

BY-LAWS  
INTERSTATE TELECOMMUNICATIONS COOPERATIVE, INC.

ARTICLE I  
MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, association, corporation, firm, partnership or body politic or subdivision thereof will become a member of Interstate Telecommunications Cooperative, Inc. (hereinafter called the “Cooperative”), upon purchasing telecommunications services, informational services, or cable television services from the Cooperative provided first that such person, association, corporation, firm, partnership or body politic or subdivision thereof:

- (a) submits a written application for membership which has been received and approved by the Board of Directors; and
- (b) purchases services from the Cooperative in accordance with established tariffs and as hereinafter specified; and
- (c) is not significantly involved in the management or administrative affairs of a direct competitor of the Cooperative as determined by the Board of Directors in its sole discretion; and
- (d) complies with and is bound by the Articles of Incorporation and By-Laws of the Cooperative and any regulations and rules adopted by the Board of Directors; and
- (e) receives such telecommunications services, informational services, or cable television services from the Cooperative within the Incumbent Local Exchange Carrier (“ILEC”) certificated service territory of the Cooperative, as such certificated service territory is defined by the applicable state regulatory authorities from time to time, or from the Cooperative within the CLEC Area (as defined hereinafter).

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable except as provided in these By-Laws. The sale of the Cooperative’s services at wholesale or otherwise for resale shall not cause any party to be eligible for membership.

For purposes of these By-Laws, the term “CLEC Area” shall mean any area which is outside of the Cooperative’s ILEC service area, but within which the Cooperative has received authority to operate as a Competitive Local Exchange Carrier (“CLEC”) and within which the Cooperative owns facilities for the provision of retail telecommunications services.

SECTION 2. Membership Record. Membership in the Cooperative shall be evidenced by enrolling the name or names of a member upon the membership record kept and maintained at the headquarters of the Cooperative (Clear Lake, SD).

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 this 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 provisions relating to the liabilities and rights of membership shall apply equally with respect to the holders of a joint membership. The effect of the hereinafter specified actions by or in respect of the holders of a joint membership, without limiting the generality of the foregoing, shall be as follows:

- (a) the presence at a meeting of either or both shall constitute a joint waiver of Notice of the meeting;
- (b) the vote of either or jointly shall constitute one 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 appointed or elected as a director or officer, provided that the candidate or nominee meets the qualifications for such position.

#### 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 the regulations and rules adopted by the Board of Directors. The membership record kept by the Cooperative shall be maintained in such manner so as to indicate the changed membership status.
- (b) Upon the death of either party to the joint membership, then such membership shall be held solely by the survivor. The membership record shall be revised after the Cooperative has been notified of the death, subject to the estate of the deceased not being released from any debts due the Cooperative and the surviving spouse shall be held liable for such debts.

SECTION 5. Membership and Service Connection Fee. No membership fee shall be assessed to the applicant for services. Upon compliance with Section 1 of Article I such applicant shall become a member when service commences. An advance payment shall be paid by each member in accordance with the regulations, rules or tariffs as may be adopted by the Board of Directors. Membership in the Cooperative shall terminate by:

- (a) cessation of existence or expulsion of a member; or
- (b) death; or
- (c) discontinuing services within the service area; or
- (d) withdrawal; or
- (e) nonpayment; subject to any policy adopted by the Board of Directors regarding members’ payments by an insufficient funds check.

Also, termination of any membership in any manner shall not release a member or their estate from any debts due the Cooperative. The termination or withdrawal of membership shall be evidenced by removing the member’s name from the membership record maintained at the

headquarters of the Cooperative (Clear Lake, SD).

SECTION 6. Purchase of Telecommunications Services, Informational Services or Cable Television Services.

