

**RESTATED**  
**ARTICLES OF INCORPORATION**

**ARTICLE I**  
**NAME AND LOCATION**

The name of this cooperative association shall be Citizens Telephone Cooperative, Inc., and its location and principal office shall be in the Village of New Auburn, in Chippewa County, Wisconsin, Post Office Address: New Auburn, Wisconsin 54757.

**ARTICLE II**  
**PURPOSES**

The principal purpose for which this cooperative association is formed is that of furnishing its members with telephone and other communication services on a cooperative non-profit basis. The cooperative may engage in any activity within the purpose for which cooperative associations may be organized under Wisconsin law and all such activities shall be deemed within its purposes subject to such express limitations as may be imposed pursuant to its bylaws.

**ARTICLE III**  
**DURATION**

The duration of this cooperative association shall be perpetual.

**ARTICLE IV**  
**NON-STOCK & MEMBER CLASSES**

This cooperative association is organized without capital stock and there shall be only one class of members with respect to voting rights.

**ARTICLE V**  
**PROPERTY RIGHTS AND BASIS OF DISTRIBUTION**  
**IN THE EVENT OF DISSOLUTION**

Upon dissolution, after

- (a) All debts and liabilities of the cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in the bylaws, the remaining property and assets of the cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total percentage of all members during the ten calendar years next preceding the date of the filing of the certificate of dissolution, subject to and in accordance with such classifications of business formula as may have been employed in allocating patronage capital to such members during said ten-year period.

**ARTICLE VI**  
**DIRECTORS**

The business and affairs of the cooperative shall be managed by a board of directors. The number, qualifications, and manner of voting for directors shall be specified in the bylaws.

**BYLAWS OF  
CITIZENS TELEPHONE COOPERATIVE, INC.**

**ARTICLE I  
MEMBERSHIP**

SECTION 1.       REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association, corporation, partnership, limited liability company or partnership, other organization, body politic or subdivision thereof will become a member of Citizens Telephone Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of telecommunications and/or information services including but not limited to broadband services (hereinafter referred to simply as "services") from the Cooperative. Membership is automatic and instantaneous upon receipt of services; however each member shall:

- (a) Make a written application for membership for the Cooperative's records;
- (b) Agree to purchase services from the Cooperative as an end user in accordance with established terms and conditions, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect;
- (c) Agree to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board,

The status of all memberships shall be as reflected upon the books of the Cooperative.

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 bylaws.

SECTION 2.       DEFINITION AND CLASSIFICATIONS.

- (a) Membership in the Cooperative is effected by:
  - (1) Procuring the Cooperative's central office dial tone, and/or procuring such other information services from the Cooperative as the Board of Directors shall designate as member services, including, but not limited to broadband services; and
  - (2) Providing a continuing periodic telecommunications revenue stream for the Cooperative.

The Board will determine under rules of general application the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership.

- (b) Competitive local exchange carriers, exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunication services are neither members nor patrons by virtue of division of revenue contracts.
- (c) Each time sharing or interval ownership premise is considered as a single corporate member. The owner of seasonal, recreational and short-interval rental properties will be deemed to hold the membership.

SECTION 3.       JOINT MEMBERSHIP. Persons who qualify to be members may hold a joint membership in the Cooperative ("Joint Membership"). A joint membership shall consist of any two individuals joined in a legally recognized relationship or marriage, each of whom qualify to be a member. To become joint members of the Cooperative, qualified individuals must jointly complete the required membership procedures within a reasonable time of using, requesting, or agreeing to use, the first Cooperative service used or to be used by such individual. If either one of the two individuals joint in a legally recognized relationship or marriage completed the required membership/procedures, then both such individuals are joint members.

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 joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both, may be elected or appointed as an officer or Board Member, if individually qualified.

#### 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 both individuals to comply with the articles of incorporation, bylaws, and rules and policies adopted by the board.
- (b) Upon the death of either individual who is a party to the joint membership, such membership shall be held solely by the survivor. Upon notice of the death, the Cooperative shall indicate on its records the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative. The surviving individual may make application pursuant to Article VIII, Section 2 for retirement of capital credits accrued on the joint membership.

SECTION 5. PURCHASE OF SERVICE. Each person who applies for service shall, as soon as service is available, take service from the Cooperative. The member shall pay therefor monthly at rates in accordance with either terms and conditions as fixed by the board, or, for the services rendered by other carriers, at the rates which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the Cooperative for all services in excess of cost are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these bylaws. However, the Cooperative is not obligated to furnish such credits for services which are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the above amounts owed by him to the Cooperative as and when the same shall become due and payable.

