

# Bylaws

## BYLAWS OF WILKES TELEPHONE MEMBERSHIP

Serving Exchanges of Boomer, Champion, Clingman and Lomax

### Article I MEMBERSHIP

**Section 1.1 Requirements for Membership.** Any person, firm, association, corporation or body politic or subdivision thereof may become a member of Wilkes Telephone Membership Corporation (hereinafter called the ("Corporation")) by:

- (a) Being at least 18 years of age.
- (b) Presenting positive identification.
- (c) Agreeing to purchase from the Corporation services as hereinafter specified.
- (d) Agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Corporation and any rules and regulations adopted by the Board of Directors hereinafter called the ("Board").
- (e) Agreeing to pay the membership fee hereinafter specified on uniform terms and conditions established by the Board. No member may hold more than one membership which carries a voting right. No membership shall be transferable, except as provided by these Bylaws.
- (f) Agreeing to grant to the Corporation a right-of-way easement to construct, operate and maintain a telecommunications line, cable or system on the Applicant's land at the address indicated and in or upon all streets, roads or highways abutting said land. Such easement shall be granted for the purpose of serving the Applicant or other members of the Corporation. Easements will be non-expiring unless other arrangements are agreed upon by the Corporation and the Applicant.

**Section 1.2 Membership Assignment and Fees.** Membership in the Corporation shall be evidenced by assignment of individual, non-duplicated, membership account numbers for each membership in the Corporation. No Membership shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid.

The membership fee shall be the sum of \$10.00 and shall be non-refundable.

An employee of the Corporation shall be eligible to a non-voting membership for capital credit purposes only and may receive services under terms and conditions adopted by the Board, with respect to services for employees.

Purchases of the Corporation's services at wholesale or otherwise for resale shall not be eligible for membership.

**Section 1.3 Membership.** Memberships in the Corporation are extended only to individual persons (natural or corporate) who meet the requirements of Section (1.1). 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.

Individual memberships will be freely transferable on the books of the Corporation between any persons in the same household 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 persons holding a joint membership shall be regarded as the presence of one member and shall have the effect of revoking any proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A proxy signed by either or both shall constitute a joint proxy;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice to either shall constitute notice to both;
- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;
- (h) 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 1.4 Conversion of Membership.** Upon the death of either person who is a party to a joint membership, such membership shall be converted to an individual membership when requested in writing; and fifty percent (50%) of the undistributed capital credited to said joint membership shall be owned by the estate of the first of them to die and may be applied for as set out in ARTICLE VII. SECTION 2. However, the estate of the deceased member (patron) and of the joint membership to the Corporation.

**Section 1.5 Purchase of Services.** Each member shall pay monthly rates in accordance with established tariffs 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 to the Corporation as and when the same become due and payable.

**Section 1.6 Termination of Membership.** The Board may, by the affirmative vote of not less than two-thirds of all 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 Corporation that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who has ceased to purchase service from the Corporation, may be canceled by resolution of the Board.

Upon the withdrawal, death, or 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 their estate from any debts due the Corporation.

### Article II RIGHTS AND LIABILITIES OF MEMBERS

**Section 2.1 Property Interest of Members.** Upon dissolution, after all debts and liabilities of the Corporation shall have been paid, the assets of the Corporation shall be distributed in accordance with Chapter 117, General Statutes of North Carolina.

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**Section 2.2 Nonliability for Debts of the Corporation.** The private property of the members shall be exempt from execution or other liability for the debts of the Corporation and no member shall be liable or responsible for any debts or liabilities of the Corporation.

## Article III MEETINGS OF MEMBERS

**Section 3.1 Annual Meeting.** The annual meeting of the members shall be held during the month of either September, October or November of each year, at such place within a county served by the Corporation 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 audit 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 Corporation.

**Section 3.2 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 Chairman, Vice-Chairman or the Board. Notice of the adjourned meeting shall be given by the Chairman in any media of general circulation or broadcast serving the area.

**Section 3.3 Special Meeting.** Special meetings of the members may be called by resolution of the Board, or upon written request signed by any five (5) Directors, by the Chairman. Or by no less than ten percent (10%) of the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided; however, it shall be the obligation of the members who have signed a petition for a special meeting to pay all the costs of preparing and mailing the notices of said special meeting by depositing with the Secretary such an amount of funds as is estimated by the Secretary to be the cost of preparing and mailing the notices.