- (a) Each member shall subscribe to services from the Cooperative to be used on the premises specified in the application for membership and services, and shall pay the rates established by the Board of Directors. Each member shall pay all amounts owed to the Cooperative upon becoming due and payable. The Board of Directors may limit the amount of services which the Cooperative furnishes to any one member. 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 as provided in these By-Laws.
- (b) The Cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services. Nor will the Cooperative be able to provide every service desired by each member.
- (c) 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, enlarge, maintain, operate or replace telecommunications or communications lines, overhead or underground, including all cables, conduit, markers, surface testing terminals, wires and other appurtenances across, through, under and upon any real property controlled, leased or owned by said member for the furnishing of service to said member or any other member at no cost to the Cooperative. Furthermore, the member agrees to execute any easement or right-of-way contract on a form to be furnished by the Cooperative when requested to do so.
- (d) The members of the Cooperative acknowledge that the provisions and terms of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each member by dealing with the Cooperative, and both the Cooperative and the members are to be bound by such contract as fully as though each member had individually signed a separate instrument containing such provisions and terms. The provisions of this Article of the By-Laws shall be called to the attention of each member of the Cooperative by publishing same annually in the Cooperative's telephone directory.

ARTICLE II  
RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members.

All debts and liabilities of the Cooperative shall be paid, and all capital furnished through patronage shall be retired as provided in these By-Laws upon dissolution, and the remaining assets and property 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 such members unless otherwise provided by law.

SECTION 2. 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 3. Assignment and Gift by Failure to Claim.

- (a) Notwithstanding any other provision of the By-Laws, if any South Dakota member or former member fails to claim any cash retirement of capital credits or other payment from the Cooperative within six years after payment of the same has been made available by a check mailed to the last address furnished to the Cooperative, then such failure shall be and constitutes an irrevocable assignment and gift by such member of such capital credits or other payments to the Cooperative provided the Cooperative has completed the statutory procedure required by state law.
- (b) If any Minnesota member or former member fails to claim any cash retirement of capital credits or other payment from the Cooperative within seven years after payment of the same has been made available by a check mailed to the last address furnished to the Cooperative, then such failure shall be and constitutes an irrevocable assignment and gift by such member of such capital credits or other payments to the State of Minnesota provided the Cooperative has completed the statutory procedure required by state law.
- (c) Failure to claim any such payment within the meaning of this section shall include the failure of such member or former member to cash any check mailed by the Cooperative to the last address furnished to the Cooperative.
- (d) The assignment and gift provided for under this section shall become effective only upon the expiration of either six or seven years from the date when such payment was made available to such member or former member without claim therefore and only after the further expiration of six months following the giving of a Notice by mail or publication that unless such payment is claimed within six months, then such gift to the Cooperative or State of Minnesota shall be vested.
- (e) The Notice by mail provided herein shall be mailed by the Cooperative to such member or former member at their last known address. If Notice by publication is given, then such publication shall be pursuant to state law.
- (f) The failure to claim any cash retirement of capital credits shall be deemed to terminate six months after the Notice has been mailed or the date of its first publication.

ARTICLE III  
MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held during the month of September each year at such place within a county served by the Cooperative as selected by the Board of Directors and which shall be designated in the Notice of the meeting. The meeting shall be held for the purpose of 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 of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated place and time shall not work a dissolution or forfeiture of the Cooperative.

SECTION 2. Special Meetings. Special meetings of the members may be called by:

- (a) resolution of the Board of Directors; or
- (b) upon a written request signed by one-third of the Directors; or
- (c) upon a declaration by the President; or
- (d) upon a written request signed by not less than 20% of all the members;

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 selected by the Board of Directors and shall be designated in the Notice of the special meeting.

SECTION 3. Notice of Members' Meetings. Written Notice stating the place, day and hour of the meeting, and in the case of an annual or special 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 days nor more than 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, then by the persons calling the meeting, to each member. If mailed, then such Notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at their address as it appears on the records of the Cooperative with postage thereon prepaid. The failure of any member to receive a Notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at such meeting.

SECTION 4. Postponement of a Meeting. In the event of inclement weather or the occurrence of a catastrophic event, then a meeting of the members may be postponed by the President, Vice-President or the Board of Directors. Notice of the adjourned meeting shall be given in any media of general circulation or broadcast serving the area.

SECTION 5. Quorum. A quorum at an annual or special meeting shall be 50 members present in person or represented by approved designation.