#### SECTION 6. TERMINATION OF MEMBERSHIP.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws, or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of thirty (30) days after service is available to him has not permitted the installation of service, or of a member who has ceased to purchase services from the Cooperative, may be cancelled by resolution to the Board.
- (b) Upon the withdrawal, death, cessation of service or expulsion of a member, the membership of such member shall thereupon terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts

due the Cooperative nor do unpaid bills release a member from his obligations under these bylaws or rules and regulations approved by the Board.

## **ARTICLE II**

### **RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS**

SECTION 1. SERVICE OBLIGATIONS. The Cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services nor will it always be able to provide every service desired by each individual member.

SECTION 2. COOPERATION OF THE MEMBERS IN THE EXTENSION OF SERVICES. The cooperation of members of the Cooperative is imperative to the successful, efficient, and economical operation of the Cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communication service to said member, or any other member, at no cost to the Cooperative. When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

SECTION 3. NONLIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members shall be exempt from execution or other liability for debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 4. PROPERTY INTEREST OF MEMBERS. Upon dissolution, after:

- (1) All debts and liabilities of the Cooperative shall have been paid;
- (2) All capital furnished through patronage shall be retired as provided in these bylaws; and
- (3) The remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregated patronage of each member and former member bears to the total patronage of all such members and such former members on the date of dissolution unless otherwise provided by law.

## **ARTICLE III**

### **MEETING OF MEMBERS**

SECTION 1. ANNUAL MEETING. The annual meeting of the members shall be held at a date and place within a County served by the Cooperative as selected by the Board and which shall be designated in the Notice of the Meeting, for the purpose of electing Board Members, passing upon reports for previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative nor affect the validity of any corporate action. The annual meeting may be held at any time within the calendar year as determined by the president or the board.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any four Board Members, by the President, or by not less 200 members or by ten per centum of all the members, whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBERS' MEETING. Written or printed notice stating the place, day and hour of the meeting and, in case of a special 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 seven (7) days

nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the member at the address appearing on the records of the Cooperative, with postage thereon prepaid. The incidental or unintended failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. POSTPONEMENT OF A MEETING OF THE MEMBERS. In the event of inclement weather, a national, statewide, or regional declaration of emergency, or the occurrence of a catastrophic event, the meeting of the members may be postponed by the President. Notice of the adjourned meeting shall be given by the President in any media of general circulation or broadcast serving the area. The meeting shall be reconvened pursuant to the directive of the President or the board following notice to the members. In the event of a postponed meeting all incumbent directors may continue to serve, and any scheduled elections shall be effective at such time as the meeting is reconvened. The board may adopt such policies as are appropriate to address conduct of the reconvened meeting in the event of an emergency as set forth in this section. Said policies may include the use of electronic means to hold a meeting of the members if necessary.

SECTION 5. QUORUM. The number of members to constitute a quorum at a member meeting shall be fifty (50), provided however that in the event the total number of members shall be less than nine hundred (900), then ten percent (10%) of the first one hundred (100) members plus five percent (5%) of the additional members, present in person shall, subject to any applicable statutory minimums, constitute a quorum. In case of a joint membership, the presence at a meeting of either joint member shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting providing a new notice is mailed to each member specifying the time and place of such adjourned meeting. At all meetings of the members, whether a quorum be present or not, the Secretary shall affix to the meeting minutes, or incorporated therein by reference, a list of those members who were registered as present in person.

SECTION 6. VOTING. Each member shall be entitled to only one vote upon each matter submitted to a vote at the 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, the articles of incorporation, or these bylaws. If directed by the Board of Directors, multiple choice issues, or determinations shall be decided by plurality. Any member which is a cooperative, corporation, or government body, church, or voluntary association may, acting through its governing body, designate its representative to act for it at membership meetings. Such representative shall be allowed to vote upon presentation to the Cooperative, prior to each member meeting, satisfactory evidence entitling the person presenting the same to vote. Such representative may also vote as an individual if he is a member. A guardian or legal representative of a member may vote on behalf of such member.

SECTION 7. CREDENTIALS AND ELECTION COMMITTEE.

- (a) The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a credentials and election committee consisting of an uneven number of Cooperative members – not less than three (3), not more than five (5), who are not existing Cooperative employees, agents, officers, Directors or known candidates for Director, and who are not close relatives (as hereinafter defined) or members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the geographic areas served by the Cooperative. The Committee may elect its own chairman and secretary prior to the member meeting.
- (b) It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualification of candidates and the regularity of the nomination and election of directors), and to

pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.

