

BYLAWS OF THE PEMBROKE TELEPHONE COOPERATIVE

Effective 5/13/2010

ARTICLE I MEMBERSHIP

Section 1. Requirements for Membership.

Any person or entity, including a body politic or subdivision thereof will become a member of Pembroke Telephone Cooperative (hereinafter called the "Cooperative") upon receipt of landline telephone service from the Cooperative, provided that such person or entity has first:

- 1) Made a written application for membership therein;
- 2) Agreed to purchase landline telephone services from the Cooperative in accordance with the "Rates and Service Policy" as hereinafter specified;
- 3) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board, and
- 4) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferrable, except as provided in these Bylaws.

Purchasers of Cooperative services at wholesale or otherwise for resale shall not be eligible for membership with respect to such wholesale services.

Section 2. Membership Certificates.

Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificates shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed by these Bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed, or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board may prescribe. Membership certificates will be held at the office of Pembroke Telephone Cooperative. The word "Board" is used herein to refer to the Board of directors.

Section 3. Definition and Classification.

- 1) The Cooperative may have one or more classes of members in order to recognize differences in

contribution to margin of different classes. If the Board establishes more than one class of membership, it shall determine the definitions, the types, the qualifications and rights of each class and make such information readily available to the membership.

- 2) No member may hold more than one membership of each class in the Cooperative. No membership in the Cooperative shall be transferrable, except on the books of the Cooperative and as provided for in these Bylaws.
- 3) Each time sharing or interval ownership premise is considered as a single member. The corporation, partnership or other entity holding or managing the property will be deemed to hold the membership.
- 4) Memberships in the Cooperative are extended only to individual persons or entities who meet the requirements of Section 1. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from the date of adoption of these Bylaws, no new joint memberships will be established.
- 5) Individual memberships will be freely transferrable on the books of the Cooperative between any persons in the same household or corporation upon request in writing. Thus, the term "member" as used in these Bylaws shall refer to an individual but can, on a grandfathered basis, be deemed to include a husband and wife still holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a grandfathered 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 Board member, provided that both meet the qualifications for such office.

Section 4. Conversion of Membership.

- 1) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be reissued in such a manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.
- 2) If a membership certificate is in the name of only one person and that member dies survived by a spouse, then the surviving spouse may, upon written request, have the certificate issued in their name.

Section 5. Membership Fees.

The membership fee shall be a one-time \$25.00 non-refundable fee effective January 1, 2010. Existing members as of December 31, 2009 shall not be required to pay any further membership fees.

Section 6. Purchase of Services.

Each member shall, as soon as service is available, take landline telephone service from the Cooperative and shall pay therefore monthly at rates in accordance with the "Rates and Service Policy" as fixed by the Board. It is expressly understood that amounts paid for services in excess of costs are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall also pay all amounts owed by him or her to the Cooperative as and when the same shall become due and payable.

Section 7. Termination of Membership.

- 1) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes the member liable to expulsion and such failure shall have been continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote

of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of thirty (30) days after service is available to him or her has not permitted the installation of landline telephone service, or of a member who has ceased to purchase service from the Cooperative, may be cancelled by resolution of the Board.

- 2) Upon the 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 his or her estate from any debts due the Cooperative.
- 3) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member any deposits owed to the member less any debts or obligations owed by the member to the Cooperative. Membership eligibility terminates upon disconnection of service; however, the Board may provide for suspension of service during periods of temporary absence of a member.

**ARTICLE II
RIGHTS AND LIABILITIES OF MEMBERS**

Section 1. Service Obligations.

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

Section 2. Property Interest of Members Upon Dissolution.

Upon dissolution, after:

- 1) All debts and liabilities of the Cooperative shall have been paid,
- 2) All capital furnished through patronage shall have been retired as provided by these Bylaws, and
- 3) All remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution, or if the Cooperative shall not have been in existence for such period, during the period of its existence.

Section 3. Non-Liability for Debts of the Cooperative.

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

Section 4. Cooperation of the Members in the Extension of Services.

The cooperation of members of the Cooperative is imperative to the successful, efficient and economical operation of the Cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace, or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communication service to said member, or any other member at no cost to the Cooperative.

When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative for reasonable use of their real property.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meeting.

The annual meeting of the members shall be held during the month of May each year at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings.

Special meetings of the members may be called by resolution of the Board, or upon a written request signed by four (4) Board members, by the President, or by not less than 200 members or by ten per cent (10%) of all the members whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings.

Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of the Cooperative, with postage thereon prepaid. The incidental or unintended failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Postponement of a Meeting of the Members.

In the event of inclement weather or the occurrence of a catastrophic event, the meeting of the members may be postponed by the President or the Board. Notice of the postponed meeting shall be given by the President or Board designee in any media of general circulation or broadcast serving the area.

Section 5. Quorum.

Business may not be transacted at any meeting of the members unless there are present in person at least fifty (50) members or (2%) of the then total members of the Cooperative, whichever is greater, except that, if less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date, provided that the Secretary shall notify any absent members of the time, date, and place of such adjourned meeting by delivering notice thereof as provided in Section 3. At all meetings of the members, whether a quorum be present or not, the Secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

Section 6. Credentials and Election Committee.

- 1) The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a credentials and election committee consisting of an uneven number of Cooperative members - not less than five (5), not more than fifteen (15), who are not existing Cooperative employees, agents, officers, Directors or known candidates for Director, and who are not close relatives (as defined in Article IV, Section 4(1)(c)) or members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the different Districts served by the Cooperative. The

Committee may elect its own chairman and Secretary prior to the member meeting.

- 2) It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, or by proxy, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualification of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.
- 3) Any protest or objection concerning any election must be filed within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairperson, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as presented by the protester(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time, but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside.
- 4) The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this section shall be final.
- 5) Members of the Committee may be compensated as agreed upon by the Board.

Section 7. Voting.

Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of the majority of the members voting thereon in person and by proxy except as otherwise provided by law, the articles of incorporation or these bylaws.

Each member may vote at a membership meeting in person or by proxy executed in writing by the member directed to the Secretary of the Cooperative authorizing him to designate a member in attendance at such meeting as the proxy of such absent member on all questions appearing before the said meeting, subject to the condition that the Secretary of this Cooperative shall not appoint any one member to act as proxy for more than ten absent members in any meeting of the membership, and the Secretary shall note on the records of the meeting the member appointed to cast said ten votes, and for who he is the proxy, and provided further that said authority to said Secretary to appoint proxy may be exercised at any membership meeting of the Cooperative held within a period of eleven (11) months from the date of the execution of the authority to Secretary, but any member signing such authority shall cast his vote in person, if and when present, or may revoke such authority at any time by written notice to the Secretary within the period of eleven (11) months.

Section 8. Order of Business.

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

- 1) Report on the number of members present in person in order to determine the existence of a quorum.
- 2) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- 3) Reading of the unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- 4) Election of Board members.
- 5) Audit Report of outside auditors, or, a summary thereof.
- 6) Presentation and consideration of reports of officers, trustees, and committees.
- 7) Unfinished business.
- 8) New business.
- 9) Adjournment.

Notwithstanding the foregoing, the Board or the members themselves may, from time to time, establish a different order of business for the purpose of assuring the earlier consideration of an action upon any item of business, the transaction of which is necessary or desirable in advance of any other item of business; provided that no business other than adjournment of the meeting to another time and place

may be transacted until and unless the existence of a quorum is first established.

ARTICLE IV BOARD MEMBERS

Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by a Board of seven (7) members which shall be fixed by the members and which shall exercise all of the powers of the Cooperative except such as are by law, Articles of Incorporation, or by these Bylaws conferred upon or reserved to the members.

Section 2. Election and Tenure of Office.

Members of the Board shall be elected by secret ballot at each annual meeting of the members and from the members to serve a term of three (3) years or until their successors shall have been elected and shall have qualified. If an election of Board members is not 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 members of the Board within a reasonable time thereafter. Board members may be elected by a plurality vote of the members.

The terms of the directors shall be staggered in a manner to provide that no less than one (1) and no more than two (2) directors shall be elected to full three (3) year terms in any single year after the Annual Meeting in 2010. At the May 2010 Annual Meeting Board of Directors elections, Directors elected from District 2 and District 6 will serve a two (2) year term expiring in 2012, and Directors elected from District 3 and District 7 will have a three (3) year term expiring in 2013. Directors elected in 2011 and thereafter will serve for a three (3) year term.

Section 3. Board Election Districts

The Cooperative is divided into seven (7) Districts and from each shall be elected one (1) Director to the Board by the entire membership. The official District boundaries and map are on file at the Business Office.

Section 4. Qualifications.

