to all its patrons for all amounts received from the furnishing of service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Co-op are received with the understanding that they are furnished by the patrons as capital. The Co-op is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Co-op shall be set up and kept in such a manner that within a reasonable period after the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron for such fiscal year, and the Co-op shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to the patron's account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Co-op corresponding amounts for capital. Any account receivable remaining unpaid after 180 days may be recovered through an offset of member patronage account or as a reduction in patronage credits due for the current year. All other amounts received by the Co-op from its operations in excess of its 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, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Co-op, after all outstanding indebtedness of the Co-op shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time, prior to dissolution or liquidation, the Trustees shall determine that the financial condition of the Co-op will not be impaired thereby, the capital then credited to patrons' accounts may be retired in part or in full. The Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. All other amounts received by the Co-op from its operations in excess of its 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 allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

Capital credited to the account of each patron shall be assignable only on the books of the Co-op in accordance with the conversion of capital accounts as provided in these by-laws or otherwise as may be allowed by the Trustees pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Co-op.

Notwithstanding any other provisions of these by-laws, the Board at its discretion, shall have the power at any time upon the death of any patron who was a natural person or, in the case of the dissolution of any business entity that was a patron, if the legal representative of the patron's estate or dissolved business, shall request in writing the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, provided, however, that in the sole discretion of the Board, the financial condition of the Co-op will not be impaired thereby, and provided further, however, that if acting under policies of general application the amount mentioned above is not sufficient to retire the capital credited to any such patron or patrons, such patron or patrons shall have the capital credited to them retired in the next succeeding year before any other retirements are made in such succeeding year.

Except as provided in the preceding paragraph, when the capital credits of any patron no longer receiving service from the Co-op (and who has not received service for twelve (12) months or more) comes to a total amount of less than a fixed sum

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## ***Rights & Responsibilities...by-laws***

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determined by the Board (should the Board elect to set such a minimum amount) the same shall be retired in full with such retirements made only when and at the same time that the next general retirement to other patrons is made. Provided that, should the Board, at its sole discretion, determine that the financial condition of the Co-op will not be impaired thereby and a patron no longer receiving service from the Co-op (and who has not received service for twelve (12) months or more) requests in writing that his capital credits be retired prior to a general retirement to other patrons, said capital credits may be retired to such patron immediately at a discounted rate of 20%. Such early distribution may be premised on the patron executing such forms provided by the Co-op reflecting the irrevocable gift of 20% of such patron's capital credits to the Co-op.

During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board (should the Board elect to set such a minimum amount), and the amount of such unretired capital credits will be retired in the first following year when the total amount of capital credits qualifying for retirement exceeds that amount set the Board, including the amount carried over. All tax refunds made by the United States Government or any of the states in connection with the final or trust cost of service as determined by the capital credits allocation process may be held and used by the Co-op as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these by-laws.

Notwithstanding any other provision of these by-laws, the Board, prior to allocating, paying, or retiring any amount of capital, may first deduct from such capital any outstanding receivables or other debts owed by a patron to the Co-op.

The patrons of the Co-op, by dealing with the Co-op acknowledge that the terms and provisions of the Articles of Incorporation and by-laws shall constitute and be a contract between the Co-op and each patron, and both the Co-op and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the by-laws shall be called to the attention of each patron of the Co-op by posting in a conspicuous place in the Co-op's office.

### **ARTICLE VIII, SECTION 3. Assignment and Gift. Assignment and Gift by Failure to Claim.**

Notwithstanding any other provision of the by-laws or other provisions of the membership certificate, if any member of former member fails to claim any cash retirement of capital credits or other payment from the Co-op within three years after payment of the same has been made available to him by notice of check mailed to him at his last address furnished

By him to the Co-op, such failure shall be and constitutes an irrevocable assignment and gift by such member of such capital credit or other payment to the Co-op. The assignment and gift provided for under this Section shall come effective only upon the expiration of three (3) years from the date when such payment was made available to such member or former member without claim therefore and only after the further expirations of sixty (60) days following the giving of notice by mail or publication that unless such payment is claimed within said sixty (60) day period, such gift to the Co-op shall become effective. The notice by mail herein provided shall be one mailed by the Co-op to such member or former member at the last known address. If notice by publication is given, such publication shall be one insertion in a newspaper circulated in the service area of the Co-op, which may be the Co-op newsletter. The sixty- (60) day period following the giving of such notice either by mail or publication shall be deemed to terminate sixty (60) days after the mailing or publication of such notice.

