

It Shall Be The Aim Of The  
ARTHUR MUTUAL TELEPHONE COMPANY  
to provide dependable area-wide telecommunications, communications  
or information service on the cooperative plan and at the lowest  
cost consistent with sound economy and good management.

**BYLAWS OF THE ARTHUR MUTUAL TELEPHONE COMPANY**  
**An Equal Opportunity Employer**  
**ADOPTED 4-25-2017**

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**ARTICLE I MEMBERSHIP**

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association, corporation, limited liability company, partnership, limited liability partnership or body politic or subdivision thereof may become a member of the ARTHUR MUTUAL TELEPHONE COMPANY hereinafter called the “Co-op” by:

- a) Making a written application for membership therein;
- b) Agreeing to purchase from the Co-op retail telecommunications, communications or information service as an end user of such services as hereinafter specified at a premise within the Co-op’s service area;
- c) Agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Co-op and any rules or regulations adopted by the Board of Directors hereinafter called the “Board;”
- d) Agreeing to pay the membership fee specified by the Board; and
- e) Agreeing to the present composition of the allocation unit(s) specified in Article VII or as specified by the Board.

provided, however, that purchasers of the Co-op’s services at wholesale or otherwise for resale shall not be eligible for membership with respect to such services; and provided further, however, that upon acceptance for membership by the Board, membership shall become effective upon the date of commencement of service. No member may hold more than one membership in the Co-op, and no membership shall be transferable, except as provided in these Bylaws. Membership shall terminate upon disconnection of all service; however the Board may provide for suspension of service during periods of temporary absence of a member.

SECTION 2. MEMBERSHIP CERTIFICATES. Membership in the Co-op shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificates shall be signed by the President and the Secretary and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee established by the Board nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated a new certificate may be issued there for upon such uniform terms and indemnity to the Co-op as the Board may prescribe.

SECTION 3. MEMBERSHIP FEE. The membership fee shall be fifteen dollars (\$15.00) unless and until the Board establishes a different fee.

SECTION 4. PURCHASE OF SERVICES. Each member shall, as soon as telecommunications, communications or information service becomes available, subscribe to one or more telecommunications, communications or information services from the Co-op to be used on the premises specified in his application for membership, and shall pay therefore monthly at rates which shall from time to time be established in tariffs or fixed by the Board. It is expressly understood that amounts paid for telecommunications, communications or information service in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in Article VII of these Bylaws. However, the Co-op is not obligated to furnish such credits for services which are not billed and collected by the Co-op. Each member shall pay to the Co-op such minimum amount as specified per month for telecommunications, communications or information service and shall also pay all other amounts owed by him/her to the Co-op as and when the same shall become due and payable.

SECTION 5. 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 of all Directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, Bylaws, or any rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary that such failure makes him/her liable to expulsion and such failure shall be 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 not permitted the installation of service within thirty (30) days after he has been notified service is available to him, or of a member who has ceased to purchase telecommunications, communications or information service from the Co-op, shall be cancelled by resolution of the Board.

- b) Upon withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Co-op. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Co-op.
- c) Upon termination of membership for any reason, the Co-op shall repay to the member the amount of the membership fee. Prior to the repayment of a membership fee paid by the member, the Co-op shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Co-op.

## **ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS**

SECTION 1. PROPERTY INTEREST OF MEMBERS. Upon dissolution , after (a) all debts and liabilities of the Co-op shall have been paid, (b) all capital furnished through patronage shall have been retired as provided in these bylaws , and (c) all membership fees shall have been repaid, the remaining property and assets of the Co-op shall be distributed among the members and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all such members, unless otherwise provided by law.

SECTION 2. NON-LIABILITY FOR DEBTS OF THE CO-OP. The private property of the members shall be exempt from execution or other liability for the debts of the Co-op and no member shall be liable or responsible for any debts or liabilities of the Co-op.