SECTION 6. Credentials and Election Committee. The Board of Directors may appoint a credentials and election committee consisting of three members at least ten days before any election or meeting of the members. The Board of Directors shall have regard for equitable representation of the nine districts served by the Cooperative in appointing the committee. The committee shall elect its own Chairman and Secretary prior to any election or meeting. It shall be the responsibility of the committee to approve or establish:

- (a) the manner of conducting member registration and any ballot voting;
- (b) to pass upon all questions that may arise with respect to the registration of the members in person;
- (c) to count all ballots cast in any election or in any other ballot vote taken;
- (d) to rule upon the effect of any ballots irregularly or indecisively marked;
- (e) to pass upon any objection or protest filed with respect to any election or

conduct effecting the results of any election.

A written objection or protest must be filed at the headquarters of the Cooperative (Clear Lake, SD) within three business days following the adjournment of the meeting or the election date. The committee shall reconvene within seven days after such written objection or protest is filed and Notice received from the Chairperson. The committee shall hear such evidence as is presented by the objectors or protesters who may be heard in person, by counsel or both. The committee shall render its decision by a majority vote of those present to affirm or change the election results or set aside such election within 30 days after the hearing. The committee's decision on all such matters shall be final.

SECTION 7. Voting. Each member of the Cooperative shall be entitled to one vote on each matter submitted to a vote at each meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, or the Articles of Incorporation, or these By-Laws.

Voting by proxy shall not be permitted. A vote by a member (other than a natural person) is allowed upon the member presenting an approved written designation to the Cooperative at its headquarters (Clear Lake, SD) either ten days prior to or upon registration at an annual or special meeting. An individual may represent more than one such member, and may also vote as an individual if they are a member, but no individual may cast more than a total of three votes.

SECTION 8. Order of Business. The order of business at an annual or special meeting of the members shall be essentially as follows unless otherwise determined by the members at such meeting:

- (a) report on the number of members present in order to determine the existence of a quorum;
- (b) reading of the Notice of the meeting and proof of the due mailing or publication thereof or the waiver or waivers of Notice of the meeting;
- (c) approval of agenda;
- (d) reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (e) presentation and consideration of the reports of the manager, officers and committees;
- (f) unfinished business;
- (g) new business;
- (h) adjournment.

#### ARTICLE IV DIRECTORS

SECTION 1. General Powers and Duties. The business and affairs of the Cooperative shall be managed by a Board of Directors and this board shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the members. It shall be the duty of each director to participate in such

activities as are deemed necessary to enhance the prestige of the Cooperative and broaden its operation, and fulfill its public obligations as a member of the service area, and in furtherance thereof to devote reasonable time in attendance at meetings of affiliated organizations and at training sessions designed to assist and improve directors and officers in carrying out their duties.

SECTION 2. Qualifications. No person shall be eligible to become or remain a director who:

- (a) is not a natural person; or
- (b) is not a member and a bona fide resident in the ILEC service area of the Cooperative or the CLEC Area; or
- (c) does not reside in the district from which they are to be elected; or
- (d) is in any material way employed by or financially interested in a competing enterprise, or providing or selling telecommunications services, or informational services, or cable television services as determined by the Board of Directors; or
- (e) does not consent to be a candidate and agree to serve if elected. A written statement of consent must be made and filed with the Cooperative prior to a district election; or
- (f) is currently an employee of the Cooperative or has been an employee of the Cooperative during the five (5) years preceding the date on which the person would take office as a director; or
- (g) is related to a present or future director by two (2) or fewer degrees of kinship, or whose spouse is related to a present or future director by two (2) or fewer degrees of kinship. For purposes of these By-laws, kinship shall be deemed to include relations by blood and relations created by marriage or adoption, including, without limitation, step-children, step-parents, or step-siblings.

Anytime the Board of Directors shall find by a resolution passed by a vote of two-thirds (2/3) of all directors that a director is holding office in violation of any of the foregoing provisions, then that director shall at that time cease to be a director. However, Notice of such resolution must be given to such director before the Board of Directors' meeting at which it is to be considered and the director charged may be heard at such Board of Directors' meeting in person or by counsel and present evidence. Nothing contained in this Section shall effect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors prior to the passage of the resolution determining and finding the disqualification.