**Section 3.4 Notice of Members' Meeting.** 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 days nor more than thirty 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 his address as it appears on the records of the Corporation, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**Section 3.5 Quorum.** A quorum for the transaction of business at all meetings of the members shall be as follows: Fifty (50) members or one (1) percentum of the total active members, whichever shall be the lesser, who are present in person, shall constitute a quorum. If less than a quorum is present at any meeting, the Chairman or Vice Chairman may adjourn the meeting from time to time without further notice.

**Section 3.6 Voting.** Each membership shall be entitled to only one vote upon each matter submitted to a vote at meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws.

**Section 3.7 Proxies.** At any meeting of the members or any adjournment thereof, any member, including members which are associations, corporations, business trustees or bodies politic, may vote by proxy. But only if such proxy is registered with the Corporation, at its principal office in Wilkesboro, North Carolina, during office hours before the third business day next preceding the date of the meeting or any adjournment thereof, as the case may be, and is executed by the member in writing and designates the holder or substitute holder thereof, which holder shall be the member's spouse, an adult close relative (18 years or older) residing in the same household as the member, or another member who is a natural person, and Specifies the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than sixty (60) days prior to the date of such meeting or any adjournment thereof; PROVIDED, that any mailed proxies not otherwise dated shall be deemed dated as postmarked if postmark is satisfactorily evidenced; AND PROVIDED FURTHER, that any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is currently revoked by another proxy or by the presence in person of the member at such adjournment.

A proxy may be unlimited as to the matters on which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited, notwithstanding all proxies shall be restricted to matters which require an affirmative majority of the total membership. In the event a member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke any proxy theretofore executed for such meeting or for such adjournment thereof, as the case may be, and if such proxies carry the same date and are held by different persons none of them will be valid or recognized. Notwithstanding the foregoing provisions of this Section, whenever a member is absent from a meeting of the members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote, the proxy of such member to the same extent that such member could vote if present in person, unless some other qualified person holds such proxy in writing. No person may hold more than three (3) proxies at any meeting except in connection with the mortgaging or otherwise encumbering of the Corporation's property to secure loans made or to be made to the Corporation by the United States of America, or any agency thereof.

**Section 3.8 Order of Business.** The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- (a) report on the number of members present in person in order to determine the existence of a quorum;
- (b) reading of the notice of the meeting and proof of the due delivery thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (c) reading of unapproved minutes of previous meeting and taking of any necessary action thereon;
- (d) presentation and consideration of reports of Officers, Directors and Committees;
- (e) election of Directors;
- (f) unfinished business;
- (g) new business; and
- (h) adjournment.

Notwithstanding the foregoing, the Board of Directors may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and 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.

**Section 3.9 Election and Credentials Committee.** The Board of Directors shall, at either a regular or special meeting held in July of each year appoint a Credentials and Election Committee consisting of an uneven number of members, not less than three (3) nor more than five (5), and who are not close relatives or members of the same household of existing Directors or known candidates for directors to be elected at such meeting. In appointing the Committee, the Board

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shall have regard for equitable representation of the several areas served by the Corporation.

The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to approve the manner of conducting member registration and any ballot 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 cast in any election or in any other ballot vote taken, to rule upon the effect of any ballots irregularly or indecisively marked, and to pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the adjournment of the meeting in which the election is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protester(s) who may be heard in person, by counsel, or both; 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, which may be either to affirm or change the results of the election or to set aside such election. The Committee's decision (as reflected by a majority of those actually present and voting) on all such matters shall be final.

**Section 3.10 Remote Video Conference of Members Meetings.** In addition to the principal place designated in the notice for either an Annual or a Special Meeting of the Members, the Notice of the Meeting may also designate one or more additional remote locations where members can meet and participate in a video conference of the member meeting. It shall be the responsibility of the Board of Directors to make arrangements for both video and audio transmissions from the remote site(s) to the principal location of the meeting and from the principal location to the remote site(s) to insure that all members at the remote site(s) have the same opportunity to see, hear and participate in the meeting as if present at the principal location. Members registering and appearing in person at a remote site shall be counted as present for the purpose of determining a quorum.