SECTION 3. SERVICE OBLIGATIONS. The Co-op will use reasonable diligence to furnish adequate and dependable service, 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 4. COOPERATION OF THE MEMBERS IN THE EXTENSION OF SERVICES. The cooperation of members of the Co-op is imperative to the successful, efficient, and economical operation of the Co-op. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge telecommunications, communications and/or information service 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 telecommunications, communications, or information service to said member, or any other member, at no cost to the Co-op. When requested by the Co-op, the member agrees to execute any easement or right-of-way contract on a form to be furnished by the Co-op.

## **ARTICLE III MEETINGS OF MEMBERS**

SECTION 1. ANNUAL MEETING. The annual meeting of the members shall be held in April of each year, at a location in the State of Ohio as shall be designated in the notice of the meeting, for the purpose of electing Directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Co-op, nor affect the validity of any corporate action.

SECTION 2. SPECIAL MEETINGS. Special meeting of the members may be called by resolution of the Board, or upon written request signed by any three Directors, by the President, or by not less than 200 members or 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 the counties of Defiance or Paulding, State of Ohio, specified in the notice of the Special Meetings.

**SECTION 3. NOTICE OF MEMBERS' MEETINGS.** Written notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than five 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 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 Co-op, with postage thereon prepaid. The failure of any member to receive notice of an annual meeting or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

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

**SECTION 4. QUORUM.** The members, present in-person shall constitute a quorum. The minutes of each meeting shall contain a list of the members present in person.

**SECTION 5. VOTING.** Each member shall be entitled to only one vote upon each matter submitted to a vote at the meeting of the members. Members who are not natural persons may vote upon presentation of satisfactory evidence entitling the person presenting the same to vote. All issues with respect to voting shall be governed by the latest edition of Robert's Rules of Order used by the Co-op unless otherwise specified in the articles or these Bylaws. All questions shall be decided by vote of the majority of the members voting thereon in person except as otherwise provided by law, the articles of incorporation or these bylaws, except that multiple choice issues or determinations shall be decided by a plurality vote.

**SECTION 6. ORDER OF BUSINESS.** The order of the business of the annual meeting of the members, and so far as possible, at all other meeting of the members, shall be essentially as follows, except as otherwise determined by the members at such meetings:

- 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 publication or mailing thereof, or the waiver or waivers of the notice of the meeting, as the case may be.
- c) Reading of unapproved minutes of the previous meetings of the members and taking of necessary action thereon. Where a copy of the minutes presented for

- approval has been furnished to all active members, by mail or at the meeting, the President may entertain a motion to dispense with the reading of such minutes.
- d) Presentation and consideration of reports of officers, Directors, and committees, to include the report of outside auditors, or a summary thereof.
  - e) Election of Directors.
  - f) Unfinished business.
  - g) New business.
  - h) Adjournment.

## **ARTICLE IV DIRECTORS**

**SECTION 1. GENERAL POWERS.** The business and affairs of the Co-op shall be managed by a board of seven Directors which shall exercise all powers of the Co-op, except such as are by law, the articles of incorporation or these Bylaws conferred upon or reserved to the members.

**SECTION 2. ELECTION AND TENURE OF OFFICE.** Directors shall be elected by secret ballot at each annual meeting of the members in the manner hereinafter described, to hold office for a period of (4) years, or until their successors shall have been elected and shall have been qualified in the following manner: Four (4) Directors shall be elected each odd numbered year to hold office for a period of four (4) years; and three (3) Directors shall be elected the next odd numbered year for four (4) years.

If an election of Directors shall not be held on the day designated for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members.

**SECTION 3. QUALIFICATIONS.** No person shall be eligible to become or remain a Director of the Co-op who:

- a) is not a member and is not presently residing in the area served or to be served by the Co-op, except that a person acting as representative of a member not a natural person need not be a resident; or
- b) is employed by the Co-op or any material way financially interested in a competing enterprise or a business engaged in selling telecommunications, communications or information service or supplies, or constructing or maintaining communications facilities, other than a business operating on a cooperative nonprofit basis for the purpose of furthering rural telephony. The Board may, by general rule or in particular circumstances determine which interests in competing enterprises are material.