SECTION 3. Nomination of Directors.

- (a) The Board of Directors shall set a date and time for an election meeting where a directorship will expire not more than 120 days nor less than 60 days before the annual meeting of the Cooperative.
- (b) The Secretary for the Board of Directors shall mail (not less than 45 days before a district director election) to each member of a voting district entitled to vote thereon a Notice that there is or will be a vacancy in the

district. The Notice shall contain the date and time for the election meeting, and shall also state that a petition in proper form may be requested from the Cooperative's headquarters (Clear Lake, SD) and will be mailed to any member requesting same.

- (c) Any person who qualifies under the By-Laws may run for that directorship by a petition signed by not less than 35 members who reside in their district and the petition must be filed at the headquarters of the Cooperative (Clear Lake, SD) no later than 30 days before the election meeting established by the Board of Directors.
- (d) The nominating petition shall state the name and address of the person running for director, and the number of the district in which running, and each member signing said petition shall also date and print their signature and place their address and telephone number on the petition.
- (e) Any petition received which has been mailed by first-class mail and postmarked 30 days prior to the district director election meeting shall be deemed to have been filed in sufficient time, and all petitions shall be subsequently certified by the Secretary of the Board of Directors.

If only one person files a petition in proper form within the proper time, then the election shall be canceled, and the Notice of cancellation shall be published in the local newspaper of general circulation in the district.

#### SECTION 4. Election, Tenure and Vacancies.

- (a) A director shall be elected for a period of three years by ballot of the members residing in the district. The candidate for director receiving the highest number of votes shall be deemed elected. If there is a tie for the highest number of votes on the original ballot, then the ballot shall be resubmitted with the names of those candidates who tied to be voted upon by the district members until a winner is determined. A report shall be submitted by the Secretary of the Board of Directors to the annual meeting regarding the election results, and the elected director shall assume office immediately following the annual meeting of the Cooperative.
- (b) A vote by a member (other than a natural person) is allowed upon the member presenting with satisfactory evidence an approved written designation to the Cooperative at its headquarters (Clear Lake, SD) no less than ten days prior to a district election meeting. An individual residing within the district may represent more than one such member and may also vote as an individual, but no individual may cast more than a total of three votes. A business owned by an individual may not designate their vote.
- (c) The Secretary shall enclose a ballot with the Notice of a district director election and each member residing in said district shall express their vote by placing either a check () or a cross (X) in the space provided by the candidate of their choice. Each member shall enclose their ballot in a sealed blank envelope. The blank envelope will be placed in a second envelope bearing the member's name and address, and shall be signed by



the member before returning the ballot to the Secretary at the headquarters of the Cooperative (Clear Lake, SD). When such written vote so enclosed is timely received by mail or by being hand delivered from each member on or before the date and time of the meeting set forth in the Notice, then it shall be counted as a vote of such member. A member may also be personally present at the election meeting and cast their ballot. The credentials and election committee shall count the votes pursuant to Section 6 of Article III at the conclusion of the date and time set forth in the Notice. A ballot may be canceled at anytime before the date of the election by delivering a dated and signed written Notice to the Secretary. If a husband and wife hold a joint membership, then they shall jointly be entitled to one vote by mail as provided in this section. The failure of any member to receive a ballot shall not invalidate the election.

- (d) Any director vacancy arising between district meetings may be filled by the Board of Directors selecting a member from the district in which the vacancy occurs by the affirmative vote of the majority of the remaining directors to complete the unexpired portion of the term provided more than nine months of the term remains unexpired.