- (c) Any protest or objection concerning any election must be filed within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairperson, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as presented by the protester(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time, but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside.
- (d) The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this section shall be final.

**SECTION 8. ORDER OF BUSINESS.** The order of business at the annual meeting of the members and, so far as possible at all other meetings of the members, shall be conducted under policies established by the Board and under an agenda essentially as follows, except as otherwise determined by the members at such meeting:

- (1) Report on the number of members present in person in order to determine the existence of a quorum.
- (2) Reading of the Notice of the Meeting and proof of due publication or mailing thereof, or the waiver or waivers of Notice of Meeting, as the case may be.
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon unless minutes presented for approval shall have been distributed at the meeting to all active members present. In such case, the President may entertain a motion from the floor to dispense with the reading of such minutes.
- (4) Presentation and consideration of reports of officers, trustees, and committees.
- (5) Election of Board Members.
- (6) Unfinished Business.
- (7) New Business.
- (8) Adjournment.

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

## **ARTICLE IV**

### **BOARD MEMBERS**

**SECTION 1. GENERAL POWERS.** The business and affairs of the Cooperative shall be managed by a board of seven (7) directors which shall exercise all powers of the cooperative except such as are by law, the articles of incorporation or by these bylaws conferred upon or reserved to the members. The word "Board" is used to refer to the Board of Directors, and the words "Board Member" are used to refer to a Director.

**SECTION 2. ELECTION PROCESS AND TENURE OF OFFICE.** Directors shall be elected by ballot at each annual meeting to fill any term that will expire at the annual meeting. They shall be elected by and from the members to serve a three (3) year term, or until their successors shall have been elected and shall have qualified. The terms of the Directors shall be staggered to insure continuity. If an election of Directors shall not be held on the day designated herein for the annual meeting or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Directors at a reasonable time thereafter. Directors shall be nominated and elected as provided hereinafter.

The Cooperative is divided into three exchange service areas (Districts). The Canton Exchange (859), the Long Lake Exchange (967), and the New Auburn Exchange (237). Two Directors shall be elected from each exchange, and one Director shall be elected at large from the combined area of the three exchanges. Members shall be eligible to vote only for the Director from their district and the Director at-large.

SECTION 3. QUALIFICATIONS TO BE NOMINATED, TO BECOME, OR REMAIN A DIRECTOR. Any member shall be eligible to be nominated, elected and remain a Director of the Cooperative who:

- (1) Resides in the area served by the Cooperative, and has resided there for more than two hundred forty (240) days during the last twelve (12) month period. However, residency is not a requirement for members who are not natural persons.
- (2) Is NOT an employee of the Cooperative, has not been an employee of the Cooperative during the five (5) preceding elections to the board, or is in any way financially interested in a competing enterprise or a business engaged in selling communication services or communication supplies or maintaining communication facilities other than a business operating on a Cooperative non-profit basis for the purpose of furthering rural telephone service. However, the Board may grant exceptions for “de minimus” competing enterprise.
- (3) Is NOT closely related to an incumbent Director or an employee of the Cooperative. As used here, “closely related” means a person who is related to the principal person as spouse, child, grandparent, grandchild, parent, brother, or sister by blood or in law, of the principal. However, no incumbent Director shall lose eligibility to remain a Director or to be re-elected as a Director if he becomes a close relative of another incumbent Director or of a Cooperative employee because of a marriage to which he was not a party; neither shall an employee lose eligibility to continue in the employment of the Cooperative if he or she becomes a close relative of a Director because of a marriage to which he or she was not a party.

“Notwithstanding the foregoing, the Cooperative shall adopt a written policy which will govern the application and practice of this bylaw section to assure no employee will suffer unjust or unreasonable discrimination because of marital status.”

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

To remain a Director, an incumbent must attend two-thirds (2/3) or more of the regular meetings during each twelve (12) month period beginning with the month of his/her election. Upon establishment of the fact that a Director or nominee is in violation of any of the provisions of this section, that office or nomination shall be deemed vacant.

- (4) Have the legal capacity to enter into a binding contract.

Nothing in this section shall affect in any manner whatsoever the validity of any action taken at any meetings of the Board.