## Article IV DIRECTORS

**Section 4.1 General Powers.** The business and affairs of the Corporation shall be managed by a Board of nine (9) Directors which shall exercise all of the powers of the Corporation, except such as are by law, the Certificate of Incorporation, or these Bylaws conferred upon or reserved to the members.

**Section 4.2 Election and Tenure of Office.** Directors shall serve terms of three (3) years, and these terms shall be staggered. In order to provide reasonably equal representation in the system between the various areas served by the Cooperative, representation on the Board of Directors shall be by two (2) Directors from the Lomax, Champion, Boomer and Clingman Exchanges in Wilkes County, and one Director from the geographical area formerly served by Tri-County Corporation (hereinafter referred to as the "Tri-County Area). If an election of Directors is not held on the day designated for the annual meeting or at any adjournment thereof, incumbents shall continue to hold office until such time as their successors are elected and qualified.

At each annual meeting of the members, Directors shall be elected by secret ballot by the members and, from among those members who are natural persons; PROVIDED, that, when the number of nominees does not exceed the number of Directors to be elected from a particular Exchange or area, and if there is no objection, balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality vote of the members, and any tie vote shall be decided by a coin toss at the meeting.

A proxy may be unlimited as to the matters on which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited, notwithstanding all proxies shall be restricted to matters which require an affirmative majority of the total membership. In the event a member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke any proxy theretofore executed for such meeting or for such adjournment thereof, as the case may be, and if such proxies carry the same date and are held by different persons none of them will be valid or recognized. Notwithstanding the foregoing provisions of this Section, whenever a member is absent from a meeting of the members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote, the proxy of such member to the same extent that such member could vote if present in person, unless some other qualified person holds such proxy in writing. No person may hold more than three (3) proxies at any meeting except in connection with the mortgaging or otherwise encumbering of the Corporation's property to secure loans made or to be made to the Corporation by the United States of America, or any agency thereof.

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- (d) presentation and consideration of reports of Officers, Directors and Committees;
- (e) election of Directors;
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Notwithstanding the foregoing, the Board of Directors may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and 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.

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**Section 4.2 Election and Tenure of Office.** Directors shall serve terms of three (3) years, and these terms shall be staggered. In order to provide reasonably equal representation in the system between the various areas served by the Cooperative, representation on the Board of Directors shall be by two (2) Directors from the

Lomax, Champion, Boomer and Clingman Exchanges in Wilkes County, and one Director from the geographical area formerly served by Tri-County Corporation (hereinafter referred to as the "Tri-County Area). If an election of Directors is not held on the day designated for the annual meeting or at any adjournment thereof, incumbents shall continue to hold office until such time as their successors are elected and qualified.

At each annual meeting of the members, Directors shall be elected by secret ballot by the members and, from among those members who are natural persons; PROVIDED, that, when the number of nominees does not exceed the number of Directors to be elected from a particular Exchange or area, and if there is no objection, balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality vote of the members, and any tie vote shall be decided by a coin toss at the meeting.

**Section 4.3 Qualifications.** No person shall be eligible to become or remain a Director of the Corporation who:

- (a) is not a member and bona fide resident with his/her primary place of abode with the exchange or area he/she is to be elected; or
- (b) is not a member (in good standing);
- (c) is in any way employed by or financially interested in a competing enterprise or a business, whose primary business is in competition with the Corporation, or constructing or maintaining telephone facilities, other than a business operation on a non-profit basis for the purpose of furthering rural telephony.
- (d) is a close relative of an incumbent Director or an employee of the Corporation, or their respective spouse. However, no incumbent Director will lose eligibility to remain a Director or to be re-elected as a Director if he/she becomes a close relative of another Director or an employee because of a marriage to which he/she was not a party.
- (e) has been an employee or the spouse of an employee of the Corporation at anytime during the preceding ten (10) years.

Upon establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board shall remove such Director 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 4.4 Nominations.** It shall be the duty of the Board at either its regular or a special meeting held in July of each year to appoint a committee on nominations consisting of not less than three (3) nor more than five (5) members who shall be selected from different geographical areas served by the Corporation so as to insure equitable representation. No member of the Board may serve on such committee. The committee, keeping in mind the principle of geographical and equitable representation, shall prepare and post at the principal office of the Corporation at least thirty (30) days before the meeting a list of nominations for Directors which shall include at least one (1) candidate for each Director to be elected. One-hundred (100) members of the Corporation who are residents of a particular Exchange or area, acting together, may make additional nominations for a Director in writing over their signatures not less than twenty-five (25) days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least ten (10) days prior to the meeting, a statement of the number of Directors to be elected and the names and address of all nominees, showing separately those made by the committee and those made by petition, if any. No nominations shall be made from the floor.