- 1) Any member shall be eligible to be nominated, elected, and remain a Director of the Cooperative provided that he or she:
 - a) Resides in the District from which he or she is elected, and has resided there for more than ninety (90) days during the last twelve (12) month period. However, the person acting as representative of a member not a

natural person need not be a resident of the District of the member not a natural person.

- b) Is not an employee of the Cooperative or in any material way financially interested in a competing enterprise or a business engaged in selling communication services or communication supplies or maintaining communication facilities. The Board may, by general rule or in particular circumstances determine which interests in competing enterprise are material.
 - c) Is not closely related to an incumbent Director or an employee of the Cooperative. As used here, "closely related" means a person who is related to the principal person by consanguinity or affinity, to the second degree or less - that is, a person who is either a spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew, or niece, by blood or in law, of the principal. However, no incumbent Director shall lose eligibility to remain a Director or to be reelected as a Director if he or she becomes a close relative of another incumbent Director or of a Cooperative employee because of a marriage to which he or she was not a party; neither shall an employee lose eligibility to continue in the employment of the Cooperative if he or she becomes a close relative of a Director because of a marriage to which he or she was not a party.
 - d) Notwithstanding the foregoing, the Board shall adopt a written policy which will govern the application in practice of this Bylaw section to assure no employee shall suffer unjust or unreasonable discrimination because of marital status.
 - e) Is at least eighteen (18) years of age; and
 - f) Has not been an employee of the Cooperative within the previous five (5) years.
- 2) To remain a Director, the incumbent must attend two-thirds (2/3) or more of the regular meetings during each twelve-month period, beginning with the month of his or her election.
 - 3) Upon establishment of the fact that a Director or Nominee is in violation of any of the foregoing provisions, the Board shall remove such member from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

Section 5. Nominations.

- 1) It shall be the duty of the Board to appoint, not less than fifteen (15) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which Board members are to be elected, a committee on nominations consisting of not less than five (5) nor more than seven (7) members who shall be selected from different Districts so as to insure equitable representation. No member of the Board or any Employee may serve on such committee, nor a close relative of a Board Member or Employee, as defined in Article IV, Section 4(1)(c). The committee shall prepare and post at the principal office of the Cooperative at least fourteen (14) days before the meeting a list of nominations for Board members which shall include one or more candidates for each Board position to be filled by the election.
- 2) The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten (10) days before the date of the meeting, a statement of the number of Board members to be elected and the names and addresses of the candidates nominated by the committee on nominations.
- 3) Any Member interested in running for Director who resides in a District up for election that year and meets the qualifications in Article IV, Section 4(1) shall submit a written request to Pembroke Telephone Cooperative, Attn: Nominating Committee, P.O. Box 549, Pembroke, VA 24136. Written requests must be received in the Cooperative's Business Office by the close of business on the second Tuesday in March.
- 4) Later nominations by petitions shall be treated as nominations from the floor. The chairman shall call for additional nominations from the floor and nominations shall not be closed until at least one (1) minute has passed during which no additional nomination has been made. No member may nominate more than one (1) candidate.
- 5) Incumbent Board Members must be re-nominated by the committee.

Section 6. Election of Directors.

- 1) Contested elections of Directors shall be by a form of printed ballot. The ballot shall list the names of the candidates nominated by the committee and by petition with such names arranged by District.
- 2) Any member desiring to vote for a candidate nominated from the floor at the meeting shall

write in the name of such candidate beneath the names of the candidates nominated by the committee on nominations and by petition of the particular District which such candidate would represent if elected.

- 3) Each member of the Cooperative present in person at the meeting, or present through proxy, shall be entitled to vote for one (1) candidate from each District from which a Director is to be elected or on any issue before the meeting. The candidate from each District from which a Director is to be elected receiving a plurality of votes cast for that office at such meeting shall be declared elected as a Director. Failure of an election for a given year shall allow the incumbent Directors whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

Section 7. Removal of Board Member by Members and Resignations.

- 1) Any member may bring charges against a Board member which shall specify malfeasance or nonfeasance of the duties and responsibilities of his or her position. Such charges shall be in writing and filed with the Secretary together with a petition signed by at least ten (10) percent of the members, or two hundred (200) members, whichever is the lesser, and may request the removal of such Board member by reason thereof.
- 2) Such Board member 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 to present evidence in respect to the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. The question of the removal of such Board Member shall be considered and voted upon at the meeting of the members. No Director shall be removed from office unless by a vote of two-thirds (2/3) of the members present.
- 3) Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with provisions of Section 5 with respect to nominations.
- 4) A Director may resign at any time by written notice delivered to the Board of Directors, the President or Secretary of the Cooperative. A resignation is effective when the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled before the effective date but the successor shall not take office until the effective date.