SECTION 4. NOMINATIONS. It shall be the duty of the Board to appoint, not less than forty (40) days nor more than ninety (90) days before the date of a meeting of the members at which Board Members are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different geographic areas so as to ensure equitable representation. No member of the Board, close relative of a Board Member or employee may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting, a list of nominations for Board Members. The Secretary shall be responsible for mailing with a Notice of Meeting, or separately, but at least fifteen (15) days before the date of the meeting, a statement of the number of Board Members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Any fifteen (15) or more members acting together may make other nominations by petition and the Secretary shall post such nominations at the same place where the list

of nominations made by committee is posted. Nominations made by petition, if any, received at least thirty (30) days before the meeting shall be included on the official ballot.

SECTION 5. ELECTION OF DIRECTORS. Elections of Directors shall be by a form of printed ballot. The ballot shall list the names of the candidates nominated by the committee and by petition and shall be mailed to all members with a notice of meeting or separately not less than fifteen (15) days before the annual meeting. Member's completed ballots shall be submitted by mail, delivered in person to the telephone cooperative's main office by the end of the last business day preceding the meeting, or delivered in person to the annual meeting. The Chairman of the annual meeting shall call for ballots and the election shall not be closed until at least five (5) minutes have passed from the ballot call by the Chairman.

Each member of the Cooperative shall be entitled to one (1) vote for each Director in his or her district or Director at-large that is to be elected at the annual meeting. The candidate for each directorship who receives a plurality of the votes cast for that office at such meeting shall be declared elected as a Director.

Failure of an election for a given year shall allow the incumbent Directors whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

#### SECTION 6. DISCIPLINE AND REMOVAL OF BOARD MEMBER AND RESIGNATIONS.

(1) Discipline, Removal by Board.

(a) Director Discipline. The Board shall create a committee to investigate any formal complaint of a Director's conduct. The Committee shall be composed of the current Board President, or next highest officer if the current highest officer is subject of the complaint, and two (2) other Directors selected by the Board. Following investigation, the Committee shall make its report to the full Board with recommendations, if any, of discipline of the affected Director. The affected Director shall be provided a copy of the report and given opportunity to respond prior to the vote on any recommended action. Discipline action may include: (1) a verbal warning; (2) a written reprimand; (3) censure; (4) a reduction in director benefits or compensation; or (5) removal pursuant to subsection (b) of this section.

(b) Action by the Board. A Director may be disciplined or removed for Cause, by a vote of at least two-thirds (2/3) of the remaining Directors, who are not subject to current challenge, at a regular or special board meeting called for such purpose. The Director shall be informed thereof in writing at least thirty (30) days in advance of the meeting at which such a removal vote is scheduled to take place, and shall have the opportunity to respond, or be heard in person or by counsel, at such meeting. A director who is subject of the complaint shall not participate in the Board's deliberation or vote on any matter related to the issue, except as requested by the Board or as allowed in this section.

(c) Cause Defined. Cause shall include: (1) a conviction or judicial determination involving a felony crime or a crime of moral turpitude; (2) becoming ineligible to serve due to failing to meet the qualifications of Section 4.3 of this Article; (3) violation of a director's fiduciary duty or the Code of Conduct/Ethics policy to such a degree as two-thirds (2/3) vote of remaining Board members finds to warrant such disciplinary action; or (4) the bringing of such disrepute or disparagement to the Cooperative by unacceptable personal conduct to warrant such discipline as determined by two-thirds (2/3) of the remaining Board members.

(2) Removal by Members.

(a) Any member may bring charges against a Board member which shall specify malfeasance or nonfeasance of the duties and responsibilities of his/her position. Such charges shall be in writing and filed with the secretary together with a petition signed by at least ten (10) percent of the members, or two hundred (200) members, whichever is lesser, and may request the removal of such Board member by reason thereof.

(b) Such Board member shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be



heard in person or by counsel to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members. No Director shall be removed from office unless by vote of two-thirds (2/3) of the members present.

- (c) Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with provisions of Section 4 Article with respect to nominations.

(3) By Resignation.

- (a) A Director may resign at any time by written notice delivered to the Board of Directors, the President or Secretary of the Cooperative.
- (b) A resignation is effective when the notice is delivered unless the notice specifies a future date.
- (c) The pending vacancy may be filled before the effective date but the successor shall not take office until the effective date.

SECTION 7. VACANCIES. Subject to the provisions of these bylaws with respect to filling of vacancies caused by the removal of Board Members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board Members for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect to nominations. However, any successor, whether chosen by the Board or the members, must qualify for office as set forth in Section 3 of Article IV.