### **ARTICLE VIII, SECTION 4. Patronage Capital in Connection with Furnishing Other Services.**

In the event that the Co-op should engage in the business of furnishing goods or services other than communication services, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishings 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 or priority as the Board shall determine.

### **ARTICLE IX DISPOSITION OF PROPERTY**

The Co-op may not sell or lease all or any substantial portion of its property, unless such proposed sale or lease is authorized at a duly held meeting of the members thereof by the affirmative vote of not less than 2/3 of all the members of the Co-op and unless the notice of such sale or lease shall have been contained in the notice of the meeting. The Co-op may mortgage, by mortgage or deed of trust, pledge or otherwise encumber, to secure any indebtedness of

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the Co-op, all or any substantial portion of its property, assets and revenues and income therefrom, from time to time within such debt limits as authorized by the affirmative vote of a majority of its members at a duly held meeting after proper notice thereof. Provided, however, that as provided under Alabama law, the Board of Trustees of the Co-op, without further authorization of the members thereof, shall have full power and authority to authorize from time to time the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Co-op whether acquired or to be acquired wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Co-op, to the United States of America, any instrumentality or agency thereof, to any financing institution organized on a Co-op plan for the purpose of financing its members, programs, projects and undertakings, in which the Co-op holds membership to any bank or other financial institution lending money or credit to the Co-op.

**ARTICLE X  
SEAL**

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

**ARTICLE XI  
FINANCIAL TRANSACTIONS**

**ARTICLE XI, SECTION 1. Contracts**

Except as otherwise provided in these by-laws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Co-op, and such authority may be general or confined to specific instances.

**ARTICLE XI, SECTION 2. Checks, Drafts, Etc.**

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

**ARTICLE XI, SECTION 3. Deposits**

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

**ARTICLE XI, SECTION 4. Change in Rates**

To the extent required by law or existing loan agreements, written notice shall be given to the Administrator of REA of the United States of America prior to the date upon which any proposed change in the monthly rates charged by the Co-op for telephone service becomes effective.

**ARTICLE XI, SECTION 5. Fiscal Year**

The fiscal year of the Co-op shall begin on the first day of July of each year and shall end on the thirtieth day of June of the same year.

**ARTICLE XI, SECTION 6. Accounting, System and Reports**

The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting systems, as may from time to time be designated by the Administrator of REA of the United States of America, should the Co-op have outstanding indebtedness with REA. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the of the Co-op as to the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting. The Board may authorize special audits, complete or partial, at any time, and for any qualified period of time.

**ARTICLE XII  
MISCELLANEOUS**

**ARTICLE XII, SECTION 1. Membership in Other Organizations**

The Co-op shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is being taken upon such proposed membership or stock purchase, provided, however, that the Co-op may upon the authorization of the board, purchase stock or other interests in, or become a member of, any corporation or organization organized for the purpose of engaging in or furthering the cause of area-wide communication services, including audio, video and data transmission services.

**ARTICLE XII, SECTION 2. Waiver of Notice**

Any member or Trustee may waive in writing any notice of a meeting required to be given by these by-laws. The attendance of a member or Trustee at any meeting shall constitute a waiver of notice of such meeting by such member or Trustee, except in case a member or Trustee shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**ARTICLE XIII  
DISSOLUTION**

**ARTICLE XIII, SECTION 1. Election to Dissolve**

The Board shall first recommend that the Co-op be dissolved voluntarily, and, thereafter, the proposition that the Co-op be dissolved shall be submitted to the members of the Co-op at any annual or special meet-

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## *Rights & Responsibilities...by-laws*

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ing, the notice of which shall set forth such proposition. The proposed voluntary dissolution shall be voted upon at a meeting of members and shall be deemed to be approved upon the affirmative vote of not less than two-thirds of those members voting thereon at such meeting.