- c) is closely related to an incumbent Director or an employee of the Cooperative. As used here, "closely related" means a person who is related to the principal person by consanguinity or affinity, to the second degree or less -- that is, a person who is either a spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew, or niece, by blood or in law, of the principal. However, no incumbent Director shall lose eligibility to remain a Director or to be reelected as a Director if he or she becomes a close relative of another incumbent Director or of a Cooperative employee because of a marriage to which he 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, this subsection shall not work to disqualify any Directors currently holding office from continuing to hold office from the remainder of his or her current term, or to disqualify said director from re-election to subsequent terms.
- d) Notwithstanding the foregoing, the Board shall adopt a written policy which will govern the application in practice of this Bylaw section to assure no employee will suffer unjust or unreasonable discrimination because of marital status.

To remain a Director, the incumbent must attend two-thirds (2/3) or more of the regular meetings during each 12 month period, beginning with the month of his/her election. Upon establishment of the facts 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 effect in any manner whatsoever the validity of any action taken at any meeting by the Board.

**SECTION 4. NOMINATIONS.** It shall be the duty of the Board to appoint, not less than forty (40) nor more than ninety(90) days before the date of a meeting at which Directors are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different areas so as to insure 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 geographical representation, shall prepare and post at the principal office of the Co-op at least (30) days before the meeting a list of nominations for Directors which shall include at least two candidates for each Directors to be elected. Any fifteen or more members acting together may make other nominations by petition not less than twenty (20) 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 with the notice of the meeting or separately, but at least ten days before the meeting, with statement of the number of Directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee and the nominations made by petition, if any. The ballot to be used at the election shall list the names of the candidates nominated by the committee and the names of the candidates nominated by petition, if any. The chairman shall call for additional nominations from the floor and nominations shall not be closed until at least one minute has passed during



which no additional nomination has been made. No member may nominate more than one candidate.

#### SECTION 5. ELECTION OF DIRECTORS.

- (1) Contested elections of Directors shall be by a form of printed ballot. The ballot shall list the names of the candidates nominated by the committee and by petition.
- (2) Any member desiring to vote for a candidate nominated from the floor at the meeting shall write in the name of such candidate beneath the names of the candidates nominated by the committee on nominations and by petition
- (3) Each member of the Co-op present in person at the meeting shall be entitled to vote for one (1) candidate for each open directorship or on any issue before the meeting. 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. REMOVAL OF DIRECTORS BY MEMBERS. Any member may bring charges against a Director 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 per cent of the members, or two hundred members, whichever is the lesser, and may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the members. No Director shall be removed from office unless by a vote of two-thirds (2/3) of the members present. Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to the nominations.

SECTION 7. RESIGNATION. A Director may resign at any time by written notice delivered to the Board of Directors, the President or Secretary of the Cooperative. A resignation is effective when the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled before the effective date but the successor shall not take office until the effective date.

SECTION 8. VACANCIES. Subject to Section 7, above 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 the 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 members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect of nominations.

SECTION 9. COMPENSATION. Directors shall not receive any salary for their service as Directors, except that by resolution the Board may prescribe a fixed sum for each day or portion thereof spent on Co-op 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 Co-op business.

Board members who elect to participate may be extended various forms of liability and accident insurance.

No Director shall receive compensation for serving the Co-op in any other capacity, nor shall any close relative of a Director receive compensation for serving the Co-op, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such Director or close relative shall have been certified by the Board. For purpose of this section, "close relative" includes grandparent, parent, husband, wife, child, grandchild, brother, sister, aunt, uncle, nephew, and niece, by blood, by marriage, or by adoption, and spouse of any of the foregoing.