SECTION 8. COMPENSATION. 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 liability and accident insurance as well as participation in benefits provided to employees except for benefits based on salary. No Board Member shall receive compensation for serving the Cooperative in any other capacity, No close relative of a Board Member may receive compensation in excess of \$5,000.00 for serving the Cooperative, unless the payment and amount of compensation shall be specifically approved by the Board of Directors. However, such compensation shall be permitted in the event of an emergency. For purpose of this section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers, and sisters, by blood, by marriage or by adoption, and spouses of any of the foregoing.

SECTION 9. RULES, REGULATIONS, RATE SCHEDULES AND CONTRACTS. The board of directors shall have the power to make, adopt, amend, abolish, and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Certificate of Incorporation or bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative or, cause such to be submitted for any appropriate governmental regulatory approval. Further, the board of directors may constitute itself into committees for the purpose of studying and making recommendations to the full board in the course of its decisional processes.

SECTION 10. ACCOUNTING SYSTEMS AND REPORTS. The Board of Directors shall act as the audit committee for the Cooperative and shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books, and records reflecting financial operations during, and financial conditions as of the end of, such year. A full and accurate summary of the prior

year's fiscal activities shall be submitted to the members at or prior to each annual meeting of the members. Copies of the actual audit report shall be made available for inspection by the members of the Cooperative at the Cooperative business office during regular business hours as soon as the audit has been completed for each year and the report issued. Members desiring to review the complete audit report shall provide written notice or request stating the purposes for review which shall be delivered or sent to the Cooperative at least one week in advance of the proposed date of review. Upon receipt of such request or notice for a proper purpose, the member may examine the records if the same are pertinent to the purposes specified in the notice. The Board, pursuant to Wisconsin Statutes, may deny a request to examine books and records if the Board determines that the purpose is not directly related to the business or the affairs of the Cooperative and is contrary to the best interest of the Cooperative. The Board may authorize special audits, complete or partial, at any time for any specified period of time.

## **ARTICLE V**

### **MEETINGS OF THE BOARD**

SECTION 1.       REGULAR MEETINGS. A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. A minimum of at least ten (10) regular meetings shall be held each year. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communication equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and the presence in person at the meeting of the persons so participating.

SECTION 2.       SPECIAL MEETINGS. Special meetings of the Board may be called by the President or by any three (3) Board Members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Board Member calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3.       NOTICE OF BOARD MEETINGS. Electronic or written notice of the time, place (or telecommunications conference event) and purpose of any special meeting of the Board shall be delivered to each Board Member either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or one of the Board Members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. Mail, addressed to the Board Member at his address as it appears on the records of the Cooperative, with first-class postage thereon prepaid, at least five (5) days before the date set for the meeting.

SECTION 4.       QUORUM. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board Members of the time and place of such adjourned meeting. The act of a majority of the Board Members present and voting at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these bylaws.

SECTION 5.       Unless otherwise prohibited by law, Board actions may be taken without a meeting and without a vote if unanimous consent of the Board is obtained in writing, setting forth the action in detail and the detail is signed by all Board Members entitled to vote. Such consent shall have the same force and effect as the unanimous vote at a meeting of the Directors.

## **ARTICLE VI**

### **OFFICERS**

SECTION 1.       NUMBER AND TITLES. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2.       ELECTION AND TERM OF OFFICE. The officers shall be elected by ballot, if there is a contest, and if not, by voice or any other method designated by the person presiding. They shall be elected annually by and from the Board, at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members, or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3.       REMOVAL OF OFFICERS AND AGENTS BY THE BOARD. Any officer or agent elected or appointed by the Board may be removed by the Board for cause related to the position whenever in its judgment the best interest of the Cooperative will be served thereby. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity.

SECTION 4.       PRESIDENT. The President shall:

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

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

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

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required bylaw;
- (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, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office address of all members;
- (e) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and all amendments thereto to each member; and
- (f) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board however the Secretary shall have the authority, with the approval of the Board, to delegate to the Chief Executive Officer/CEO the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in subsection (a) through (e) of this section.

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

- (1) Custody of all funds and securities of the Cooperative;
- (2) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; provided, however, that the Treasurer shall have authority, with the approval of the Board, to delegate to the Chief Executive Office/CEO the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this section; and
- (3) The general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board; provided, however, with respect to the duties and responsibilities of the Treasurer, the Cooperative shall indemnify and hold the Treasurer harmless against any and all losses, claims and/or damages which may be asserted against the Treasurer, in his official capacity, unless such claim is a result of an act personally committed or omitted by the Treasurer resulting in loss to the Cooperative.

SECTION 8. CHIEF EXECUTIVE OFFICE/CEO. The Board may appoint a chief executive office, who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Office shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. BONDS. The Board shall require the Treasurer and any other officer, agent, or employee of the Cooperative charged with the responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The cost of such bonds shall be borne by the Cooperative.