#### SECTION 5. Voting Districts.

There shall be nine districts described as follows:

District One (1) shall be the Castlewood, Clear Lake, Estelline and Goodwin exchanges;  
District Two (2) shall be the Astoria, Brandt, Gary, Toronto and White exchanges;  
District Three (3) shall be the Hendricks and Lake Benton exchanges;  
District Four (4) shall be the Brookings and Elkton exchanges;  
District Five (5) shall be the Chester, Nunda, Sinai and Wentworth exchanges;  
District Six (6) shall be the Bryant, Hayti, Lake Norden and Willow Lake exchanges;  
District Seven (7) shall be the Clark exchange;  
District Eight (8) shall be the Bradley, Florence, Waubay and Webster exchanges; and  
District Nine (9) shall be the Revillo, South Shore and Stockholm-Strandburg exchanges and the CLEC Area.

The number of directors in each district shall be one director in Districts Two, Three, Five, Six, Seven and Nine and two directors in Districts One, Four and Eight.

On or prior to the January 1, 2013, the Board of Directors may appoint an interim director to fill the vacant seat on the Board of Directors for the then newly formed District Nine. Said interim director shall serve as the director for District Nine commencing January 1, 2013, until the next regularly scheduled annual meeting of the members. In the event the Board of Directors elects not to appoint an interim director to fill the vacant seat representing the then newly formed District Nine, such seat shall remain vacant until the next regularly scheduled annual meeting of the members.

SECTION 6. Removal of Director. Any member may bring charges based upon just cause for discharge against a director in their district. A petition filed with the Secretary which is

signed by a minimum of 10% of the members residing in that district seeking removal of a director and stating charges of just cause therefore, together with proof of personal service thereof on the director charged, shall be heard by all of the members residing in said district at a special meeting. The Notice of the special meeting must generally describe the charges and state that any vacancy created by such removal will be filled by a vote of the Board of Directors per Section 4(d) of Article IV.

The member bringing the charges may be heard at the meeting in person or by counsel and may present evidence. The director charged shall have the same opportunity. Removal can be effected only by a two-thirds (2/3) majority vote of those members, including designated members, voting by a secret written ballot. Nothing contained in this Section shall effect in any manner whatsoever the validity of any action of the Board of Directors prior to the vote for removal.

**SECTION 7. Compensation.** Directors shall not receive any salary for their services as directors except that by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors and for attendance at or travel to and from any other meeting on behalf of the Cooperative which is authorized by the Board of Directors. No director shall receive compensation for serving the Cooperative in any other capacity. Nor shall any close relative of a director receive compensation for serving the Cooperative unless the amount of the compensation and the payment shall be specifically authorized by a vote of the members or the service by such director or close relative shall have been certified by the Board of Directors as an emergency measure. A "close relative" includes an aunt, brother, child, grandchild, grandparent, husband, nephew, niece, parent, sister and uncle by adoption, or by blood, or by marriage, and the spouse of any of the foregoing for purposes of this section.

**SECTION 8. Policies, Regulations and Rules.** The Board of Directors shall have the power to make and adopt such policies, regulations and rules which are not inconsistent with the law, or the Articles of Incorporation, or these By-Laws, as it may deem advisable for the affairs of the Cooperative and management of the business.

**SECTION 9. Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system which shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Services of the United States of America, subject to applicable laws and regulations and rules of any regulatory body. Also, the Board of Directors shall cause a full and complete annual audit of the accounts, books and financial condition of the Cooperative to be made by a certified public accountant after the close of each fiscal year. The results of such audit shall be reported to the members at the next annual meeting.

**SECTION 10. Waiver of Notice.** Any director or member may waive in writing any Notice of a meeting required to be given by these By-Laws. The attendance of a director or member at any meeting shall constitute a waiver of Notice of such meeting by such director or member except in case a director or member shall attend a meeting for the sole purpose of objecting to the transaction of any business at a meeting that has allegedly not been lawfully called or convened.

SECTION 11. Rules of Procedure. The rules of parliamentary procedure as provided in “Roberts Rules of Order” shall govern the conduct of all meetings of the Board of Directors and meetings of members of the Cooperative unless otherwise provided in these By-Laws.