SECTION 10. RULES, REGULATIONS, RATE SCHEDULES AND CONTRACTS. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits or any other types of deposits, payments or charges including contributions in aid of construction, not inconsistent with law or the Certificate of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative, or cause such to be submitted for any appropriate governmental-regulatory approval.

SECTION 11. ACCOUNTING SYSTEMS AND AUDITS. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at, or prior to, the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

## **ARTICLE V MEETINGS OF DIRECTORS**

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 in Defiance or Paulding County, Ohio, as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board may be called by the President or by any three Directors, 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 Directors calling the meeting shall fix the time and place (which shall be in Defiance or Paulding County, Ohio) for the holding of the meeting.

SECTION 3. MEETINGS BY TELECOMMUNICATION OR INFORMATION SERVICE. Regular or special meetings may be conducted through the use of conference telephone or other communications or information service equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

SECTION 4. NOTICE OF DIRECTORS' MEETING. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than five business days previous thereto 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 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 Co-op, with postage thereon prepaid.

SECTION 5. QUORUM. A majority of the Board shall constitute a quorum, provided, that if less than a 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 any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

## **ARTICLE VI OFFICERS**

SECTION 1. NUMBER. The officers of the Co-op 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, who may or may not be a member of the Board.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected annually by the Board, at the meeting of the Board held immediately after the annual meeting of the members. Election shall be by ballot if there is a contest, and if not, by voice vote or other method designated by the person presiding. If such election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. 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 3. REMOVAL OF OFFICERS AND AGENTS BY DIRECTORS. Any officer or agent elected or appointed by the Board may be removed by the Board for cause related to the performance of the duties of his/her position whenever, in its judgment the best interests of the Co-op will be served thereby. In addition, any member of the Co-op may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per cent of the members, or two hundred members, whichever is lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered at the next meeting of the members.

SECTION 4. PRESIDENT. The President shall:

- a) be the principal executive officer of the Co-op and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by the Bylaws to some other officer or agent of the Co-op, 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:

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

SECTION 7. TREASURER. The Treasurer shall:

- a) have charge and custody of and be responsible for all funds and securities of the Co-op;
- b) be responsible for all receipt of and the issuance of receipts for all moneys due and payable to the Co-op and for the deposit of all such moneys in the name of the Co-op in such bank or financial institutions as shall be selected in accordance with the provisions of these Bylaws and
- c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board.

SECTION 8. MANAGER. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Co-op. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him/her.

SECTION 9. BOND OF OFFICERS AND AGENTS. The Treasurer and any other officers or agent of the Co-op charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Co-op to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

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

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

## **ARTICLE VII NON-PROFIT OPERATION**

SECTION 1. INTEREST AND DIVIDENDS ON CAPITAL PROHIBITED. The Co-op 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 Co-op on any capital furnished by its patrons.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING SERVICES. In the furnishing of telecommunications, communications and information service the Co-op's operations shall be so conducted that all patrons will through their patronage furnish capital for the Co-op. Purchasers of the Co-op's services at wholesale, or otherwise for resale shall not be eligible for patronage credits. In order to induce patronage and to insure that the Co-op will operate on a non-profit basis the Co-op is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telecommunications, communications and information service in excess of operating costs and expenses properly chargeable against the furnishing of telecommunications, communications and information service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Co-op are received with the understanding that they are furnished by the patrons as capital.

The earnings and losses of each type of service offered by the cooperative will be separately determined, but may be combined into one or more allocation units for purposes of capital credit allocation. The Board shall determine the composition of such allocation unit(s), subject to agreement by a majority of the members of such unit(s) by election conducted at intervals of no more than five years. Prior to such election, members of such unit(s) shall be advised of the factors that were considered in determining the composition of such unit(s) and of the risk sharing engendered by combining different types of services into one allocation unit. Failure of a member of such unit(s) to vote in person or by mail or electronic ballot shall be deemed agreement.