SECTION 10. COMPENSATION. The powers, duties, and compensation of officers, agents, and employees shall be fixed by the Board subject to the provisions of these bylaws with respect to compensation for a Board Member and close relatives of a Board Member.

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

## **ARTICLE VII**

### **INDEMNIFICATION OF OFFICERS, BOARD MEMBERS, EMPLOYEES AND AGENTS**

SECTION 1. SCOPE OF INDEMNIFICATION. The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is or was a Board Member, officer, employee, or agent of the Cooperative or who is or was serving at the request of the Cooperative as a Board Member, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), adjustments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding; provided such person acted in good faith and in a manner he or she believed to be in or not opposed to the best interest of the Cooperative has not breached or failed to perform a duty he owed to the Cooperative which breach or failure to perform constitutes:

- A. A willful failure to deal fairly within the Cooperative or its members in connection with a matter in which the Director or officer has a material conflict of interest;
- B. A violation of criminal law unless the Director or officer had reasonable cause to believe his or her conduct or had no reasonable cause to believe the conduct of such person was unlawful;
- C. A transaction from which the Director or officer derived an improper personal profit or willful misconduct.

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

SECTION 2. INDEMNIFICATION FOR GOOD FAITH ACTION. The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending or completed action or suit by, or in the right of, the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a Board Member, officer, employee, or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a Board Member, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in or not opposed to the best interests of the Cooperative. No indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

SECTION 3. COST OF DEFENSE INDEMNIFIED. To the extent that a Board Member, officer, employee, or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in Section 1 and 2 in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

SECTION 4. AMOUNT OF INDEMNIFICATION. Any indemnification under Sections 1 and 2 (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the Board Member, officer, employee, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made:

- (1) By the Board by a majority vote of a quorum consisting of Board Members who were not parties to such action, suit, or proceeding; or
- (2) If such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested Board Members so directs, by independent legal counsel in a written opinion; or
- (3) By a majority vote of a quorum of the members. Members who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not vote in making the determination; or
- (4) By a court pursuant to Wisconsin Statutes.

SECTION 5. EXPENSES ADVANCED. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board in the specific case, upon receipt of a written affirmation of the individual's good faith belief that he or she has not breached or failed to perform his or her duties to the Cooperative and a written undertaking executed personally by said person to repay the allowance and if required by the Cooperative to pay reasonable interest on the allowance to the extent that it is ultimately determined that indemnification is not required hereunder or in accordance with Wisconsin law or is not ordered by a court. The undertaking shall be an unlimited general obligation of said person and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

SECTION 6.           RIGHTS OF PERSONS INDEMNIFIED. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested Board Members, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board Member, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

SECTION 7.           INSURANCE COVERAGE. The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Board Member, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Board Member, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

## **ARTICLE VIII NON-PROFIT OPERATION**

SECTION 1.           INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2.           PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING TELECOMMUNICATIONS AND INFORMATION SERVICES. In the furnishing of telecommunications and information services, the Cooperatives operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telecommunications and information services in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses derived from telecommunications, communications, and information services. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital amount of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital amount of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had been furnished the Cooperative corresponding amounts for capital.

All non-operating margins except those derived from furnishing goods and services other than telecommunications, communications, and information services shall, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year, and to the extent not needed for that purpose:

- (1) Allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner as approved by the Board, or
- (2) Used to establish and maintain a non-operating margin reserve not assignable to patrons prior to dissolution of the Cooperative

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby,

the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method, and type of retirement.

Capital credit to the account of each patron shall be assigned only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or in part of such patrons' premises served by the Cooperative unless the Board, acting under policies of general application, shall authorize other types of assignments. Patrons at any time may assign their capital credits back to the Cooperative and the Cooperative is authorized to adopt capital credit settlement arrangement policies with regard to bankrupt patrons.

Notwithstanding any other provision of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any natural patron, if the legal representative of his estate or his surviving spouse, or joint member, shall request in writing that the capital credited to any such patron be retired prior to the time such capital would be retired in a general retirement under provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such patron's estate or the patron's surviving spouse or joint member shall agree upon; provided, however, that the financial condition of the Cooperative shall not be impaired thereby.

When the capital credits of any patron no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other patrons is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in first following year when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over. All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by the Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these bylaws.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract both between the Cooperative and each patron, and further, between all patrons themselves individually. Both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions with the Cooperative and each of its patrons. The provisions of this Article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its patrons.