## ARTICLE V MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board of Directors shall be held monthly at such time and place as the Board of Directors may provide by resolution. Such regular monthly meeting may be held without Notice other than a resolution fixing the time and place thereof. Regular or special meetings may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or by one third (1/3) of all the directors and it shall thereupon be the duty of the Secretary to cause Notice of such meetings to be given as hereinafter provided. The President or the directors calling the meeting shall fix the date, time and place for the meeting.

SECTION 3. Notice of Directors' Meetings. Notice of the date, time, place and purpose of any special meeting of the Board of Directors shall be timely delivered to each director either personally, or by email, facsimile or mail, by or at the direction of the Secretary or upon a default in duty by the Secretary, then by the President or the directors calling the meeting. If mailed, then such Notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at their address as it appears on the records of the Cooperative with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board of Directors shall constitute a quorum. However, if less than a majority of the directors are present at said meeting, then a majority of the directors present may adjourn the meeting from time to time, and the Secretary shall notify any absent director of the time and place such adjourned meeting may be continued. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless provided otherwise in these By-Laws.

SECTION 5. Unanimous Consent in Writing. The Board of Directors may take action without a meeting and without a vote if unanimous consent of the Board of Directors is obtained in a writing setting forth the action taken in detail and the writing is signed by all directors entitled to vote.

## ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer and such other officers as may be determined by the Board of Directors from time to time.

SECTION 2. Election and Term of Office. The officers shall be elected annually by ballot if there is a contest, and if not, then by any other method designated by the person presiding at the first meeting of the Board of Directors held after the annual meeting of the members. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until a qualified successor shall have been elected. A vacancy in any office shall be filled by a majority vote of the Board of Directors for the unexpired portion of the term.

SECTION 3. Removal of Agents and Officers. Any agent or officer appointed or elected by the Board of Directors may be removed by the Board of Directors whenever the best interest of the Cooperative in its judgment will be served thereby. Also, a petition may be filed by any member with the Secretary which is signed by a minimum of 20% of the Cooperative's members seeking the removal of such officer and stating charges of just cause therefore, together with proof of personal service thereof on the officer charged at least ten days prior to the Board of Directors' meeting at which the charges are to be considered. The Notice of such meeting must generally describe the charges and state that any vacancy created by such removal will be filled by a vote of the Board of Directors per Section 4(d) of Article IV. The member bringing the charges may be heard at the meeting in person or by counsel and may present evidence. The director charged shall have the same opportunity. In the event the Board of Directors does not remove such officer, then the question of their removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

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

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

SECTION 6. Secretary. The Secretary shall be responsible for:

- (a) keeping the minutes of the meeting of the members and of the Board of

- Directors in books provided for that purpose;
- (b) seeing that all Notices are duly given in accordance with these By-Laws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents signed on behalf of the Cooperative by its officers or otherwise and as duly authorized in accordance with the provisions of these By-Laws;
- (d) keeping a register of the names and post office addresses of the members;
- (e) signing with the President, legal documents authorized by the Board of Directors, unless the signing of such documents has been delegated to other agents, officers or employed personnel;
- (f) keeping on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Cooperative which contains all amendments thereto and are available to be inspected by any member, and a copy thereof shall be furnished by the Cooperative to any member requesting same; and
- (g) the general performance of all the duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; provided however, that with the approval of the Board of Directors the Treasurer shall have the authority to delegate to the General Manager the authority to appoint employees of the Cooperative to actually carry out the duties set forth herein, but the Treasurer shall remain responsible for their proper execution; and
- (c) 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 by the Board of Directors; provided however, the Cooperative shall indemnify and hold the Treasurer harmless against any and all claims, damages or losses which may be asserted against the Treasurer in their official capacity with respect to the duties and responsibilities of the Treasurer unless such claim is the result of an act personally committed or omitted by the Treasurer resulting in loss to the Cooperative.

SECTION 8. General Manager. The Board of Directors may appoint a General Manager who may be, but who shall not be required to be, a member of the Cooperative. The General Manager shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in the General Manager.

SECTION 9. Bonds of Officers. The Treasurer and any other agent or officer of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other agent, employee or officer of the Cooperative to be bonded in such amount and with such security as it shall determine.