### **ARTICLE XIII, SECTION 2. Certificate of Election to Dissolve**

Upon such approval, a certificate of election to dissolve, hereinafter designated the "certificate" shall be executed and acknowledged on behalf of the Co-op by the President, and the corporate seal shall be affixed thereto and attested by the Secretary. The certificate shall state:

- (a) The name of the Co-op;
- (b) The address of the principal office;
- (c) The names and address of the Trustee; and
- (d) The total number of members of the Co-op and the number of members who voted for and against the voluntary dissolution of the Co-op.

The President or Vice-President executing the certificate shall also make annex thereto an affidavit stating that the provisions of **Ala. Code § 37-6-18(b)(2)(1975)** were duly complied with. Such certificate and affidavit shall be submitted to the Secretary of State for filing as provided in **Ala. Code § 37-8-16(1975)**.

### **ARTICLE XIII, SECTION 3. Cessation of Business**

Upon the filing of the certificates and affidavit by the Secretary of State, the Co-op shall cease to carry on its business except insofar as may be necessary for the winding up thereof, but the corporate existence shall continue until Articles of Dissolution have been filed by the Secretary of State.

### **ARTICLE XIII, SECTION 4. Satisfaction of Debts and Claims upon Dissolution**

After the filing of the certificate and affidavit by the Secretary of State, the Board shall immediately cause notice of winding up proceedings to be mailed to each known creditor and claimant and to be published once a week for two successive weeks in a newspaper of general circulation in the county in which the principal office of the Co-op is located.

The Board shall have full power to wind up and settle the affairs of the Co-op and shall proceed to collect the debts owed to the Co-op, convey and dispose of the property and assets, pay, satisfy, and discharge the debts, obligations and liabilities, and do all other things required to liquidate the business and affair, and after paying or adequately providing for the payment of all debts, obligations, and liabilities, shall distribute the remainder of the property and assets

among the members in proportion to the aggregate patronage of each such member during the seven years next preceding the date of such filing of the certificate.

### **ARTICLE XIII, SECTION 5. Articles of Dissolution**

When all debts, liabilities and obligations of the Co-op have been paid and discharged or adequate provision shall have been made therefor, and all of the remaining property and assets of the Co-op shall have been distributed to the members pursuant to the provisions of this Section, the Board shall authorize the execution of Articles of Dissolution which shall thereupon be executed and acknowledged on behalf of the Co-op by the President or Vice President, and the corporate seal shall be affixed thereto and attested by the Secretary. Such Articles of Dissolution shall recite in the caption that they are executed pursuant to **Ala. Code § 37-6-18(1975)** and shall state

- (a) The name of the Co-op;
- (b) The address of the principal office of the Co-op;
- (c) That the Co-op has heretofore delivered to the Secretary of State a certificate of election to dissolve and the date on which the certificate was filed by the Secretary of State in the records of this office;
- (d) That all debts, obligations and liabilities of the Co-op have been paid and discharged or that adequate provisions has been made therefor;
- (e) That all remaining property and assets of the Co-op have been paid and distributed among the members in accordance with the provisions of this section: and
- (f) That there are not actions pending against the Co-op.

The President or Vice President executing the Articles of Dissolution shall also make and annex thereto an affidavit stating that the provisions of this subsection were duly complied with. Such Articles of Dissolution and affidavit, accompanied by proof of the publication required in this subsection, shall be submitted to the Secretary of State for filing as provided in this chapter.

## **ARTICLE XIV AMENDMENTS**

These by-laws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.