**SECTION 3. LIEN AND SET-OFF.** The Cooperative shall have a continuing lien against the patronage capital allocated and credited to any patron for any indebtedness due and owing from such patron to the Cooperative and such indebtedness to the extent of such capital so allocated and credited upon which the Cooperative has a lien shall not be extinguished by the bankruptcy of said patron or lapse of time, but shall be set off against any capital allocated and credited to said patron and any retirement thereof made hereunder to said patron or to his estate or to his heirs or surviving joint member.

**SECTION 4. ASSIGNMENT TO AREA SCHOOLS FOR COOPERATIVE EDUCATION PROGRAMS.** Any patron may assign all or any portion of their patronage capital now or hereafter expected to be credited to him pursuant to this Article, to the Cooperative Program for cooperative education in the public or private schools, with said funds to be distributed by the Cooperative to schools having students within the service area of the Cooperative (as more fully referred to in Section 5), effective as of the date of the assignment, subject to the Cooperative's prior lien for unpaid charges under Section 3 of this Article.

**SECTION 5. FORFEITURE OF UNCLAIMED FUNDS.**

A. The Cooperative shall effect the forfeiture of all unclaimed funds, including all forms of distributions or capital credits, deposits, and dividends, and shall do the following in connection therewith:

- (1) No earlier than three (3) years and no later than five (5) years after the funds are first made available to the owners, the Board of Directors shall declare the funds forfeited to the Cooperative unless claimed by a specific date.
- (2) After the declaration of forfeiture, the Cooperative shall give notice that states the funds shall be forfeited if not claimed by the specified date, which date shall be a business day at least sixty (60) days after the mailing of the notice.
- (3) The notice under paragraph (2) shall be mailed to the last known address of each owner and shall be published on or before the date of mailing in a newspaper published in the municipality containing the service area of the Cooperative.
- (4) The Cooperative shall dedicate any funds remaining unclaimed after the date specified in paragraph (2) to educational purposes, limited to providing scholarships or loans to students, or to charitable purposes, as the Board of Directors determines, within one (1) year after the date the funds are declared forfeited under paragraph (1). Educational purposes shall not include political purposes as defined in Section 11.01(16), Wisconsin Statutes.

B. At any time subsequent to a forfeiture under this bylaw, the owner of the forfeited funds may submit a claim to the Board of Directors and if the Board determines that the person owned the funds at the time of forfeiture, it shall refund the funds to the person.

C. The Board of Directors may establish a reasonable reserve for payment of claims.

**ARTICLE IX**  
**DISPOSITION AND PLEDGING OF PROPERTY**  
**DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS**  
**UPON DISSOLUTION**

SECTION 1. DISPOSITION AND PLEDGING OF PROPERTY. The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion in excess of twenty percent (20%) of its total assets unless such sale, mortgage, lease, or other disposition or encumbrance is:

- (a) Authorized at a meeting of the then-total members by the affirmative vote cast in person, without proxies, of at least two-thirds (2/3) of the total members of the Cooperative; and,
- (b) Authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative; and,
- (c) Preceded by a notice of meeting at which such sale, mortgage, lease or other disposition or encumbrance is to be voted on.

Notwithstanding the foregoing provisions of this Section, the members of the Cooperative may, by the affirmative majority of votes cast in person or by proxy at any meeting of the members, delegate to the Board the power and authority:

- (1) To borrow monies from any source and in any such amounts as the Board may from time to time determine are needed in pursuit of the Cooperative's business purposes; and,
- (2) To mortgage or otherwise pledge or encumber any and all of the Cooperative's property or assets as security therefor; and,
- (3) With respect to other Cooperative organizations only, to sell and lease back all of the Cooperative's property or assets.

Supplementary to the foregoing paragraphs of this Section and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer, or other disposition within a single calendar year, of physical plant of the Cooperative with a net value in excess of twenty percent (20%) of the Cooperative's total assets, based upon the most recent audit of the Cooperative, shall be authorized except in conformity with the following:

- (1) If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer, or other disposition, it shall first cause three (3) independent nonaffiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer, or other disposition, and as to any other terms and conditions which should be considered. The three (3) independent appraisers shall be designated by



a district court resident judgment for the judicial district in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board.