Subject to the foregoing paragraph, the Co-op is obligated to pay by credits to a capital account for each patron all such amounts derived from telecommunications, communications and information services in excess of operating costs and expenses. The books and records of the Co-op shall be set up and kept in such a manner that 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 account of each patron and the Co-op shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Co-op corresponding amounts for capital.

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 during the current or any prior fiscal year and, to the extent not needed for that purpose, either:

- (a) 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
- (b) Used to establish and maintain a non-operating margin reserve not assignable to patrons prior to dissolution of the Cooperative.

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. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Co-op shall equal at least forty per cent (40%) of the total assets of the Co-op.

In the event of dissolution or liquidation of the Co-op, after all outstanding indebtedness of the Co-op shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of members.

Capital credited to the account of each patron shall be assignable only on the books of the Co-op, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Co-op unless the Board, acting under policies of general application shall determine otherwise. Patrons at any time may assign their capital credits back to the Co-op and the Co-op is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.

The Board may authorize patrons who are natural persons to designate one or more persons to receive an assignment of such patron's capital credits, then allocated and to be allocated, upon the death of such patron. If the Board so authorizes such assignments, it may adopt a policy setting forth, among other things, the terms and conditions of such assignments, procedures for revocation or modification thereof, the applicable procedures in the event a designated beneficiary does not survive a patron, procedures upon the death of a patron, and other matters involving the assignments. At a minimum, patrons who assign or attempt to assign capital credits under this paragraph will be solely responsible for the enforceability and effectiveness of such assignment and, together with their estate, will indemnify, defend, and hold harmless the Co-op for any cost, losses, and damages, including attorney fees, incurred by the Co-op arising from such assignment or attempted assignment. Notwithstanding any such assignment, the Board shall retain the sole

discretion over the manner, method, and timing of retirement of any capital credits assigned under this paragraph, subject to other provisions of these Bylaws governing retirement. An assignment under this paragraph shall grant no rights to patrons or a designated beneficiary to demand retirement of capital credits before the date determined and declared by the Board. The Board may, however, in its sole discretion and only if the financial condition of the Co-op will not be impaired, elect to retire capital credits assigned under this paragraph on an accelerated or discounted basis or in a similar manner as provided in the following paragraph. Notwithstanding any policy adopted under this paragraph, if the Board determines that any or all assignments under this paragraph are not in the best interests of the Co-op, it may declare all such assignments, by patrons not yet deceased, as revoked and invalid. This paragraph is adopted for the convenience of patrons, and therefore, nothing herein grants any rights to non-patrons, or any rights of action to anyone, against the Co-op or the Board.

Notwithstanding any other provision of these Bylaws the Board, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representative of his estate shall request in writing, that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Co-op will 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 the first following year, when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over.

Patrons of the cooperative whose service is terminated for any reason with a positive balance in their capital credit account shall keep the cooperative advised of their current mailing address. In the event that the Cooperative is unable, after reasonable effort to locate the patron to deliver a capital credit retirement for a period of not less than three years, the patron hereby consents to, and his/her capital credits shall be, assigned back to the cooperative.

The patrons of the Co-op, by dealing with the Co-op, acknowledge that the terms and provisions of the articles of incorporation and these Bylaws shall constitute and be a contract between the Co-op and each patron, and both the Co-op and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the



Bylaws shall be called to the attention of each patron of the Co-op by posting in a conspicuous place in the Co-op's office.