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

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

## ARTICLE VII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall be operated at all times on a Cooperative nonprofit basis for the mutual benefit of its members. No dividends or interest shall be paid or payable by the Cooperative on any capital furnished by its members.

SECTION 2. Patronage Capital in Connection with Furnishing Telecommunications Services, or Informational Services, or Cable Television Services. In the furnishing of telecommunications services, informational services, or cable television services, the Cooperative's operation shall be conducted so that all members will furnish capital for the Cooperative through their patronage. The Cooperative is obligated to account on a patronage basis to all of its members for all amounts received and receivable from the Cooperative's patronage income in the furnishing of telecommunications services, informational services, or cable television services, in excess of operating costs and expenses properly chargeable against the patronage income from the furnishing of telecommunications services, informational services, or cable television services and thereby induce the patronage and to insure that the Cooperative will operate on a non-profit basis. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the member as capital. 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. The books and records of the Cooperative shall be kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member 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 their account. All such amounts credited to the capital 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.

Notwithstanding anything contained in these By-Laws, a telecommunications company shall not receive any allocation of patronage capital in consideration for any of the following: (i) its payment of any fees or settlements to this Cooperative; (ii) its purchase of

telecommunications, informational or cable television products or services primarily for purposes of resale to a third-party or to the public at large; or (iii) its purchase of any products or services from this Cooperative other than telecommunications services, informational services, cable television services and other consumer products for its own use.

SECTION 3. Departments: The Cooperative may establish one or more separate departments for each of its patronage activities, at the discretion of the Board of Directors, for purposes of allocating capital credits to members.

The Cooperative will account for the revenues received and receivable from each department in excess of cost and expenses properly chargeable to each department (patronage net margins). All such patronage net margins of each department at the moment of receipt by the Cooperative are received with the understanding that they are furnished as capital by the members who patronize the department. The Cooperative is obligated to pay by credits to a capital account for each member purchasing service from the department an allocation of capital credits from the patronage net margins calculated for the department. The allocation of capital credits from the patronage net margins of a particular department to a member's capital credit account will be based on the member's patronage business done within the particular department. No amount of capital credit will be allocated from a particular department to members that do not patronize the department.

Revenue from each patronage activity will be assigned to the appropriate department as well as the cost of providing the service. Indirect and overhead costs shall be allocated to each department using reasonable and generally accepted methods of expense allocation. Management of the Cooperative will provide an annual accounting for each department to the Board of Directors within a reasonable time after the close of the Cooperative's fiscal year in such a manner that the patronage net margins of each department are clearly reflected, and the allocation of capital credits for each member are credited in an appropriate capital credit account.

SECTION 4. Non-Patronage Income: All other amounts received by the Cooperative as non-patronage income which shall include, but not be limited to, capital gains, dividends, interest income and other miscellaneous income, in excess of costs and expenses, shall insofar as permitted by law:

- (a) be reserved as unallocated retained earnings, and shall not be allocated to the Cooperative's members on a patronage basis as a part of the capital credited to the accounts of members, as herein provided; and
- (b) be used for business purposes as determined by the Cooperative.

In the event of dissolution or liquidation of the Cooperative after all outstanding indebtedness of the Cooperative shall have been paid, then outstanding capital credits shall be retired without priority on a prorata basis before any payments are made on account of property rights of members. If at any time prior to dissolution or liquidation the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, then the capital credited to members' accounts may be retired in full or in part. The Board of Directors shall determine the method basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Notwithstanding the foregoing, in all instances where the account has accumulated capital credits for a refund as determined by Board action and the amount remaining after the scheduled refund amount is deducted is less than \$10.00, then and in that event, the scheduled refund plus the amount remaining being less than \$10.00 shall be refunded in its entirety.

## ARTICLE VIII ENCUMBERING OR DISPOSING OF PROPERTY

SECTION 1. Encumbering Cooperative Property. The Board of Directors shall have full authority to borrow funds, increase the debt limit, and authorize the execution and delivery of a mortgage or mortgages, or a deed or other instruments which encumbers any or all of the assets, franchises, licenses, privileges, permits, property and rights of the Cooperative whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, all upon such conditions and terms as the Board of Directors shall determine to secure any indebtedness of the Cooperative to the United States of America or any agency or instrumentality thereof, or any other lender.