Section 8. Vacancies.

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

However, any successor, whether chosen by the Board or the members must reside in the same District as the vacant directorship and have the same qualifications for office as set forth in Section 4. If a Board member duly elected by the membership moves his or her residence to another District of the Cooperative, he or she may continue to serve as Director for the former District until the next regular election for that District.

Section 9. Compensation and Benefits of Board Members.

- 1) Board members shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs, or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business, or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses.
- 2) Board members who elect to participate may be extended various forms of liability and accident insurance as well as participation in benefits provided to employees, except for benefits based on salary.
- 3) No Board member shall receive compensation for service to the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Board member or his or her close relative shall have been certified by the Board as an emergency measure. For purpose of this section, "close relative" includes grandparent, parent, husband, wife, child, grandchild, brother, sister, aunt, uncle, nephew, and niece, by blood, by marriage, or by adoption, and spouse of any of the foregoing. The written policy adopted by

the Board on nepotism pursuant to Section 4 shall also govern here.

Section 10. Rules, Regulations, Rate Schedules and Contracts.

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

The rates, terms and conditions of service along with the Cooperatives' procedure for the resolution of disputes shall be outlined in the Cooperative's "Rates and Service Policy" ("Policy") which shall be adopted by the Cooperative's Board of Directors.

The Cooperative shall make its policy available for general inspection by Members during the Cooperative's regular hours of operation.

Section 11. Accounting Systems and Audits.

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

ARTICLE V MEETINGS OF BOARD

Section 1. Regular Meetings.

A regular meeting of the Board shall be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular meeting may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings.

Special Meetings of the Board may be called by the President or by any four (4) Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The

President or Board members calling the meeting shall fix the time and place for the holding of the meeting.

Special meetings may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

Section 3. Notice of Board Meetings.

Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty of the Secretary, by the President or one of the Board members calling the meeting. If mailed, such notice shall be deemed to be delivered when it is deposited in the United States mail addressed to the Board member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

Section 4. Quorum.

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board member of the time and place of such adjourned meeting. The act of a majority of the Board members present and voting shall be the act of the Board, except as otherwise provided in these Bylaws or by the parliamentary procedure or special rules adopted by the Cooperative. Board members may not vote by proxy at regular or special Board meetings.

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 forth the action taken in detail and the writing is signed by all members entitled to vote.

ARTICLE VI OFFICERS

Section 1. Number and Titles.

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

Section 2. Election and Term of Office.

- 1) The officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected annually by and from the Board at the first meeting of the Board held after the annual meeting of the members.
- 2) Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members, or until a successor shall have been elected and shall have qualified. Except as otherwise provided in these Bylaws, a vacancy in any office shall be filled by the Board for the expired portion of the term.

Section 3. Removal of Officers and Agents by the Board.

Upon charges made by any member of the Board, any officer or agent elected or appointed by the Board may be removed by the Board for cause related to the performance of the duties of his or her position whenever, in its judgment, the best interests of the Cooperative will be served thereby. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) 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.

Section 4. President.

The President shall;

- 1) Be the principal executive officer of the Cooperative and, unless otherwise determined by the Board, shall preside at all meetings of the members and the Board;
- 2) Sign, with the Secretary, certificates of membership, 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 Cooperative, or shall be required by law to be otherwise signed or executed; and
- 3) In general perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 5. Vice President.

In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform the duties of 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 or her by the Board.

Section 6. Secretary.

The Secretary shall be responsible for or shall cause the following to be done:

- 1) Keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- 2) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- 3) The safekeeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under the seal is duly authorized in accordance with the provisions of these Bylaws;
- 4) Keeping a register of the names and post office addresses of all members;
- 5) Signing, with the President, certificates of membership;
- 6) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto and at the expense of the Cooperative, furnishing a copy of these Bylaws and of all amendments thereto to each member; and
- 7) In general performing all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to him or her by the Board.

Section 7. Treasurer.