**Section 4.6 Removal of Director by Directors.** Malfeasance. Any Director may bring charges of malfeasance against a Director by filing with the Secretary such charges in writing, setting forth the specific and particular act or acts alleged to have been committed by the Director, together with the approximate date or dates of such acts and a brief summary of the evidence in support thereof. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the Directors at which time the charges are to be considered and shall have the opportunity at such meeting to be heard in person or by counsel, to examine any witnesses or other evidence, and to present witnesses or any evidence in support of his position. After the hearing is complete, the question of the removal of such Director shall be considered and voted upon by the other Directors present. A majority of the other Directors in office shall be required for the removal of such Director.

Incapacity. Any four (4) Directors may file a Petition of Incapacity with the Secretary against a Director who seemingly lacks the physical or mental capacity to continue service and perform the essential functions of the position of Director. Such Petition must be supported by specific allegations outlining the Director's failure to perform essential Director functions. Such Director shall be informed in writing of the Petition at least ten (10) days prior to the meeting of the Directors at which the Petition shall be considered and the Director shall have the opportunity to be heard in person or by counsel in regard to the allegations raised in Petition. After a full and complete Hearing, a majority of the remaining Directors in office may vote to submit the questions of the Director's continuing capacity to a Medical Review Board consisting of three physicians - one selected by the Corporation, one by the Director at issue, and the third selected by the initial Appointees. A majority of the Medical Review Board shall thereafter certify the Director's capacity or incapacity to continue service. If the latter is certified, the Directors Directorate shall be declared vacant.

**Section 4.7 Vacancies.** Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Directors 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 Chairman shall fill such vacancy without compliance with the foregoing provisions in respect of nominations.

**Section 4.8 Compensation.** Directors shall not receive any salary for their services as Directors, except by resolution of the Board. Reimbursement may be made not to exceed such amount as may be by law allowed, plus expenses for attendance at each meeting of the Board and for attending meetings other than Board meetings. No Director shall receive compensation for serving the Corporation in any other capacity nor shall any close relative of a Director receive compensation

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for serving the Corporation, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service of such close relative shall have been certified by the Board as an emergency measure. Or (alternative) 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. Board members, who elect to participate, may be extended various forms of other insurance as well as participation in benefits provided to employees except for benefits based on salary. For purpose of this section, "close relative" includes grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, aunts, uncles, nephews and nieces, by blood, by marriage or by adoption and spouses of any of the foregoing.

**Section 4.9 Indemnification.** Every Director, officer or employee or former director, officer or employee of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred or imposed upon him in connection with any proceeding to which he may be made a party, or in which he may become involved, by reason of his being or having been a director, officer or employee of the Corporation or any settlement thereof, whether or not he is a director. Officer or employee at the time such expenses are incurred, except in such cases wherein the director, officer or employee is adjudged guilty of negligence misconduct in the performance of his duties. Provided, however, that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approve such settlement and reimbursement as being to the best interest of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director, officer or employee may be entitled.

## Article V MEETINGS OF DIRECTORS

**Section 5.1 Regular Meetings.** A regular meeting of the Board shall be held monthly at such time and place as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution giving the time and place thereof.

**Section 5.2 Special Meeting.** Special meetings of the Board of Directors may be called by the Chairman or by any three Directors, and it shall therefore be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or the Directors calling the meeting shall fix the time and place (which shall be in Wilkes County, North Carolina, or in any other county in which the Corporation operates) for the holding of the meeting.

**Section 5.3 Notice of Special Directors Meeting.**

Written notice of the time, place, and purpose of any special meeting of the Board shall be delivered to each Director no less than five (5) days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Corporation, with postage thereon prepaid. Such notice may be waived by written waiver signed by the Directors.

**Section 5.4 Quorum.** A majority of the Board shall constitute a quorum; provided, that if less than such majority of the Directors is present at said meeting. A majority of the Directors present may adjourn the meeting from time to time; and, provided further, that the Secretary shall notify absent directors of the time and place of such adjourned meeting. The act of a majority of the Directors in office shall be the act of the Board.