SECTION 2. Other Disposition. The Cooperative may not lease, sell or otherwise dispose of all or a substantial portion of its property unless such lease, sale or other disposition is authorized by the affirmative vote of not less than a majority of all the members of the Cooperative except as provided in Section 1 of this Article. The members voting thereon must be present and vote in person. However, notwithstanding any other provision of this Article or any other provision of law, the Board of Directors may lease, sell or otherwise dispose of all or a substantial portion of the Cooperative's property to another Cooperative or to the holder or holders of any bonds, notes or other evidence of indebtedness issued to the United States of America or any agency or instrumentality thereof or any other lender upon being authorized to do so by a majority of all the members at a meeting called for that purpose.

## ARTICLE IX SEAL

The Corporate Seal of the Corporation shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal".

## ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. Contracts. The Board of Directors may authorize any agent or agents, officer or officers, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative except as otherwise provided in these By-Laws, and such authority may be confined to specific instances or general.

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



SECTION 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative at such bank or banks as the Board of Directors may select.

SECTION 4. Change in Rates. Written Notice shall be given to the Administrator of Rural Utilities Services (RUS) of the United States of America not less than 90 days prior to the date upon which any proposed change in the monthly rate charged by the Cooperative for services becomes effective.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the 31<sup>st</sup> day of December of the same year.

## ARTICLE XI MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative may become a member or purchase stock in any corporation or organization engaging in or furthering the cause of rural services or of any other organization upon being authorized to do so by the Board of Directors, and when such membership or purchase will promote the interests of the Cooperative in the opinion of the Board of Directors.

SECTION 2. Area Coverage. The Board of Directors shall make diligent effort to see that services are extended to all unserved persons, associations, corporations, firms, partnerships or bodies politic or subdivisions thereof within the Cooperative's ILEC areas who desires such services and meets all reasonable requirements established by the Cooperative as a condition of such services, as long as the Cooperative is the carrier of last resort. Further, the Board of Directors shall make diligent effort to see that services are extended to all unserved persons, associations, corporations, firms, partnerships or bodies politic or subdivisions thereof within the Cooperative's CLEC Areas where the Cooperative has existing facilities and where in the judgment of the Board of Directors, in its sole and absolute discretion, it is economically feasible to provide such services to those that are unserved.

## ARTICLE XII AMENDMENTS

SECTION 1. Standard Amending Procedure. These By-Laws may be altered, amended or repealed by the members at any annual or special meeting by the affirmative vote of a majority of those members voting thereon, provided that the Notice of such meeting shall contain a copy of the proposed alteration, amendment or repeal, or specify the nature of the proposed alteration, amendment or repeal. Any amendment which is germane to the proposed alteration or amendment specified in the Notice and submitted at such meeting may be acted upon at such meeting with the same force and effect as though it had been contained in the Notice of the meeting.

SECTION 2. Initiated Amendments. Proposed alterations, amendments or repeals to the By-Laws may be initiated by the members by filing with the Cooperative at least 60 days prior to the date of an annual or special meeting a petition signed by at least 20% of the members of the Cooperative setting forth the proposed alterations, amendments or repeals, and requesting that

same be submitted to the membership for approval or rejection. The Cooperative shall give Notice of said proposed alterations, amendments or repeals as provided herein upon receipt of such a petition and submit same to the membership for approval or rejection at the next annual or special meeting.

SECTION 3. Amendments by the Board of Directors. Pursuant to the provisions of SDCL 47-15-16, these By-laws may be adopted and amended by the Board of Directors, so long as such adoptions and amendments do not materially diminish or impair the rights and privileges of the members of this Cooperative. Any By-law adopted or amended by the Board of Directors shall be reported at the next regular member meeting. Notwithstanding the foregoing, any such By-Law shall be at any time subject to amendment or repeal by the members in accordance with Section 1 of this Article XII.

(January 1, 2013)