The Treasurer shall be responsible for or shall cause the following to be done:

- 1) Custody of all funds and securities of the Cooperative;
- 2) The receipt of and the issuance of receipts for all monies in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws; provided, however, that the Treasurer shall have authority, with the approval of the Board, to delegate to the General Manager the authority to appoint employees of the Cooperative to actually carry out the duties set forth in this Section; provided that the Treasurer shall remain responsible for their proper execution; and

- 3) The general performance of all the duties incident to the Office of Treasurer and such other duties as from time to time may be assigned to him or her by the Board; provided, however with respect to the duties and responsibilities of the Treasurer, the Cooperative shall indemnify and hold the Treasurer harmless against any and all losses, claims and/or damages which may be asserted against the Treasurer, in his or her official capacity, unless such claim is a result of an act personally committed or omitted by the Treasurer resulting in loss to the Cooperative.

Section 8. General Manager.

The Board shall appoint a General Manager who may be, but shall not be required to be, a member of the Cooperative. The General Manager shall perform such duties as the Board may from time to time require and shall have authority as the Board may from time to time vest in him or her.

Section 9. Bonds.

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

Section 10. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed or approved by the Board, subject to Article IV, Section 9 of these Bylaws with respect to compensation of Directors.

Section 11. Reports.

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

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

Section 1. Indemnification of Parties to Legal Preceding.

- 1) The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed

action, suit, or proceeding, whether civil, criminal, administrative, or investigation (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is or was a Board member, officer, employee, or agent of the Cooperative or who is or was serving at the request of the Cooperative as a Board member, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses, (including attorney's fees) adjustments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

- 2) The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon pleas of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

Section 2. Indemnification of Parties to Actions By or in Right of Cooperative.

- 1) The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending, or completed action or suit by, or in the right of, the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a Board member, officer, employee, or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a Board member, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative.
- 2) No indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of

the duty of such person to the Cooperative, unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

Section 3. Indemnification of Person Successfully Defending.

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

Section 4. Indemnification Determinations.

Any indemnification under Article VII, Section 1, Article VII, Section 2 or Article VII, Section 3 (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the Board member, officer, employee, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Article VII, Section 1, Article VII, Section 2 or Article VII, Section 3 and has not otherwise been compensated by insurance. Such determination shall be made:

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

Section 5. Expenses Advanced.

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

Section 6. Rights of Persons Indemnified.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw,

agreement, vote of members or disinterested Board members, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee, or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Insurance Coverage.

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

ARTICLE VIII NON PROFIT ORGANIZATION

Section 1. Interest of Dividends on Capital Prohibited.

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

Section 2. Patronage Capital in Connection with Furnishing Telecommunications, Communications and Information Services.

- 1) In the furnishing of telecommunications, communications and information services, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. Purchasers of the cooperative's services at wholesale, or otherwise for resale shall not be eligible for patronage credits with respect to such services. In order to induce patronage and to insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of telecommunications, communications and information services in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses for telecommunications, communications and information services at the moment of receipt by the Cooperative are received with the

understanding that they are furnished by the members as capital.

- 2) The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses derived from telecommunications, communications and information services. The books and records of the Cooperative shall be established and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by the member for telecommunications and information services is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to the member's account. All such amounts credited to the capital account of any member shall have the same status as though it had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.
- 3) All nonoperating margins except those derived from furnishing goods and services other than telecommunications, communications and information services, shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year and, to the extent not needed for that purpose, either:
 - a) Allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of members in an equitable manner as approved by the Board, or
 - b) Used to establish and maintain a nonoperating margin reserve not assignable to members prior to dissolution of the Cooperative.
- 4) If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution.
- 5) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any

payments are made on account of property rights of members.

- 6) Capital credited to the account of each member shall be assignable only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest, or successors in occupancy, in all or in a part of such members' premises served by the Cooperative, unless the Board, acting under policies of general application, shall authorize other types of assignments. Members at any time may assign their capital credits back to the Cooperative.
- 7) Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any natural member, if the legal representative of his or her estate shall request in writing, that the capital credited to any such member be retired prior to the time such capital would be retired in a general retirement under provisions of these Bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.
- 8) When the capital credits of any member no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other members is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year, when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over.
- 9) All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by the Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws.
- 10) The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract both between the Cooperative and each member, and further, between all the members themselves individually. Both the

Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such term and provisions with the Cooperative and each of its members. The provisions of this Article of the Bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office and by publication distributed by the Cooperative to its members.