**Section 5.5 Attendance at Meetings.** Notwithstanding any provision to the contrary contained herein, any meeting of the board, regular or special, may be held by telephone / speakerphone / video conference / internet conferencing or similar electronic communication equipment so long as all board members can communicate with and understand one another, and those participating in the meeting receive and vote on the same information. All such board members participating electronically shall be deemed to be present, in person, at such meeting for quorum and all other purposes. The Board expects regular attendance by board members at the meetings of the Members and the Board.

## Article VI OFFICERS

**Section 6.1 Number.** The officers of the Corporation shall be a Chairman, Vice Chairman, 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 6.2 Election and Term of Office.** The officers shall be elected annually by and from the Board at the first regular meeting of the Board following the annual meeting of the members. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. Except as otherwise provided in these Bylaws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

**Section 6.3 Removal of Officers and Agents by Directors.** Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Corporation will be served thereby.

**Section 6.4 Chairman.** The Chairman shall:

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

**Section 6.5 Vice Chairman.** In the absence of the Chairman, or in the event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman shall also perform such other duties as from time to time may be assigned to him by the Board.

**Section 6.6 Secretary.** The Secretary shall:

- (a) shall be responsible for preparing minutes of Board and Member Meetings;
- (b) shall be responsible for authenticating the Corporation's records;
- (c) may affix the Corporation's seal to any document authorized or approved by the Board or Members; and
- (d) shall perform all other duties, and responsibilities, and may exercise all other authority, prescribed by the Board or Members.

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

- (a) in general, perform all the duties indicative to the Office of Treasurer and such other duties as from time to time may be assigned by the Board, however the treasurer shall have authority, with the approval of the Board, to delegate to the Chief Executive Officer the authority to appoint employees of the Corporation to

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actually carry out the duties set forth in this Section; provided that the Treasurer shall remain responsible for their proper execution; and

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

**Section 6.8 Chief Executive Officer.** The Board may appoint a Chief Executive Officer who shall not be required to be a member of the Corporation. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

**Section 6.9 Bonds of Officers.** The Treasurer and any other officer or agent of the Corporation charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board shall determine. The Board, in its discretion, may also require any other officer, agent or employee of the Corporation to give bond in such amount and with such surety as it shall determine.

**Section 6.10 Compensation.** The powers, duties and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of these Bylaws with respect to compensation for Directors and close relatives of Directors.

**Section 6.11 Reports.** The officers of the Corporation shall submit at each annual meeting of the members reports covering the business of the Corporation for the previous audit year. Such reports shall set forth the condition of the Corporation at the close of such audit year.

## Article VII NON-PROFIT OPERATION

**Section 7.1 Non-Profit and Corporation Operation.** The Corporation:

- (a) Must operate on a non-profit basis.
- (b) Must operate on a Corporation basis for the mutual benefit of its Members.
- (c) May not pay interest or dividends on Capital furnished by its Members.

**Section 7.2 Allocating and Crediting Capital.** In operating the Corporation:

(a) Capital Credits. Patrons, Members and Non-Members alike, shall furnish, and the Corporation shall receive, as capital ("Capital") all funds and amounts received by the Corporation from Patrons for the Corporation's provision of a Corporation Service that exceed the Corporation's costs and expenses of providing the Service ("Operating Margins"). For each Corporation Service, the Corporation shall annually allocate to each Member, and pay by credit to a Capital Account for each Member, Operating Margins from the Corporation Service in proportion to the value or quantity of the Corporation Service used, received, or purchased by each Member during the applicable fiscal year ("Capital Credit"). Capital Credits shall be treated as though the Corporation paid the Capital Credit amounts to each Member in cash pursuant to a legal obligation, and each Member furnished the Corporation Capital in the corresponding Capital Credit amounts.

(b) Non-Operating Margins. Funds and amounts, other than Operating Margins, received by Corporation that exceed the Corporation's costs and expenses ("Non-Operating Margins") may be:

- (i) Allocated as Capital Credits to the Members in the same manner as the Corporation allocates Credits to Members; or
- (ii) Used by the Corporation as permanent, non-allocated capital;
- (c) Assignment and Notification. Unless otherwise determined by the Board or provided in these bylaws, Capital Credits may be assigned only upon a Member:
  - (i) Delivering a written assignment to the Corporation; and
  - (ii) Complying with any other requirements reasonably determined by the Board;

The Corporation shall annually notify the members of the dollar amount of capital credits allocated or credited to the membership.