### **ARTICLE VIII DISPOSITION OF PROPERTY**

The Co-op may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Co-op, and authorized by the holders of at least seventy five percent (75%) of the outstanding indebtedness of the Co-op, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Co-op, whether acquired or to be acquired, and wherever situated, as well as the revenues and income there from, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Co-op to the United States of America or any instrumentality or agency thereof, or other financial institution; provided further that the Board may upon the authorization of a majority of those members of the Co-op, sell, lease or otherwise dispose of all or a substantial portion of its property to another Co-op doing business in this State

### **ARTICLE IX DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS**

**SECTION 1. DISSOLUTION.** The Cooperative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of Arthur Mutual Telephone Cooperative," and shall state:

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

The Certificate shall be subscribed and acknowledged in the same manner as an original Certificate of Incorporation by the President or a Vice President, and the

Secretary or an Assistant Secretary, who shall make and annex an affidavit, stating that they have been authorized to execute and file such certificate by the votes cast in person of at least two-thirds (2/3) of its total membership voting without proxies and that the dissolution has been authorized by at least seventy-five percent (75%) of the holders of the indebtedness of the Cooperative.

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.

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

**SECTION 2. DISTRIBUTION OF SURPLUS ASSETS ON SALE OR DISSOLUTION.** Any assets remaining after all debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provisions of Article II, Section 1, above; provided, however, that if in the judgment of the Board the amount of such surplus relatively is too small to justify the expense of making such widespread distribution, the Board may, in lieu thereof, donate or provide for the donation of such surplus to one or more non-profit, charitable or educational organizations that are exempt from federal income taxation.

## **ARTICLE X INDEMNIFICATION**

**SECTION 1. INDEMNIFICATION OF PARTIES TO LEGAL PROCEEDINGS.** The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigation (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is or was a Board member, officer, employee, or agent of or volunteer of the Cooperative or who is or was serving at the request of the Cooperative as a Board member, officer, employee, member, manager, or agent of or volunteer of another Cooperative, association, corporation, limited liability company, partnership, joint venture, trust, or other enterprise, against expenses, (including attorney's fees) judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and,

with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

**SECTION 2. INDEMNIFICATION OF PARTIES TO ACTION BY OR IN RIGHT OF COOPERATIVE.** 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 or volunteer of the Cooperative, or is, or was, serving at the request of the Cooperative as a Board member, officer, employee, member, manager, or agent of or volunteer of another Cooperative, association, corporation, limited liability company, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, except that:

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. DETERMINATION AND PAYMENT OF INDEMNIFICATION.** Any determination of indemnification under Article X, Sections 1 or 2 above, and the payment of indemnification, shall be made in accordance with Ohio Revised Code Sections 1702.12 (E)(4) and (5).

## **ARTICLE XI SEAL**

The corporate seal of the Co-op shall be in the form of a circle and shall have inscribed thereon the name of the Co-op.

## **ARTICLE XII 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 Co-op, and such authority may be general or confined to specific instances.

**SECTION 2. CHECKS, DRAFTS, ETC.** All checks, drafts or other orders for payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Co-op shall be signed by such officer or officers, agent or agents, employee

or employees of the Co-op and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. DEPOSITS. All funds of the Co-op shall be deposited from time to time to the credit of the Co-op in such financial institutions as the Board may select.

SECTION 4. FISCAL YEAR. The fiscal year of the Co-op shall begin of the first day of January of each year and shall end on the thirty-first day of December of the same year.

### **ARTICLE XIII MISCELLANEOUS**

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Co-op may become a member of or purchase stock in any other organization when the Board finds that the general or long-term interests of its membership will be served by such investments or participation. The Co-op may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of area-wide rural telecommunications or broadband communication service of any other corporation for the purpose of acquiring telecommunications or broadband communication facilities or assuring more adequate telecommunications or broadband communication service to its members.

SECTION 2. WAIVER OF NOTICE. Any member or Director may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

### **ARTICLE XIV AMENDMENTS**

These Bylaws may be altered, amended or repealed by the affirmative vote of a majority of members in attendance at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal; and provided further that the provisions of Article VIII relating to a major disposition of the Co-op's property, and Article IX relating to the dissolution of the Co-op, may be altered, amended or repealed only by the affirmative vote of not less than two thirds (2/3) of a current members of the Co-op.