- 11) The obligation of the cooperative to account for and make allocations of capital furnished by members as established in this Section shall apply only to the furnishing of retail services to end user members.
- 12) The members hereby assign, transfer and set over to the Cooperative, the total book value of capital credits to the members account, on the books of the Cooperative, which are available for payment by the Cooperative to the members pursuant to the proper authorization by the Board of Directors, and agree that said amount shall become due and payable to the Cooperative only in the event that the Cooperative has unsuccessfully attempted to pay said amount to the respective Member by taking the actions in the following paragraph, and for one year after taking such actions, the respective Member or the heirs of such Member have not claimed the amount due to the Member.

The Cooperative shall not assign and pay such capital credit to the Cooperative until the Cooperative: 1) publishes conspicuous notice of such pending forfeiture in its notice of its Annual Meeting, and in a newspaper having general circulation in Giles County and 2) mails notice of such pending forfeiture to the last address of such person known to the Cooperative, all at least one year prior to the assignment and payment of the capital credit to the Cooperative, and also provided that such claim is not claimed by such member, or if such member is deceased, by such member's next of kin within one year of such publication. Any such claim so paid to the Cooperative after giving such notice shall be deemed extinguished.

ARTICLE IX Disposition of Property

Section 1. Disposition of Property.

The Cooperative may not sell, lease or dispose of any of its property other than property which, in the judgment of the board, is neither necessary nor useful in operating or maintaining the Cooperative's system and which in any one year shall not exceed ten per centum in value of the value

of all property of the Cooperative unless authorized so to do by the votes of at least a two-thirds majority of the members of the Cooperative; provided, however, that the Cooperative; (I) may mortgage or otherwise encumber its assets by a vote of at least two-thirds of the board. (II) may sell or transfer its assets to another Cooperative upon the vote of a majority of its members at any regular or special meeting if the notice of such meeting contains a copy of the terms of the proposed sale or transfer.

Section 2. Dissolution

- (1) The Cooperative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of "Pembroke Telephone Cooperative," and shall state:
 - (a) The name of the Cooperative, and if such Cooperative is a corporation resulting from a consolidation as herein provided, the names of all the original corporations or Cooperatives.
 - (b) The date of filing of Certificate of Incorporation, and if such Cooperative is a Cooperative resulting from a consolidation as herein provided, the dates on which the Certificates of Incorporation of the original corporations were filed.
 - (c) That the Cooperative elects to dissolve.
 - (d) The name and post office address of each of its Directors, and the name, title and post office address of each of its officers.
- (2) The Certificate shall be subscribed and acknowledged in the same manner as an original Certificate of Incorporation by the President or a Vice President, and the Secretary or an Assistant Secretary, who shall make and annex an affidavit, stating that they have been authorized to execute and file such certificate by the votes cast in person of at least two-thirds (2/3) of its total membership voting without proxies and that the dissolution has been authorized by at least seventy-five percent (75%) of the holders of the indebtedness of the Cooperative.
- (3) A Certificate of Dissolution and a certified copy or copies thereof shall be filed in the same place as the original Certificate of Incorporation and thereupon the Cooperative shall be deemed to be dissolved.
- (4) The Cooperative shall continue for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, and collecting or liquidating its assets, and doing all other acts required to

adjust and wind up its business and affairs, and may sue and be sued in its corporate name.

Section 3. Distribution of Surplus Assets On Sale or Dissolution.

Any assets remaining after all debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provisions of Section 2.2 above; provided, however, that if in the judgment of the Board the amount of such surplus relatively is too small to justify the expense of making such widespread distribution, the Board may, in lieu thereof, donate or provide for the donation of such surplus to one or more non-profit, charitable or educational organizations that are exempt from federal income taxation.

ARTICLE X SEAL

The corporate seal shall have inscribed thereon, "Pembroke Telephone Cooperative, Pembroke, VA" and the words "Corporate Seal".

ARTICLE XI FINANCIAL TRANSACTIONS

Section 1. Contracts.

Except as otherwise provided in these Bylaws, the Board may authorize any officer(s), agent(s) 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 2. Checks, Drafts, etc.

All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer(s), agent(s), or employee(s) of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board.

Section 3. Deposits.

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

ARTICLE XII MISCELLANEOUS

Section 1. Membership in Other Organizations.

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

Section 2. Waiver of Notice.

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

Section 3. Area Coverage.

The Board shall make diligent effort to see that telephone service is extended to all unserved persons within the Cooperative service area who

- 1) Desire such service and
- 2) Meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XIII AMENDMENTS

These bylaws 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; provided, further, that Section 7 of Article III (relating to voting by members), Section 1 of Article IX (relating to disposition of property), and Article XIII (relating to amendment) of the bylaws may be altered, amended, or repealed only by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