**Section 7.3 Retiring and Refunding Capital Credits.** At any time prior to the Corporation's dissolution or liquidation, the Board may authorize wholly or partial retirement and refund of Capital Credits to the Members and former Members. The Board shall determine the method, basis, priority, and order of retiring and refunding Capital Credits.

Discounted Capital Credit retirements shall be calculated based on a discount rate established by the Board of Directors and a discount period equal to the number of years of patronage capital then outstanding. All amounts of capital allocated to members but retained by the Corporation after retirements on a discounted basis shall be considered a contribution of capital to the Corporation and part of the "net savings" of the Corporation. "Net Savings" of the Corporation will not be reallocated as excess margins to any former or current Corporation members.

Upon the death of any Member or former Member ("Deceased Member"), and pursuant to a written request from the Deceased Member's legal representative, the Board may retire the Deceased Members' capital Credits and in the case of a joint membership fifty percent (50%) of the capital credits as referenced in Article I., Section 4. (b), under terms and conditions agreed upon by the Deceased Member's legal representative and the Corporation, provided, however, that the financial condition of the Corporation will not be impaired thereby.

Before retiring and refunding any Capital Credits, the Corporation may deduct from the Capital Credits any amounts owed to the Corporation by the Member or former Member, including any reasonable compounded interest and late payment fee, as determined by the Board.

Notwithstanding any other provision of the Corporation's Bylaws, membership agreement, or any other document, if any Member or former Member fails to claim any cash retirement of Capital Credits or other payment from the Corporation, including any refund of a security deposit or other refund, within one (1) year after payment of the same has been made to the Member or former Member by check mailed to the Member or former Member at his or her last address furnished by the Member or former Member to the Corporation, the failure shall be and constitutes an irrevocable assignment and contribution by the Member or former Member, of the Capital Credits payment or refund to the Corporation. Failure to claim any payment within the meaning of this section shall include the failure of a Member or former Member to cash any check mailed to him or her by the Corporation. The assignment and contribution provided under this section shall become effective only upon the expiration of one (1) year from the date when the payment was mailed to the Member or former Member by the Corporation and the expiration of sixty (60) days following the giving of notice by mail or publication that, unless such payment is claimed within the sixty (60) day period, the contribution to the Corporation shall become effective. Any mailed notice shall be one mailed by the Corporation to the Member or former Member at the last known address provided by the Member or former Member to the Corporation. If notice by publication is given, the publication shall be in a newspaper circulated in the service area of the Corporation, which may be the Corporation's newsletter. The sixty (60) day period following the giving of the notice either by mail or publication shall be deemed to terminate sixty (60) days after the mailing or publication of the notice. Any contribution made pursuant to this Bylaw provision shall be considered a contribution of capital to the Corporation and considered part of the "net savings" of the Corporation, and none of the contributions made pursuant to this Bylaw provision will be reallocated as excess margins to any of the Corporation's former or current members.

**Section 7.4 Reasonable Reserves.** Based upon the Corporation's reasonable needs, the Corporation may accumulate and retain Operating Margins ("Reasonable Reserves"). As provided in these Bylaws; however, the Corporation shall allocate and credit Reasonable Reserves as Capital Credits.

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**Section 7.5 Acknowledgment of Certificate of Incorporation and Bylaws.** The patrons of the Corporation, by dealing with the Corporation, acknowledge that the terms and provisions of the Certificate of Incorporation and Bylaws shall constitute and be a contract between the Corporation and each patron, and both the Corporation and patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of the Certificate of Incorporation and these Bylaws shall be called to the attention of each patron of the Corporation by posting in a conspicuous place in the Corporation's office.

## Article VIII DISPOSITION OF PROPERTY

**Section 8.1** The Corporation may not sell, mortgage, lease, or otherwise encumber or dispose of any of its property (other than that which shall represent not in excess of ten percent (10%) of the total value of the Corporation's assets, or which in the judgment of the board are not necessary or useful in operating the Corporation) unless:

- (a) authorized so to do by the votes cast in person by at least two-thirds of its total membership, without proxies, and
  - (b) The consent of the holders of seventy-five per cent (75%) in amount of the indebtedness of such Corporation then outstanding is obtained.
- Notwithstanding the foregoing provisions of this section, the members of the Corporation may, by the affirmative majority of the votes cast in person or by proxy at any meeting of the members, delegate to the board of directors the power and authority (1) to borrow monies from any source and in such amounts as the board may from time to time determine, (2) to mortgage or otherwise pledge or encumber any or all of the Corporation's property or assets as security therefor.