- (2) If the Board, after receiving such appraisals (and other terms and conditions which are submitted if any), determines that the proposals should be submitted for consideration by members, it shall first give, by notice in appropriate publications, other Cooperatively organized entities an opportunity to submit competing proposals. Any interested Cooperatively organized entity shall be sent copies of any proposals which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such other interested Cooperatively organized entities shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in written notice given to them.
- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and action thereon, which meeting shall be held not less than ten (10) nor more than thirty (30) days after giving the Notice thereof to the members: provided that consideration and action by the members may be given at the next annual meeting if the Board so determines and if such annual meeting is held not less than ten (10) not more than thirty (30) days after the giving of notice of such meeting.
- (4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of (1), (2), (3) and (4) above shall not apply to a sale, lease, lease-sale, exchange, transfer, or other disposition to one or more telephone or electric Cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more telephone or electric Cooperatives.

SECTION 2. DISSOLUTION. The Cooperative may be dissolved by filing, as hereinafter provided, a certificates which shall be entitled and endorsed "Certificate of Dissolution of Citizens Telephone Cooperative, Inc." and shall state:

- (1) Name of the Cooperative, and if such Cooperative is a corporation resulting from a consolidation as herein provided, the names of all the original corporations or Cooperatives.
- (2) The date of filing of Certificate of Incorporation, and if such Cooperative is a Cooperative resulting from a consolidation as herein provided, the dates on which the Certificates of Incorporation of the original corporations were filed.
- (3) That the Cooperative elects to dissolve.
- (4) The names and post office address of each of its Directors, and the name, title, and post office address of each of its officers.

Such Certificate shall be subscribed and acknowledged in the same manner as the original Certificate of Incorporation by the President or a Vice President, and the Secretary, who shall make and annex an affidavit, stating that they have been authorized to execute and file such certificate by the votes cast in person of at least two-thirds (2/3) of its total membership and that the dissolution has been authorized by at least seventy-five percent (75%) of the holders of the indebtedness of the Cooperative.

A Certificate of dissolution and a certified copy or copies thereof shall be filed in the same place as the original Certificate of Incorporation and thereupon the Cooperative shall be deemed to be dissolved.

Such Cooperative shall continue for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its corporate name.

SECTION 3. DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION. Any assets remaining after all debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provisions of Article

II, Section 4, of these Bylaws; provided, however, that if in the judgment of the Board, the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate or provide for the donation of such surplus to one or more non-profit, charitable or educational organizations that are exempt from Federal income taxation.

## **ARTICLE X**

### **SEAL**

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Wisconsin,"

## **ARTICLE XI**

### **FINANCIAL TRANSACTIONS**

SECTION 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 Cooperative, and such authority may be general or confined to specific instances.

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

SECTION 3.        **DEPOSITS.** All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such financial institutions as the Board may select.

SECTION 4.        **CHANGE IN RATES.** Written notice shall be given to the Administrator of the Rural Utility Service of the United States of America not less than ninety (90) days prior to the date upon which the proposed change in the rates charged by the Cooperative for telephone service becomes effective.

SECTION 5.        **FISCAL YEAR.** The fiscal year of the Cooperative shall begin on the first (1<sup>st</sup>) day of January of each year and shall end on the thirty-first (31<sup>st</sup>) day of December of the same year.

## **ARTICLE XII**

### **MISCELLANEOUS**

SECTION 1.        **MEMBERSHIP IN OTHER ORGANIZATIONS.** The Cooperative may become a member or purchase stock in other profit or nonprofit organizations, associations, partnerships or joint ventures when the Board finds that the general or long-term interests of its membership will be served by such investments or participation.

SECTION 2.        **WAIVER OF NOTICE.** Any member or Board Member may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or Board Member at any meeting shall constitute a waiver of notice of such meeting by such member or Board Member, except in case a member or Board Members 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 3.        **POLICIES, RULES AND REGULATIONS.** The Board shall have power to make and adopt such policies, rules, and regulations, not inconsistent with law, the articles of incorporation, or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. AREA COVERAGE. The Board shall make diligent effort to see that telephone service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

### ***ARTICLE XIII***

#### **AMENDMENTS**

These bylaws may be altered, amended, repealed, or rewritten by the affirmative vote of not less than a majority of the Directors in office at any regular or special meeting but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal, or an accurate summary explanation thereof; provided, however, that the provisions of Article IX, Section 1 relating to a major disposition of the Cooperative's property and Article IX, Section 2 relating to the dissolution of the Cooperative, may be altered, amended, or repealed only by the affirmative vote of not less than two-thirds (2/3) of all current members of the Cooperative voting in person. When the Board effects Bylaw changes or revisions for sections other than Article IX, Sections 1 and 2, the specific changes or revisions become effective thirty (30) days after they are promulgated to the membership at large.