## 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 Corporation and words "Corporate Seal".

## Article X FINANCIAL TRANSACTIONS

**Section 10.1 Contracts.** Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances.

**Section 10.2 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 Corporation shall be signed by such officer or officers, agent or agents, employee or employees of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

**Section 10.3 Deposits.** All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such bank or banks as the Board may select.

**Section 10.4 Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of January each year and shall end on the thirty-first day of December of the same year.

**Section 10.5 Audit Year.** The audit year of the Corporation shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## Article XI MISCELLANEOUS

**Section 11.1 Membership in Other Organizations.** The Corporation 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 11.2 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 ground that the meeting has not been lawfully called or convened.

**Section 11.3 Rules and Regulations.** The Board shall have power to make and adopt such rules and regulations, not inconsistent with law, the Certificate of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Corporation.

**Section 11.4 Accounting System and Reports.** The Board shall cause to be established and maintained a complete system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body shall conform to such accounting system as may from time to time be designated by the Administrator of Rural Utilities Service of the United States of America. The Board shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Corporation. Such audit reports shall be submitted to the members at the next following annual meeting.

## Article XII DISSOLUTION

**Section 12.1** The telephone membership corporation may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of Wilkes Telephone Membership Corporation" and shall state:

- (a) name of the corporation, and if such corporation is a corporation resulting from a consolidation as herein provided, the names of the original corporations;
- (b) the date of filing of the certificate of incorporation, and if such corporation is a corporation resulting from a consolidation as herein provided, the dates on which the certificates of incorporation of the original corporations were filed.
- (c) that the corporation elects to dissolve.
- (d) the name and mailing address of each of its directors, and the name, title and mailing address of each of its officers.

Such certificate shall be subscribed and acknowledges in the same manner as on original certificate of incorporation by the Chairman or vice-chairman, and the secretary or an assistant secretary, who shall make and access an affidavit, stating that they have been authorized to execute and file such certificate by the votes cast in person by at least two-thirds of its total membership, without proxies.

A certificate of dissolution and a certified copy or copies thereof shall be filed in the same place as an original certificate of incorporation and thereupon the Corporation shall be deemed to be dissolved.

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**Section 12.2** The Corporation 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 12.3** Any assets remaining upon dissolution shall be disposed of as follow:

- (a) all debts and liabilities of the Corporation shall be paid;
- (b) all capital furnished through patronage shall be retired as provided in these Bylaw;
- (c) the remaining property and assets of the Corporation shall be distributed in accordance with the applicable provisions of law.

## Article XIII AMENDMENTS

**Section 13.1** These Bylaws may be altered, amended or repealed by the affirmative vote of not less than a majority of the members of the Board at any regular or special meeting provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

(Bylaws Updated and Restated December 18, 2017.)

(updated effective June 18, 2001)

(Article I & IV updated November 15, 2004)

(Article III., November 21, 2005)

(Article I., Section 1., (c),(f), Article V. Section 1., Article VI., Section 2, Article X. Section 4 & 6, April 17, 2006

Article IV., Section 2, July 17, 2006

By-Laws Update (Article I., Section 1.1 (f), Section 1.2, (a), (b), (c), Section 1.3, (1.1), (2.), (d), (h), Section 1.4, Section 1.6, (b), (c), Article III., Section 3.2,

Section 3.3, Section 3.5, Section 3.7, Section 4.3, (d), (e) ,Article IV, Section 4.7, Section 4.8, Article V., Section 5.2, Section 5.3, Article VI., Section 6.1,

Section 6.4, (c), Section 6.5, Section 6.7 (a), (b), Section 6.8, Section 7.3, Article XI., Section 11.1, Article XII, Section 12.1 (d)03/26/2007

(Article I., Section 1.2 (b), Section 1.6 (a), Article IV., Section 4.3 (e), Article VII., Section 7.3, Article XII., Section 12.1, (d) 05/19/2008